TESTIMONY TO THE TWENTY-FOURTH STATE LEGISLATURE, 2008 SESSION

To: House Committee on Health
House Committee on Human Services and Housing

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

Re: Senate Bill 3257, SD 3
Relating to Medicaid Presumptive Eligibility

Hearing: Wednesday, March 12, 2008 8:00 AM
Conference Room 329, State Capitol

Members of the Committee on Health:
Members of the Committee on Human Services and Housing:

Thank you for the opportunity to provide testimony supporting Senate Bill 3257, SD3 Relating to Medicaid Presumptive Eligibility.

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 recently provided 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 provide testimony in support of this bill.

Hawaii Pacific Health

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

Wednesday, March 12, 2008 – 8:00am
Conference Room 329

The House Committee on Health

To: The Honorable Josh Green, M.D., Chair
The Honorable John Mizuno, Vice-Chair

The House Committee on Human Services & Housing

To: The Honorable Maile S.L. Shimabukuro, Chair
The Honorable Karl Rhoads, Vice-Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: Testimony in Strong Support of SB 3257 SD3 - Relating to Medicaid Presumptive Eligibility 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** 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 with an effective date of July 01, 2008** (See Section 6). Thank you for your time regarding this measure.

Testimony Presented Before
The House Committees on Health & Human Services/Housing
Wednesday, March 12, 2008 – 8:00am
Conference Room 329

SB 3257, SD3 RELATING TO MEDICAID PRESUMPTIVE ELIGIBILITY

Chairs Green & Shimabukuro, Vice Chairs Mizuno & Rhoads and Members of the Committees:

My name is Kathryn Matayoshi, Executive Director of the Hawai`i Business Roundtable. I am testifying in support of Senate Bill 3257, SD3, 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. Thank you for your consideration.

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Government Affairs

Testimony of
Frank P. Richardson
Executive Director of Government Relations

Before:
House Committee on Health
The Honorable Josh Green, M.D., Chair
The Honorable John Mizuno, Vice Chair
and
House Committee on Human Services & Housing
The Honorable Maile S. L. Shimabukuro, Chair
The Honorable Karl Rhoads, Vice Chair

March 12, 2008
8:00 am
Conference Room 329

SB 3257, SD3 RELATING TO MEDICAID PRESUMPTIVE ELIGIBILITY

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on SB3257, SD3 that 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.

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Kaiser also suggests that the open time periods in the bill be set at realistic limits calculated to reasonably expedite the Medicaid presumptive eligibility and application process; and that the effective date of the Act be set for no later than January 1, 2009.

Thank you for the opportunity to comment.

THE QUEEN'S MEDICAL CENTER

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House Committee on Health
Representative Josh Green, Chair
Representative John Mizuno, Vice Chair

House Committee on Human Services & Housing
Representative Maile Shimabukuro, Chair
Representative Karl Rhoads, Vice Chair

Wednesday, March 12; 8:00 a.m.
State Capitol, Conference Room 329

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

Chairs Green and Shimabukuro, Vice Chairs Mizuno and Rhoads, and Members of the Committees:

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

The Medical Center is greatly impacted by the limited community resources available to serve people in need of community-based care. We agree 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. 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. In December of 2007, for example, we reached a high for the year, with 66 patients awaiting placement (see Attachment 1). 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 this development of a presumptive eligibility process to ease some of the burden that is placed on acute care hospitals due to the limitations in our state Medicaid eligibility process. The fragility of the health care system across the state requires your prompt attention. The longer it takes for action, the more our system is weakened, and the greater the impact to the overall quality of life of our patients.

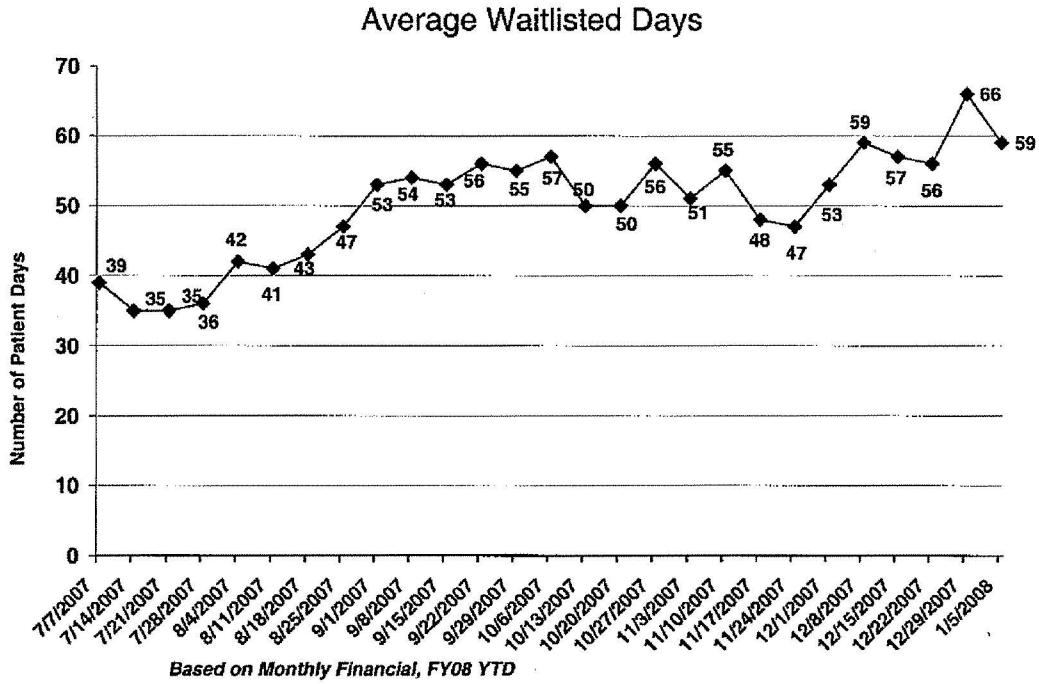
We recognize that the challenges facing our state healthcare system are complex and require multiple actions. This presumptive eligibility process is but one that will help assure quality health care while we build more community options for our aging population. Your favorable review of this bill is 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



HAH
Healthcare Association
of Hawaii

HOUSE COMMITTEE ON HEALTH
Rep. Josh Green, M.D., Chair

HOUSE COMMITTEE ON HUMAN SERVICES & HOUSING
Rep. Maile Shimabukuro, Chair

Conference Room 329
March 12, 2008 at 8:00 a.m.

Testimony in support of SB 3257 SD 3.

I am Coral Andrews, Vice President 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, 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 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 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.

We recommend that SB 3257, SD3 be amended to include the following:

1. Page 6,line 8: Eliminate "within (blank) days of submitting an application".

2. Page 6, line 12: Insert the following new language, " (2) Verification of assets". Renumber the items that follow in subsequent lines.

3. Page 6, lines 17-20: Eliminate entire paragraph and replace with: "The Department shall notify the applicant and the facility of the presumptive eligibility on the date of receipt of the application. The applicant shall submit the remaining Medicaid documents within 10 business days following the determination of presumptive eligibility. The applicant shall be notified of eligibility within 5 business days of receipt of the completed application."

4. Page 7, line 17: Insert an appropriation of $200,000 for FY 2008-09. This figure reflects the amount that Kansas added to their Senior Care Act last year.

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 waitlist 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.

With the amendments suggested above, the Healthcare Association strongly supports SB 3257 SD 3.