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STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 28, 2008

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 3257, S.D. 3, H.D.1 - RELATING TO MEDICAID PRESUMPTIVE ELIGIBILITY**

Hearing: Friday, March 28, 2008 3:15 p.m.
Room 308, State Capitol

PURPOSE: The purpose of this bill is to require the Department of Human Services to provide presumptive eligibility to Medicaid or QUEST eligible waitlisted patients.

DEPARTMENT'S POSITION: The Department of Human Services strongly opposes this bill's proposed presumptive eligibility. This bill would authorize that a patient transitioning from acute care to long-term care would be presumed eligible for participation in the Medicaid Fee-For-Service (FFS) or the QUEST programs.

This bill would authorize that the Department would reimburse the provider or the QUEST health plan for the charges incurred during the period of presumptive eligibility for those patients presumed eligible. During this period of presumptive eligibility, all-

State general funds only must be paid to the providers or health plans as Federal funds cannot be accessed until a person is determined Medicaid eligible.

The Department does not support providing reimbursement that does not qualify for Federal financial participation nor is it in the Department's budget to do so. There has been testimony provided that other States have presumptive eligibility and that this option is available through various waivers. The Centers for Medicare & Medicaid Services (CMS) confirmed in a telephone call on February 21, 2008, that there is no Federally funded presumptive eligibility for individuals other than pregnant women, some children and women with breast and cervical cancer. All States that have implemented presumptive eligibility have done so exclusively with their own State funds.

Further, beginning March 1, 2008, presumptive eligibility is not necessary for hospital acute care patients waitlisted for non-hospital based long-term care services because the Department has just implemented a five-day expedited process determining eligibility for Medicaid applications from hospital waitlisted patients. When a completed application is submitted to the Medicaid Eligibility Branch, the process will be completed within five working days. This is just as fast as the Department already expedites applications for pregnant women, foster children, and women with breast or cervical cancer needing expedited eligibility determination.

The Department will be monitoring the five-day expedited eligibility process to ensure timely dispensation from the hospitals into a nursing facility level of care placement, or document other reasons unrelated to Medicaid eligibility for the patients continuing to remain waitlisted in hospitals. An informational briefing will be held in April 2008 for the Legislature, providers, and the community on the expedited eligibility process and how well this program is working.

In addition, to ensure the expediting of applications, hospitals with a disproportionate share of uninsured individuals are already receiving Medicaid funds to compensate them for the hiring of an out-stationed eligibility worker who is supposed to assist those uninsured individuals with their applications. These hospitals include Queen's Medical Center, Hawaii Medical Center-East, Castle Medical Center and Kapiolani Women's & Children's Hospital.

We do not know how many waitlisted individuals are Medicaid applicants and we should not be subsidizing non-Medicaid waitlisted patients. However, based on the data shared by Healthcare Association of Hawaii (HAH), 25% of the waitlisted individuals are receiving Medicaid services, 6% are receiving HMSA services, 55% are covered by Medicare and the remaining 14% are other, probably uninsured. HAH has also shared that, on any given day, there are between 200 to 275 waitlisted individuals. Based on HAH estimates, 55% of the individuals are covered by Medicare and 14% are probably uninsured, so approximately 138 to 190 individuals would potentially qualify for the presumptive eligibility status on any given day.

The cost per person would be at least $10,000. This is based on an average rate of $225 per day for 45 days. The cost to the State would be between $31,050 to $42,750 per day, or $11,333,250 to $15,603,750 per year in all-State funds. Payments made to the providers or health plans during the presumptive period will be with State funds only.

The Department must also emphasize that mandating presumptive eligibility for waitlisted individuals will not address the problem of transferring waitlisted individuals who are not Medicaid eligible or who cannot be placed with other facilities because of barriers that are not Medicaid eligibility related.

Thank you for this opportunity to testify.

HAH
Healthcare Association
of Hawaii

HOUSE COMMITTEE ON FINANCE
Rep. Marcus Oshiro, Chair

Conference Room 308
March 28, 2008 at 3:15 p.m. (Agenda #2)

Testimony in support of SB 3257 SD 3 HD 1.

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in strong support of SB 3257 SD 3 HD 1, which takes a step to solve the hospital waitlist problem by establishing a process of Medicaid presumptive eligibility for waitlisted patients.

On any given day there are 200, and as many as 275, patients in hospitals who have been treated so they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisted patients are defined as "Patients who are deemed medically ready for discharge and no longer in need of acute care services but who cannot be discharged (due to various barriers) and therefore must remain in the higher cost hospital setting."

Discharge timeframes for waitlisted patients range from days to over a year. This represents a poor quality of life option for the patient, presents an often insurmountable dilemma for providers and patients, and creates a serious financial drain on acute care hospitals with ripple effects felt throughout other healthcare service sectors.

Recognizing the waitlist problem, in 2007 the Legislature adopted SCR 198, which requested the Healthcare Association of Hawaii (HAH) to study the problem and propose solutions. HAH subsequently created a task force for that purpose.

The task force has had a number of meetings, and at the request of the task force HAH has contracted with a consultant to gather information. The task force has identified the following four barrier areas that contribute to the waitlisted patient dilemma: (1) Reimbursement; (2) Capacity; (3) Regulatory/Government; and (4) Workforce. The task force has determined that solving the waitlist problem will require actions in all four of the barrier areas, and that focusing on only one area of need will not create a sustainable solution.

SB 3257 SD 3 HD 1 would establish a Medicaid presumptive eligibility process that is designed to reduce the period of time for determining whether a waitlisted patient qualifies for Medicaid. The task force mapped out the steps that are required to complete the eligibility determination process. Following a review of the flow charts, the following findings emerged:

1. The paper system utilized by the eligibility branch is outdated and unable to keep pace with the volume of applications. On any given day, there are 600 pages of applications that are received via fax on ONE machine in the eligibility branch office at Iwilei. Neighbor islands report similar administrative delays. The consequence of this volume is that applications get misplaced, providers have to re-transmit applications 2-3 times and/or make on-site visits to

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the DHS office to hand carry applications. These administrative challenges result in delays in eligibility determinations and delays in placement. In addition, the "time clock" for determining eligibility does not start until DHS has received a completed application. Lost applications contribute to delays in the "time clock" that is utilized to estimate the overall time it takes for DHS to make a determination. In other words, the "time clock" doesn't start until DHS can verify that it has received a completed application. Federal regulations and Hawaii's administrative rules require that states make determinations within 45 days for applicants who are not applying on the basis of a disability.

2. Institutional and/or home and community based providers are reluctant to accept discharged patients from acute care hospitals without a guaranteed form of payment. In February 2007, the American Health Care Association estimated that the overall financial impact (risk) on providers across all states, in terms of lost or delayed payments, is approximately $13,693 to $27,385 per patient.

The Deficit Reduction Act of 2005 includes the executive authority for states to provide for a period of presumptive eligibility for individuals believed to be eligible for home and community based services. The waitlist task force suggests that Hawaii also pursue presumptive eligibility for waitlisted individuals who may require institutional placement as well. This option can be made possible if the Legislature passes a law to allow for presumptive eligibility and then Hawaii could apply for a waiver and demonstration project to permit the use of this standard for a given period of time. Data could be collected on the reduced cost of getting patients appropriately placed out of the acute care hospitals and how often the presumption provided to be correct as a basis for a state plan amendment going forward. Tenncare in Tennessee increased access to home and community based settings utilizing presumptive eligibility as recently as December 2005. Other states that utilize presumptive eligibility include Nebraska, Pennsylvania, and Washington to name a few.

A July 2005 report by Rutgers Center for State Health Policy entitled "Expediting Medicaid Eligibility Determinations" concluded that "several states have set guidelines for who may be "presumed" eligible in a way that minimizes mistakes." In this report, Mr. Mollica continues by saying "several states have concluded that the risk of error is small in relation to the ability to initiate services right away."

In a survey of state executives by the American Health Care Association in January 2008, Indiana reported that they adopted a pre-qualification process for eligibility after reviewing statistics from Pennsylvania. Pennsylvania found that the error rate in eligibility determinations was as low as 4-6% which they felt was a reasonable risk in order to improve utilization of settings of care outside of the acute care hospital.

SB 3257 SD3 HD 1 includes minimum qualifying criteria similar to what were proposed in 2003 for presumptive eligibility for pregnant women and children and based on recommendations from the SCR 198 Waitlist Task Force.

Kansas utilizes Senior Care Act funding as an overdraft protection to accommodate the time period if it was determined that a person was ineligible for Medicaid.

DHS was recently awarded the Money Follows the Person Grant (Going Home Plus) in the amount of $10,000,000 over 5 years. The first year of the grant allows for an enhanced FMAP of 82%. Individuals who qualify for community based placement will receive medical services funded fully by the grant thereby freeing up Medicaid dollars that could be utilized during the presumptive eligibility period until the determination is completed and the federal match is received. We estimate that the Medicaid population is approximately 28% of the waitlisted population, which accounts for about 77

patients. Expediting placement outside of the acute care hospitals will result in an improved quality of life for patients and reduce the Medicaid expenditures paid out at a higher level of care.

The bill should be amended by changing the effective date to July 1, 2008.

With that amendment, the Healthcare Association of Hawaii supports SB 3257 SD 3 HD 1.

HAWAII DISABILITY RIGHTS CENTER

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Phone/TTY: **(808) 949-2922** *Toll Free*: **1-800-882-1057** *Fax*: **(808) 949-2928**
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TESTIMONY TO THE TWENTY-FOURTH STATE LEGISLATURE, 2008 SESSION

To: House Committee on Finance:

From: Gary L. Smith, President
Hawaii Disability Rights Center

Re: Senate Bill 3257 , SD 3, HD1

Hearing: Friday, March 28, 2008 3:15 PM
Conference Room 308, State Capitol

Members of the Committee on Finance:

Thank you for the opportunity to provide testimony supporting Senate Bill 3257, SD 3, HD1.

I am Gary L. Smith, President of the Hawaii Disability Rights Center, formerly known as the Protection and Advocacy Agency of Hawaii (P&A). As you may know, we are the agency mandated by federal law and designated by Executive Order to protect and advocate for the human, civil and legal rights of Hawaii's estimated 180,000 people with disabilities.

We support this bill because it offers good potential to secure the placement of individuals in community settings. The legislature has seen many examples in the past year or two of the long waitlist for community housing experienced by patients in acute facilities. In addition, a briefing was provided earlier in the session by the Healthcare Association on the problems of placing "challenging" patients into community settings. One of the barriers identified has been the delays in processing Medicaid eligibility for these individuals. We support the provision regarding presumptive eligibility. Delays in processing these applications add to the problems of placing these individuals and are an unnecessary source of difficulty. There is no reason to delay these applications. It is our hope that these provisions will help to alleviate the current problem experienced by hospitals as well as their waitlisted patients.

Thank you for the opportunity to testify in support of this bill.

HAWAII'S PROTECTION AND ADVOCACY SYSTEM FOR PEOPLE WITH DISABILITIES
HAWAII'S CLIENT ASSISTANCE PROGRAM

CAP

Hawaii Pacific Health

55 Merchant Street • Honolulu, Hawaii 96813 • hawaiipacifichealth.org

[2 Copies]

Friday, March 28, 2008 – 3:15pm
Conference Room 308
Agenda #2

The House Committee on Finance

To: The Honorable Marcus Oshiro, Chair
The Honorable Marilyn B. Lee, Vice-Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: Testimony in Strong Support of SB 3257 SD3 HD1 - Relating to Medicaid Presumptive Eligibility

With Request for an effective date of July 01, 2008

Dear Honorable Committee Chairs and Members:

My name is Virginia Pressler, Executive Vice President for Hawaii Pacific Health (HPH). For more than a century, families in Hawaii and the Pacific Region have relied on the hospitals, clinics, physicians and staff of Hawaii Pacific Health as trusted healthcare providers. Our non-profit integrated healthcare system is the state's largest healthcare provider and is committed to improving the health and well-being of the people of Hawaii and the Pacific Region through its four hospitals -- Kapi`olani Medical Center for Women & Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital -- 18 outpatient centers and a team of 1,100 physicians on the islands of Oahu, Kauai and Lanai.

Hawaii Pacific Health is writing in **strong support of SB 3257 SD 3 HD1** which takes steps to solve the long term care problem by establishing a process of Medicaid presumptive eligibility for waitlisted patients.

On any given day there are as many as 275 patients in hospitals across Hawaii who have been treated and are now waiting to be transferred to a long term care facility but who must remain "waitlisted" in a hospital because long term care is not available. Discharge timeframes for waitlisted patients range from days to over a year. This represents a poor quality of life option for the patient, presents an often insurmountable dilemma for providers and patients, and creates a serious financial drain on acute care hospitals with ripple effects felt throughout other healthcare service sectors.

SB 3257 SD2 would establish a Medicaid presumptive eligibility process that is designed to reduce the period of time for determining whether a waitlisted patient qualifies for Medicaid. For financial reasons, Medicaid eligibility is required by many long term care facilities before certain types of patients are admitted. We ask that you pass **SB 3257 SD 3 HD1 with an effective date of July 01, 2008** (See Section 6). Thank you for your time regarding this measure.

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Government Affairs

Testimony of
Frank P. Richardson
Executive Director of Government Relations

Before:
House Committee on Finance
The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair

March 28, 2008
3:15 PM
Conference Room 308

SB 3257, SD3 HD1 RELATING TO MEDICAID PRESUMPTIVE ELIGIBILITY

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on SB3257, SD3 HD1that would require the Department of Human Services to provide presumptive eligibility to Medicaid or QUEST eligible waitlisted patients.

Kaiser Permanente Hawaii supports this bill.

It has been reported that Hawaii hospitals lost between $90Million - $110Million last year due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii in January of this year, there were on average 200, and sometimes as many as 275, patients waitlisted daily in acute care hospitals statewide awaiting placement to long term care beds.

Duration of these delays ranged between several days to several months, and in some cases even more than a year. Contributing to these delays in many cases was the lengthy application, review and approval process for Medicaid eligibility for waitlisted patients.

Furthermore, each day that a waitlisted patient remains in an acute care hospital bed is another day that a bed is not available for an acute care patient in need of that bed.

Some, if not much, of this delay could be shortened by the presumptive eligibility measures proposed in this bill. For this reason, Kaiser Hawaii strongly supports this bill.

Kaiser also suggests the effective date of the Act be set for no later than January 1, 2009. Thank you for the opportunity to comment.

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THE QUEEN'S MEDICAL CENTER

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

Friday, March 28; 3:15 p.m.
State Capitol, Conference Room 308

RE: SB 3257 SD 3 HD 1 - Relating to Medicaid Presumptive Eligibility

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

The Queen's Medical Center submits written testimony in strong support of this measure.

The Medical Center continues to be greatly impacted by the limited community resources available to serve people in need of community-based care. At times this month, there have been 60 waitlisted patients in the hospital occupying an acute care bed and thereby limiting our ability to respond to our communities needs. Of these 60 patients, 13 are completely dependent upon Medicaid eligibility. There are many others that we are working with in order to submit an application or that we have screened out to not be eligible for Medicaid. However, the placement, or discharge, of these 13 patients is entirely "on hold" pending an answer from MedQuest Division

The Medical Center agrees with the findings and recommendations outlined in the Healthcare Association of Hawaii (HAH) Waitlist Task Force report provided in accordance with Senate Concurrent Resolution No. 198 (2007) which provides that people on the waitlist often have a less-than-optimal quality of life, and their general health may be negatively impacted by a prolonged stay in an acute care hospital (see Attachment 1 for data). When we treat these non-acute patients in the acute hospital bed, we are less able to respond to our community's needs for acute care services Too often it happens that QMC goes on emergency room divert because we simply do not have the bed capacity to admit patients needing hospitalization. This inability to admit acutely ill patients impacts the health care system statewide, as we often serve as a higher level of care, transfer center for many of the hospitals in the state and throughout the Pacific.

We support the language in this bill that provides for a presumptive eligibility process for the waitlisted patients. With the verification of a patient's annual income and the confirmation of waitlist status by the hospitals, the Healthcare Association of Hawaii (HAH) found the risk of implementation of this type of program is minimal. According to HAH review of other state's presumptive eligibility process, the error rate was between

4-6%. The potential gains of this program could be substantial. It would assist hospitals and community-based programs in admitting patients to long term care facilities and community services in a more timely manner, thus freeing up needed acute care beds for acutely ill patients.

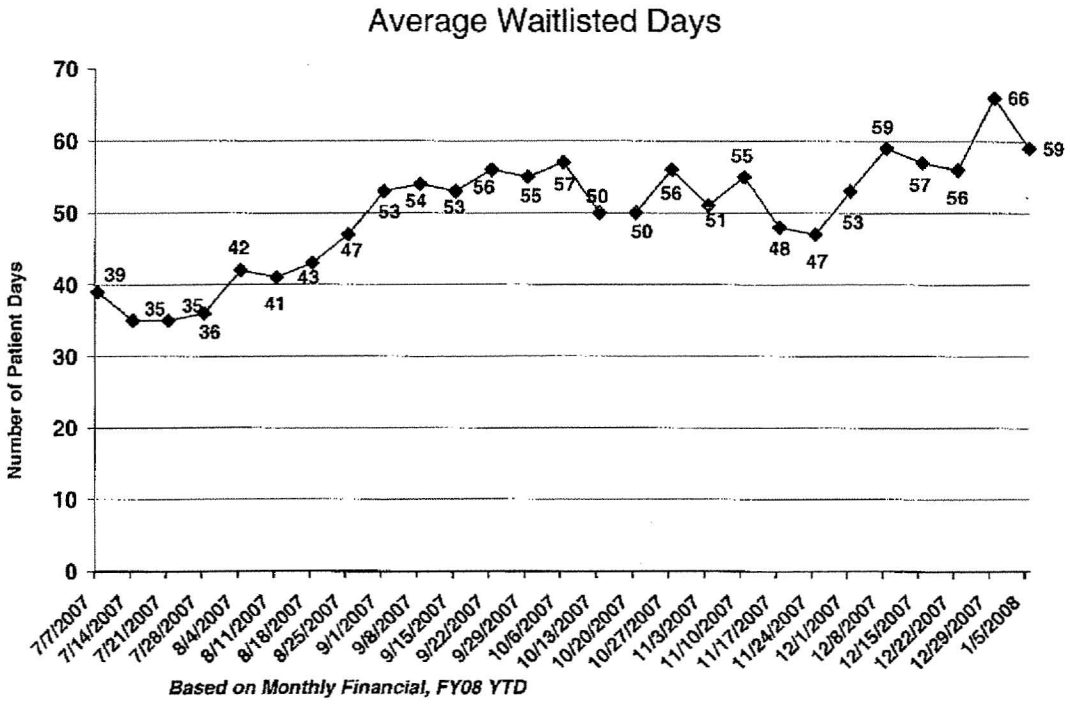
We respectfully request that you consider the development of a presumptive eligibility process to ease some of the burden that is placed on acute care hospitals. We recognize that the challenges facing our state healthcare system are complex and require multiple actions. This presumptive eligibility process is but one that will help assure quality health care while we build more community options for our aging population. Your favorable review of this bill is appreciated.

Thank you for the opportunity to submit testimony.

Respectfully,

Christina M. Donkervoet, RN, MS
Director, Care Coordination & Patient Flow
The Queens Medical Center

Attachment 1: SCR 198
QMC Waitlisted Patients Data
July 2007 – January 2008



Testimony Presented Before
The House Committee on Finance
Friday, March 28, 2008 – 3:15 p.m.
Conference Room 308

SB 3257, SD3, HD1 RELATING TO MEDICAID PRESUMPTIVE ELIGIBILITY

Chair Oshrio & Vice Chair Lee and Members of the Committee:

My name is Kathryn Matayoshi, Executive Director of the Hawai`i Business Roundtable. I am testifying in support of Senate Bill 3257, SD3, HD1 which seeks to address the hospital waitlist problem by establishing a process of Medicaid presumptive eligibility for waitlisted patients.

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The Hawaii Healthcare Associations' task force report on the wait list problem included recommendations in four areas to help alleviate the impacts of the wait list issues. This bill is one part of the proposed solutions. The recommended legislation would establish a Medicaid presumptive eligibility process that is designed to reduce the period of time for determining whether a waitlisted patient qualifies for Medicaid. For financial reasons, Medicaid eligibility is required by many long term care facilities before certain types of patients are admitted.

The Roundtable sees the wait list issues as impacting our employees, our families and our communities, in terms of quality of life and access to appropriate quality care, as well as a financial burden on healthcare providers. Complex issues require multifaceted solutions, and the task force has recommended first steps in two areas that will hopefully start us moving towards better options for our employees and their family members with medically complex conditions who need long term facilities. As our population ages, these issues will become more and more pressing.

In summary, the Hawaii Business Roundtable supports passage of SB 3257, SD3, HD1. Thank you for your consideration.