

HB 2091

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March 11, 2010

MEMORANDUM

TO: Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2091, H.D. 1 – RELATING TO MEDICAID ELIGIBILITY**

Hearing: Thursday, March 11, 2010, 2:15 P.M.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to require the Department of Human Services to provide Medicaid presumptive eligibility to patients who have been waitlisted for long-term care; to conduct a study of a computerized Medicaid application system; to require reports to the Legislature; and to provide an unspecified appropriation to pay for ineligible individuals.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill's requirement of presumptive eligibility for Medicaid for patients who have been hospital waitlisted for long-term care.

This bill would require DHS to reimburse providers (hospitals) or the health plans for the charges incurred during the period of presumptive eligibility not only for those patients determined to be eligible for Medicaid reimbursement but also those who are determined ineligible for Medicaid.

Payments for the patients subsequently determined ineligible for Medicaid must be through all State general funds. There will be no federal matching funds. Federal regulations do not allow federal matching for periods of presumptive eligibility except for pregnant women and children.

This bill would give a huge number of patients, most of whom are not Medicaid eligible, ten days of State-funded care. Even after denial of an application, hospitals could very well reapply on a patient's behalf every ten days to get more State money. This major loop-hole overpays hospitals, at great tax-payers' expense, **approximately \$2,000,000 per year**, creates an enormous drain on State resources, and may subsequently delay regular eligibility determinations of all application types.

Given the State's current fiscal difficulties and the \$1.23 billion budget shortfall for this biennium, it would not be prudent to pursue enactment of a new general fund appropriation that will be required for this bill.

In addition, the Department already provides hospitals more than \$20 million in supplement payments per year.

Section 1 of the bill seems to criticize the Department for doing its due diligence, as required by the federal Centers for Medicare & Medicaid Services, of ensuring program integrity by careful eligibility determinations. Medicaid eligibility is one step, but determining eligibility for long-term care is far more complex.

The criteria in the bill demonstrate a fundamental lack of understanding of Medicaid long-term care eligibility requirements and would result in a very high number of patients for whom DHS would have to pay providers (hospitals) and health plans for their patients who are not eligible for Medicaid.

The bill also would require the Department to study electronic applications. The Department is currently in the process of developing electronic processing of Medicaid applications, but eligibility determinations for long-term care are more likely to require manual review of items such as trusts and disposition of assets.

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. Delays in Medicaid eligibility for long-term care cannot possibly explain the nearly 75% of waitlisted patients who have other than Medicaid insurance.

Eligibility cannot possibly be determined until the necessary documents are received. Once the documentation is received, the Department quickly makes a determination. The Department recently restructured the Med-QUEST Division (MQD) operations to ensure applications for long-term care services are processed expeditiously and timely. Effective March 1, 2008, all applications for nursing home assistance on Oahu were assigned to a single processing point, the Kapolei MQD Unit (KMU). KMU initiated a five-day expedited processing procedure for Medicaid applications for hospital waitlisted patients who required long-term care placement.

A Medicaid eligibility determination for a hospital waitlisted application must be completed within five working days from the date that the necessary documents are provided. KMU works with Oahu hospitals to identify hospital waitlisted patients to expedite the processing of their applications. According to KMU, they processed 1,075 applications for nursing home placement from January 2009 to December 2009. Of these applications, 125 were identified by a hospital as an application for a hospital waitlisted patient. KMU processed 26 waitlisted applications (22 were denied) without

requesting additional data, 108 applications within five days, and only 17 applications required more than five days.

KMU was recognized as the Department's 2008 Team of the Year for excellence in providing services to Medicaid long-term care recipients and providers.

There is also a fundamental flaw in this bill in the proposed new section to chapter 346, HRS, because it does not identify what type of patient is being waitlisted and for what type of care.

Thank you for this opportunity to provide testimony.



THE QUEEN'S MEDICAL CENTER

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Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair
COMMITTEE ON HUMAN SERVICES

March 11, 2010, 2:15 p.m.
State Capitol, Conference Room 016

In Support of HB 2091, HD1 - Relating to Medicaid Eligibility

Chair Chun Oakland, Vice Chair Ihara, and Members of the Committee:

My name is Christina Donkervoet. I am the Director of Care Coordination and Patient Flow at The Queen's Medical Center, the largest private tertiary care hospital in the State of Hawaii. On behalf of The Queen's Medical Center (QMC), I thank you for this opportunity to testify in support of this bill.

QMC is greatly impacted by the limited community resources available to serve people in need of community-based care. We agree with the Healthcare Association of Hawaii (HAH) 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 Emergency Department goes on divert status because we simply do not have the bed capacity to admit patients needing hospitalization. In calendar year 2009, the average number of waitlisted patients in the hospital was 55. 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.

As such, 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, HAH found the risk of implementation of this type of program is minimal. According to HAH's review of other states' presumptive eligibility processes, the error rate was 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 timelier manner, which would benefit the patient, and also free up needed acute care beds for acutely ill patients.

We respectfully request that you consider 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 written testimony.



The Chamber of Commerce of Hawaii
The Voice of Business in Hawaii

Testimony to the Senate Committee on Human Services
Thursday, March 11, 2010 at 2:15 p.m.
Conference Room 016, State Capitol

RE: HOUSE BILL NO. 2091 HD1 RELATING TO MEDICAID
ELIGIBILITY

Chair Chun Oakland, Vice Chair Ihara, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports House Bill 2091 HD1 relating to Medicaid Eligibility.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure requires the Department of Human Services to provide presumptive eligibility for Medicaid-eligible patients who have been waitlisted for long-term care.

Patients who are waitlisted for long term care are occupying acute care beds in our hospitals. This increases uncompensated costs for hospitals (\$73.5 million in 2008 alone), creates shortages of acute care beds, and decreases quality of life for patients who no longer need acute care services. We need to take a comprehensive approach to developing solutions throughout the health care delivery system, to create capacity for these patients, who do need care, by utilizing the most appropriate and cost effective setting. Public and private collaboration is essential to the success of this effort.

Therefore, The Chamber supports improvements to the quality of our health care system, which include legislation that will require the Department of Human Services to provide presumptive eligibility for Medicaid-eligible patients who have been waitlisted. This will help increase long term care capacity and access statewide.

In light of the above, The Chamber of Commerce of Hawaii supports SB 419. Thank you for the opportunity to testify.

Testimony of
Frank P. Richardson
Vice President and Regional Counsel

Before:
Senate Committee on Human Services
The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair

March 11, 2010
2:15 pm
Conference Room 016

HB 2091, HD1 RELATING TO MEDICAID ELIGIBILITY (Presumptive Eligibility)

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on HB2091, HD1 that would require the Department of Human Services to provide presumptive eligibility to Medicaid eligible waitlisted patients.

Kaiser Permanente Hawaii supports this bill.

It has been reported that Hawaii hospitals have lost millions of dollars due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii, there are on average 200, and sometimes more, patients waitlisted daily in acute care hospitals statewide awaiting placement to long term care beds.

Duration of these delays has 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.

Thank you for the opportunity to comment.



SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

Conference Room 016
March 11, 2010 at 2:15 p.m.

Supporting HB 2091 HD 1 with an amendment.

The Healthcare Association of Hawaii represents its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in support of HB 2091 HD 1. We support this bill, and would also like to propose an amendment to the current draft.

On any given day there are an average of 200 patients in Hawaii's hospitals who have been treated so that they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient and creates a serious financial drain on hospitals. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. Patients may be waitlisted for a matter of days, weeks, or months, and in some cases over a year.

HB 2091 HD 1 is one attempt to address the waitlist problem by promoting the movement of waitlisted patients out of acute care. HB 2091 HD 1 will require that the Department of Human Services provide Medicaid presumptive eligibility to patients who have been waitlisted for long-term care (i.e., DHS must presume that a waitlisted patient applying for Medicaid is eligible for coverage if the patient meets certain criteria). Additionally, the bill will require that DHS conduct a study to computerize the processing of Medicaid applications.

We would like to suggest an amendment to the bill that increases the probability that the criteria for presumptive eligibility would lead to actual eligibility when complete Medicaid eligibility criteria are applied. This amendment would increase the likelihood that a long term care facility would agree to care for a waitlisted patient who is determined to be presumptively eligible for Medicaid. In Section 2 of the bill on page 7, line 1, the suggested amendment is to revise item (2) so that it reads as follows:

“(2) Verification of assets, including assets transferred in the past five years;”

The waitlist problem is one that needs to be addressed. Hospitals continue to lose money because of waitlisted patients. A report issued by Ernst & Young in late 2009 reported that Medicaid pays for only 20% to 30% of the actual costs of care for waitlisted patients, representing uncompensated hospital costs of approximately \$72.5 million in 2008.

For these reasons, we respectfully request that the Committee pass HB 2091 HD 1, with the proposed amendment. Thank you very much for the opportunity to testify on this matter.

HAWAII DISABILITY RIGHTS CENTER

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THE SENATE THE TWENTY-FIFTH LEGISLATURE REGULAR SESSION OF 2010

Committees on Human Services Testimony in Support of H .B. 2091, HD1 Relating to Medicaid Eligibility

**Thursday, March 11, 2010, 2:15 P.M.
Conference Room 016**

Chair Chun-Oakland and Members of the Committee:

I am Louis Erteschik, Staff Attorney at the Hawaii Disability Rights Center, and am testifying in support of this bill.

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 several years of the long waitlist for community housing experienced by patients in acute facilities. In addition, briefings have been 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 this provision 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.