

**Testimony of Kelly Hassett, VP Operations of MedCOR Professionals, Relative to LD 1184 - An Act to Exempt Certain Prescribed Home Medical Supplies from Sales Tax**

**April 26, 2023**

First, I'd like to thank all members of the Taxation Committee for listening to and reading our testimony on LD 1184. We appreciate your time and consideration. We understand the complexity of your job and the various issues and concerns you are asked to address every day by multiple sectors and industries alike.

My name is Kelly Hassett. My husband Mark is the owner of MedCOR in Scarborough and I manage the operations of our business. MedCOR is a Medicare, MaineCare and commercial health insurance provider that services the members of our communities with home medical products throughout Maine. We have certified fitters on staff who service upper and lower extremity readymade and custom compression garments, post-mastectomy prosthetic forms and bras, orthopedic softgoods including bracing and supports, manual mobility including walking aides, and bath safety and aids to daily living to keep people safely in their homes.

In short, prescribed home medical items are vital to managing health conditions, assisting with preventative care, and enabling our elders to age in place. Home medical providers are not your typical retailers. Our costs of doing business are significantly higher, yet the allowable fees paid by insurance companies do not take this into consideration. Unlike retailers, our human resources costs are substantial. We pay for certified fitters to be on staff with full benefits, paid time off in, and more in order to provide outstanding patient care and service. It takes anywhere from 4-8 hours to service ONE referral billable to insurance. We have to chase prescriptions and medical documentation from providers in order to support the medical need of the items we are providing, verify every patients' eligibility prior to service and explain how the financial responsibility works with their specific insurance plan, schedule appointments for fittings, special order items not in stock, educate patients on the use of the items provided, bill insurance companies for the items serviced using sophisticated medical billing software that costs thousands of dollars each month, manage endless insurance denials due to incorrect eligibility information given to us by insurance companies, respond to insurance company audits, and so much more. Not to mention the significant costs, rules and regulations associated with government accreditation.

Just as Maine doesn't tax prescribed medications billed to insurance, Maine shouldn't tax prescribed home medical items billed to insurance. Under the current law, most prescribed home medical equipment and supplies are subject to the sales and use tax when billed insurance. This 5.5% sales tax is not collected from our customers/patients for the items we bill to their insurance – yet it is paid by our business to the State of Maine.

There are similar exemptions in the state of Maine that supports why this change should be made. In the Maine Revenue Services Sales, Fuel, & Special Tax Division Instructional Bulletin NO. 41 (*See Appendix A*), **prescription medicines**, **prosthetic or orthotic devices**, **crutches** and **wheelchairs**, **diabetic supplies**, **positive airway pressure** and **oxygen delivery equipment and supplies**, and **certain adaptive equipment** are exempt from sales and use tax.

Over the last 10 years Maine has lost over 70% of their home medical providers due to increasing business costs, decreasing allowable fees for service, and Medicare regulations that make doing business almost impossible. In fact, there are very few left in Maine who are full service durable medical equipment providers.

Please, pass this bill so those of us left in the home medical industry have one less burden to deal with for providing your communities and constituents with the medical supplies they need to keep them moving forward.

Thank you very much for your time.

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