



February 10, 2011

The Honorable Tim Brown
Indiana House of Representatives
Statehouse, Room 4A-6
Indianapolis, IN 46204

Dear Representative Brown,

On behalf of the Indiana Medical Device Manufacturers Council (IMDMC), I am writing to request that the state legislature schedule a hearing on HB 1212, which would establish a task force to develop consistent standards for health care industry representative (HCIR) credentialing in Indiana hospitals. As the legislature considers this legislation, IMDMC would welcome the opportunity to provide its perspective on the issue of credentialing.

Indiana is home to more than 60 manufacturers of medical devices employing more than 19,000 Hoosiers. Our state has the seventh highest concentration of medical technology employment in the United States and each of those jobs generates an additional 1.7 jobs in associated industries. Consequently, major changes in government policies that affect the ability to deliver beneficial, cost-effective therapies are very important to IMDMC.

The medical technology industry is a thriving American industry that is the exemplar of our 21st century economy. We should be doing all that we can to protect and promote this American success story.

The need for consistent standards

IMDMC believes there is a strong need for more consistent standards and a streamlined process for credentialing to prevent unnecessary costs and inefficiencies in the health care delivery system. Increasingly, hospitals are requiring the representatives of their medical products suppliers to be “credentialed,” meaning that they are well-versed with safety requirements and protocols within hospitals. HCIRs are also often required to have received certain immunizations, carry liability insurance, and demonstrate that they have received training in infection control and blood borne pathogens.

Credentialing as currently implemented, however, is inefficient and can drive up the cost of health care delivery. Each hospital is free to develop its own credentialing requirements or, increasingly,

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contract the credentialing process to one of many credentialing firms. As a result, the credentialing requirements vary, often significantly, from hospital to hospital.

For example, an HCIR who covers ten hospitals may be required to undergo ten separate credentialing processes, the cost of which is absorbed by the HCIR or his/her employer. Credentialing firms typically charge HCIRs anywhere from \$100 to \$700 for each individual credentialed. In the medical device industry, where an HCIR may have responsibility for as many as 15-25 hospitals in a region, the cost can add up to thousands of dollars per year per HCIR. Because

hospitals only accept credentialing from their chosen credentialing firm and because credentialing requirements often overlap, an HCIR often pays for duplicative credentialing.

Additionally, some hospitals also require that HCIRs provide Social Security numbers and home addresses in order to receive credentialing, without also providing knowledge of how that personal information will be safeguarded or used. Hospitals also have been known to use the credentialing process for reasons unrelated to patient safety and quality of care, as pointed out in the *Journal of Healthcare Contracting*:

Many hospitals have rules that can only be described as idiosyncratic. For example, at least one system has been reported to use its vendor credentialing process to control more local issues, such as parking.

--Journal of Healthcare Contracting, March/April, 2008

As it stands, medical device companies and their representatives must endure an inconsistent and overly costly credentialing process that increases the cost of doing business and can adversely impact the timely delivery of life-changing medical devices to patients in need. IMDMC looks forward to working with you and your legislative colleagues on this issue.

We appreciate your attention to this issue. If you have any questions or would like further information, please do not hesitate to contact me.

Respectfully,

Sincerely,



Danelle Miller
IMDMC President

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