



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

**House Committee on Finance**

**H.B. 3146, H.D. 1 MAKING AN EMERGENCY APPROPRIATION TO THE  
DEPARTMENT OF HEALTH FOR THE ADULT MENTAL HEALTH DIVISION**

**Testimony of Chiyome Leinaala Fukino, M.D.  
Director of Health**

**February 20, 2008, 2:00 p.m.**

1 **Department's Position:** The Department strongly supports this Administration-sponsored measure.  
2 This emergency appropriation funds continuation of services provided by the adult mental health  
3 division (AMHD). An amendment was added by the House Health Committee to establish a psychiatric  
4 health services pilot project, providing an integrated behavioral model at the Bay Clinic in the West  
5 Hawaii community health center. The Department respectfully does not believe this legislation is the  
6 appropriate vehicle for this project and respectfully requests the bill be restored to its original version.

7 **Fiscal Implications:** An additional \$300,000 was added to the total appropriation for the  
8 establishment and implementation of the psychiatric health services pilot project. However, the  
9 Department is concerned that this additional funding would not be considered an emergency  
10 appropriation for the current fiscal year. Likewise, as the title to this particular bill is specifically stated  
11 as making an *emergency* appropriation, the Department is concerned that the new content is not in-line  
12 with the title, resulting in a title-problem with this vehicle. The urgency for this emergency  
13 appropriation is very real and any added content could delay the bill's passage.

14 The Department respectfully requests that the total amount of \$10,000,000 in general funds be  
15 allocated through this emergency appropriation. AMHD has encumbered and/or expended all general  
16 funds allotted for fiscal year 2007-2008. AMHD is heavily relying on special funds to continue to meet

all its obligations. While the Department has been working diligently with the Department of Human Services (DHS) to expedite an increase in federal revenues, the Department also continues to realize projected increases in its expenditures in the area of POS contracts.

**Purpose and Justification:** The Department strongly supports this emergency appropriation which funds continuation of services in the areas of case management, crisis services, treatment services, rehabilitation services, and housing.

AMHD serves a continuously increasing population; for comparison, 4,445 consumers received services in fiscal year 2002-2003 versus 14,576 consumers in fiscal year 2006-2007. This represents an over 300% increase in persons served by AMHD over the past five years, and a 19% increase from fiscal year 2005-2006 to the current 2006-2007 fiscal year.

The primary reason for the significant increase in number of persons served is the capacity expansion of available services throughout the islands. This expansion was triggered by a federal lawsuit *United States v. State of Hawaii, et al.* Civil Number 91-00137 (DAE KSC) that first involved the Hawaii State Hospital (1991) and later was expanded to address the needs of consumers in the community (June 2003). In November 2007, the State successfully exited the settlement agreement resulting from the suit. This emergency appropriation will allow AMHD to continue providing existing services to the expanding eligible population and to continue funding of required services developed during the current fiscal year.

In response to the increased numbers of consumers served and the increase in budgetary requirement, there are a number of initiatives that AMHD has embarked upon to increase revenue and decrease general fund expenditures:

INCREASE REVENUES:

- Ensure all incoming and existing AMHD consumers obtain health insurance coverage when available;

- Ensure Assertive Community Treatment (ACT) providers are in compliance with requirements which will increase MRO revenue;
- Increase focus on revenue generation from state-operated clinics; and
- Seek contracts with all third party payers for AMHD services.

DECREASE EXPENDITURES:

- Review and revise diagnostic eligibility criteria policies and procedures;
- Develop a diagnosis-based “tiered” array of services;
- Enforce 60 day payment policy;
- Implement billing edits to reject claims regarding frequency and duration caps; and
- Identify administrative expenditures for postponement, reduction or elimination

Despite diligent efforts towards budget restraint, there are other factors that contribute to the shortfall, such as the Substance Abuse and Mental Health Special Fund Ceiling in relation to Medicaid Rehabilitation Option revenues. The fund generates revenue under a Memorandum of Agreement (MOA) with the Department of Human Services (DHS) called the Medicaid Rehabilitation Option (MRO). Under the MRO, AMHD is allowed to bill DHS for certain services paid to POS contractors. DHS returns federal matching funds to AMHD for these expenditures based on a percentage of the State dollars expended. The special fund is used to offset AMHD’s general fund allotment. The Department is working diligently with DHS to expedite an increase in federal revenues.

Finally, operational deficits at Hawaii State Hospital (HSH) have risen in relation to an increased, high census. Last fiscal year, HSH had a budget deficit of \$5,000,000. This included funding forty beds at Kahi Mohala. However, the Kahi Mohala contract has been reduced to thirty-two beds this year, resulting in a savings of over \$5,000,000. Additionally, HSH management has taken measures to reduce the overall use of contracted agency staff, resulting in lower deficits. The hospital budget is based on an expected daily census of 178. However, this year since September the HSH average daily

1 census has been 191. In total, the budget deficit for the HSH for fiscal year 2008-2009 is projected to be  
2 \$1,104,698.

3 Approval of this funding will allow AMHD to continue to address related social issues of  
4 homelessness, co-occurring substance abuse, emergency mental health services, and access to critical  
5 mental health services including housing, employment opportunities, rehabilitation, treatment, case  
6 management, and those individuals served at HSH. In total, this funding will allow AMHD to assist  
7 people with severe mental illness in Hawaii to fully participate and contribute in the community through  
8 their recovery process.

9 While we recognize the interest and desire to provide an integrated behavioral model at the Bay  
10 Clinic in the West Hawaii community health center, the Department again respectfully requests that this  
11 language be removed from this particular measure.

12 Thank you for the opportunity to testify on this important measure. We ask for your expeditious  
13 and favorable consideration of this proposal.



**Hawai'i Primary Care Association**

345 Queen Street, Suite 601 Honolulu, HI 96813  
Tel (808) 536-8442 Fax (808) 524-0347

To: **House Committee on Finance**  
The Hon. Marcus R. Oshiro, Chair  
The Hon. Marilyn B. Lee, Vice Chair

**Testimony in Support of House Bill 3146, HD 1**  
**Making an Emergency Appropriation to the Department**  
**of Health for the Adult Mental Health Division**

Submitted by **Beth Giesting, CEO**  
**February 20, 2008 2:00 p.m., Room 308**

The Hawai'i Primary Care Association supports this bill. Our testimony is in support of funding for psychiatric service support for the Community Health Centers in Hawai'i County.

Community health centers struggle to provide behavioral health services to thousands of patients with limited resources. While the need for psychiatrists at community health centers is largely limited to consultation on treatment with the primary medical or behavioral health provider and the ability to refer patients who need specialized treatment, this is a very important service. This bill would provide for two psychiatrists and a licensed clinical social worker who would work with the Community Health Centers on the island of Hawai'i. Since such workers are in very short supply on the island and because the Community Health Centers serve many high risk clients with few mental health resources, this pilot program would provide a wonderful adjunct to other services there.

Thank you for the opportunity to testify in favor of this measure.

**HAWAII PSYCHIATRIC MEDICAL ASSOCIATION**

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COMMITTEE ON FINANCE

Rep. Marcus Oshiro, Chair

Rep. Marilyn Lee, Vice Chair

*Finance Hearing*

*Wednesday, 2/20/08*

*2:00 pm*

*Agenda #1*

*Conference Rm 308*

Re: HB 3146 HD1 Making an Emergency Appropriation to  
the Department of Health for the Adult Mental Health Division

**SUPPORT**

The Hawaii Psychiatric Medical Association submits its testimony in support of HB 3146 HD1 for an emergency appropriation to the Adult Mental Health Division. Funds are needed to support the mandates of the AMHD and the eligible population it serves.

Additionally, HB 3146 HD1, Section 3, establishes a pilot project allowing psychiatrists to work in collaboration with primary care physicians and mental health teams in Island of Hawaii federally funded health centers in an Integrated Care Model.

Integrated Care Model is designed to improve access through integrating mental health services in a primary care setting to both treat patients directly and to enhance the skills of primary care providers in the identification and treatment of behavioral disorders commonly seen in primary care, and by linking existing community resources, programs and services. The model of integrated care involves a Psychiatrist, Licensed Clinical Social Workers and/or Care Managers who are co-located in the health center and work closely with our primary care providers to manage the mental health, chronic pain and substance abuse issues confronting our patient population.

The role of primary care health professionals is crucial in: a) early detection of mental disorders, including psychotic illness; b) management of common mental disorders such as depression; c) getting advice on diagnosis and management of patients with mental illness from specialists; and d) providing care (especially for physical health) to people with severe and enduring mental illness in close liaison with specialist mental health professionals/teams. A proper assessment and identification of mental health problems at primary care level is, therefore, essential in providing appropriate care to people suffering from behavioral disorders in any community. Psychiatrists play an important role in educating primary care providers about mental illness and treatment options. Once patients are stabilized, the primary care providers can then supervise

their mental health care. More severe cases are treated in the hospital or directly by the psychiatrists.

The integration of psychiatry into the primary care/social work team makes a more powerful primary care unit that can address most problems in a cost-effective and efficient way. This model of integration eliminates the silos of care where the mind is separated from the body and the "screen and refer" tradition addresses each problem separately. How can we compartmentalize and separate the treatment of a diabetic who is depressed as a result of the burden of managing his/her illness?

Hawaii Psychiatric Medical Association, in conjunction with the Psychiatric Access Collaboration, strongly urge you to support this bill as written. There is a system of care that is working to serve the health needs in Hawaii's communities via the federally qualified health centers. The resources being requested will allow the Bay Clinic to expand their integrated model component to include a psychiatrist who is currently only available to the most severe cases via referral to an "outside" psychiatrist, if we can find a psychiatrist who will see the uninsured or QUEST population.

We need to take action this legislative session to get services to the Neighbor Islands especially to areas where the incidence of mental illness and substance abuse is high. To not provide psychiatric services contributes to risk factors we are seeing in Hawaii: homelessness, suicide, increased disability, substance abuse, and inappropriate incarceration. The costs of untreated mental illness are staggering.

Patients who have the most difficulty in accessing a psychiatrist are those who are uninsured or have Med-QUEST. Hawaii's more rural or isolated communities generally have a significantly higher incidence of uninsured and/or Med-QUEST. Because of the higher cost of living and low Med-QUEST reimbursements, many psychiatrists find themselves unable to take on any more Med-QUEST patients lest they should be put out of business. The federally qualified health centers are established to serve these populations.

PLEASE NOTE: This is not a request for ongoing funding. It is a request to establish the pilot project only. One of the objectives of the pilot project is to demonstrate that the economic feasibility and profitability of hiring a psychiatrist to be on staff.

Thank you for your consideration to pass this measure to establish the pilot project.

**HAWAII PSYCHIATRIC MEDICAL ASSOCIATION**



Administration

606 Coral Street, Honolulu, HI 96813  
Phn (808) 533-3936 Fax (808) 791-6198 Neighbor Islands Call 1-866-218-3646

Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
House Committee on Finance

Tina L. McLaughlin, President  
CARE Hawaii, Inc.  
606 Coral Street  
Honolulu, HI 96813  
(808) 791-6167

Tuesday, February 19, 2008

Support of HB 3146, HD1 Making an Emergency Appropriation to the Department of Health  
for the Adult Mental Health Division

CARE Hawaii, Inc. provides much needed mental health services for the seriously mentally ill population on the Islands of Oahu, Maui, Hawaii, and Kauai. We are strongly supportive of HB 3146, HD1 to appropriate emergency funding to the Department of Health for the Adult Mental Health Division.

Last month we were made aware that the Department of Health would not be able to fund contracted services for the seriously mentally ill population until April or May due to depletion of its 2008 funds. Part of their funding was to be provided by Medicaid reimbursements, but they have had numerous problems with the reimbursement process, and subsequently, have depleted their total 2008 funds in approximately 5 months of fiscal year 2008.

Due to the delay in payments from the Adult Mental Health Division, we were unable to fulfill our last payroll, and without emergency funding, we will not be able to pay our employees upon our next payroll. As a result, we will be unable to continue to provide services to our consumers. Consequences of not providing these services are multiple and are as follows:

1. 2500 seriously mentally ill patients will be without services. Many consumers who are at risk are in crisis, are suicidal, have homicidal ideations, or are bi-polar. Without services, these individuals incur serious health complications and are at risk of posing harm to themselves and/or members of the community. It is also important to note that CARE Hawaii only represents 40% of the providers contracted by the state, thus, other providers and their 3500 consumers are at the same risk.
2. Consumers not receiving services will have no support and run the risk of going to jail, be in hospital lockups, or worse.
3. CARE Hawaii will be forced to file in court a complaint for injunctive relief and a TRO to maintain the status quo and a court order that the state continue to pay us.



4. CARE Hawaii will have a class action suit filed against us in federal court on behalf of consumers for lack of services, and we will need to file a cross-claim against the State.
5. Approximately 500 people will lose their jobs.
6. CARE Hawaii would not be able to restart services to these individuals after closing services down due to the damage that would be sustained by the company losing employees and incurring financial ruin.

Unfortunately, we are not weeks away from the above scenario, but rather, we are in direct crisis now. We have repeatedly extended our line of credit with the Bank of Hawaii, but have finally exhausted all other options available to us from our bank to cover the delinquent payments by the Department of Health, and are now financially past the point of being able to wait for the State to amend its problems with Medicaid billing.

By making this emergency appropriation to the Department of Health, your actions will allow us to remain financial viable, and we will be able to continue to provide the much needed services to our consumers. We urge the committee to pass HB 3146, HD1. Thank you for allowing us this opportunity to testify.

# **HB 3146 (HD1) MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH FOR THE ADULT MENTAL HEALTH DIVISION**

*To authorize an emergency appropriation for fiscal year 2007-2008 of \$10,000,000 from general funds to the Department of Health (DOH), for the Adult Mental Health Division (AMHD).*

HOUSE COMMITTEE ON FINANCE  
FEB. 20 2:00 PM CONF. ROOM 308

Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair

## **Hawaii Substance Abuse Coalition**

GOOD MORNING CHAIR OSHIRO, VICE CHAIR LEE AND DISTINGUISHED  
COMMITTEE MEMBERS:

My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide hui of more than twenty non-profit treatment and prevention agencies.

### **HSAC supports SB 3068:**

The population of residents engaged in mental health services has increased from around 4,000 to 5,000 a few years ago to over 14,000 today. AMHD has implemented significant cost savings practices in recent years to help address this crisis change in census that includes, but not limited to: integrating with substance abuse treatment services using strength-based "recovery methods"; increased case management; implementing more transition programs and group homes; more expansive and effective services at Community Mental Health Centers (CMHC); and more collaborative and integrated practices with community services. Never-the-less, state agencies and community based agencies will continue to collaborate to find ever more improvements in services to provide adequate care at reduced per client costs.

However, the multi-million dollar per year budget that once did cover less than 5,000 clients is not sufficient to treat 12,000 clients. It is the result of improved services that AMHD only requests \$10 million.

We applaud the Legislator's decisive previous actions that have proven to be making a difference in reducing drug and alcohol abuse and addiction. On behalf of HSAC, we appreciate the opportunity to provide information and are available for questions.

COMMITTEE ON FINANCE

Rep. Marcus Oshiro, Chair

Rep. Marilyn Lee, Vice Chair

Re: HB 3146 HD1 Making an Emergency Appropriation to  
the Department of Health for the Adult Mental Health Division

February 20, 2008

**SUPPORT**

I am Jeffrey Akaka, testifying in support of HB 3146 HD 1. I am a Psychiatrist, which is a medical doctor who specializes in taking care of people who suffer from brain diseases that affect how they think and how they feel.

Many people have problems thinking and feeling that can be helped by friends, family, counselors or the clergy, such as when losing a loved one. However, when the cause is from a brain disease, such as schizophrenia or manic depression, counseling is not enough, and medical treatment, best delivered by a psychiatrist, is necessary.

The Adult Mental Health Division (AMHD) provides much of this medical care via the psychiatrists available at AMHD clinics on every major hawaiian island except Kahoolawe and Niihau. A few Federally Qualified Health Centers (FQHCs) also have psychiatrists on staff, such as Waianae Coast Community Health Center, Hamakua Community Health Center and Kokua Kalihi Valley and Kalihi Palama Health Centers. However, fragile patients of FQHCs that don't have psychiatrists on staff often don't get to their nearest AMHD clinics. They therefore may not get needed psychiatric care at all, especially in rural areas.

HB 3146 HD 1 seeks to relieve this problem.

Please support HB 3146 HD 1.

Thank you for your consideration to pass this measure.

Aloha and mahalo,

Jeffrey Akaka, MD

NAMI HAWAII  
770 Kapiolani Blvd., Suite 613  
Honolulu, Hawaii 96813  
Phone: (808) 591-1297

Committee on Finance  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice Chair

RE: HB 3146 HD1 Making Emergency Appropriation to the Department of Health for the Adult Mental Health Division

### **SUPPORT**

My name is Marion Poirier, and I am the Executive Director of NAMI HAWAII. We are one of over one thousand affiliates of the National Alliance on Mental Illness. We locally have approximately 1,500 members and friends of the organization. Our programs consist of support, education and advocacy.

We support this legislation because of the following important reasons:

- Establishes a pilot project within the federally funded health centers on Hawaii Island. The project allows psychiatrists, primary care physicians and mental health teams to collaborate in an Integrated Care Model.
- The Integrated Care Model improves access by consolidating primary care services with mental health services into and healthcare team in one location.
- Primary care physicians can treat some mental illnesses as well as triage complex cases to other psychiatrists and hospitals appropriately.
- By creating a strong team of allied health care professionals, integration treats the whole patient—mind and body—and increases the efficiency of staff as well as the convenience to the patient.
- This bill should to be passed as written this year. The Bay Clinic's ability to enhance their services is critical. Untreated mental illness has astronomical bio-psycho-social costs. We will learn from it, and be able to make other applications to similar situations.

Thank you for allowing us the opportunity to provide supportive testimony to this important measure.

## FINtestimony

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**From:** RWSurber [rwsurber@aol.com]  
**Sent:** Tuesday, February 19, 2008 10:21 AM  
**To:** FINtestimony  
**Subject:** 2/20/2008 HB3146 Agenda #1 SUPPORT  
**Categories:** Printed Already

Aloha,

Please support HB 3146. As a member of the Mental Health Transformation Grant State Incentive Grant (MHT-SIG) Workforce Development Subgroup and the County of Hawaii Health Workforce Development Committee I am acutely aware of the strong and demonstrated need for mental health services in Federally Qualified Health Centers (FQHC) on the Big Island, for the following reasons:

1. The MHT-SIG is recommending that the State of Hawaii declare an emergency to address the shortage of mental health professionals on the neighbor islands.
2. The County of Hawaii has declared a crisis in the shortage of health providers including mental health providers.
3. Supporting additional mental health providers in FQHC's would be an excellent strategy to begin to address the shortage of behavioral health providers on the Big Island.
4. Including providers in FQHC's addresses other priorities in mental health services including
  - a. Improving access for low income individuals and families
  - b. Reducing disparities in access for underserved populations
  - c. Integrating mental health and primary care services

I thank you for your consideration and look forward to the passage of HB2569, and, more importantly, increased access to mental health services on the Big Island for those with the least access to the treatment they need.

Mahalo,

Robert Surber

**Robert Surber & Associates**  
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For Health & Human Services*  
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## FINtestimony

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**From:** Lorna Nekoba [LNekoba1@hhsc.org]  
**Sent:** Tuesday, February 19, 2008 3:31 PM  
**To:** FINtestimony  
**Subject:** 2/20/2008 HB3146 Agenda #1

Lorna Nekoba  
1190 Waiianuenu Avenue  
Hilo, HI 96720

Finance Hearing  
Wednesday, February 20, 2008  
2:00 pm  
Agenda #1  
Conference Room 308

COMMITTEE ON FINANCE  
Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair

RE: HB 3146 HD1 Making an Emergency Appropriation to the Department of Health  
for the Adult Mental Health Division

### SUPPORT

I respectfully ask for your support of House Bill 3146 HD1 to pilot a model of integrated health care services at Bay Clinic. With the current crisis of provider shortages on the Big Island, there is a greater urgency to implement programs that have proven success in other localities. Please support the community's effort to implement promising models of care that favor better health care outcomes.

Thank you.

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