October 18, 2011

The Honorable Patricia Miller  
Chair, Health and Provider Services  
Health Finance Commission  
State House Office 3B-N  
Indianapolis, IN 46204-2786

Re: Health Finance Commission Meeting, Credentialing of Hospital Vendors

Dear Chairwoman Miller:

On behalf of the Health Industry Distributors Association (HIDA), we applaud your efforts to ensure that our healthcare system functions as efficiently as possible while providing high quality care to patients. As such, we appreciate the opportunity to provide comments as the Health Finance Commission studies the issue of credentialing vendors in hospitals and to lend support to the industry recommendations developed by the Indiana Hospital Association and the vendor community.

HIDA is the professional trade association that represents the interests of over 600 medical-surgical products distributor companies operating throughout the United States. Our members deliver life-saving healthcare products to more than 220,000 points of care including over 195,000 physician offices, 5,700 hospitals and 16,000 nursing home and extended care facilities in the nation and are committed to promoting safety and savings throughout the healthcare supply chain.

Medical products distributors offer the nation’s providers on-demand access to over 200,000 medical products essential for patient care. Providers value this “one-stop shopping” resource, as it helps them manage supply costs and focus time and resources on patient care. All products sold by a medical products distributor are sold to a healthcare provider. As such, virtually every patient procedure is supported in some way by products supplied by a distributor.

The lack of standardization in the vendor credentialing system hinders the ability of acute care vendor distributors to deliver these critical healthcare products and services in a streamlined manner. It can be costly, time consuming, and inefficient for vendors to comply with the duplicative credentialing requirements, especially for small businesses. On average, a distributor vendor holds more than three credentials in a single year and annual fees can range anywhere from $100-$700 per individual. The current vendor credentialing system can be likened to requiring individuals to get a driver’s license in every state they wish to drive in by meeting the same qualifications in each state.

Distributors support patient security within hospitals and health systems and we continue to work with industry stakeholders to improve the vendor credentialing process. The Health Finance Commission’s
leadership on vendor credentialing is a positive step toward understanding the impacts of credentialing on the healthcare supply chain and the acute care sector.

Likewise, HIDA supports the work of the Indiana vendor community and the Indiana Hospital Association to develop industry consensus around recommended data sets and universally accepted credentialing documents. HIDA endorses their recommendations submitted to the Health Finance Commission in order to begin the process of standardizing credentialing requirements while providing hospitals with the flexibility needed to ensure patient safety.

Thank you for reviewing our concerns and considering our comments; we greatly appreciate your attention on these issues. Please contact Ashley Palmer at Palmer@HIDA.org or (703) 838-6113, if you have any questions regarding the role of medical products distributors in the healthcare supply chain.

Sincerely,

Linda Rouse O’Neill
Vice President, Government Affairs
Health Industry Distributors Association