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February 4, 2010

MEMORANDUM

TO: Honorable John M. Mizuno, Chair
House Committee on Human Services

Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2990 – RELATING TO MEDICAID**

Hearing: Thursday, February 4, 2010, 9:00 AM.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to recodify current Hawaii Medicaid statutes under a new Medicaid Chapter.

DEPARTMENT'S POSITION: The Department of Human Services strongly opposes this bill.

This bill demonstrates a fundamental misunderstanding of Medicaid, the State Children's Health Insurance Program (S-CHIP), and State-only funded medical assistance programs. Each of these programs is subject to unique requirements and regulations. Combining statutes for each of the programs will have implications that not only affect program administration but also jeopardize federal funding.

Also, although S-CHIP and other State-funded programs are included in our Med-QUEST Division's medical assistance programs, they are not Medicaid programs funded by the federal Medicaid program.

Thank you for this opportunity to provide written testimony.

AN EQUAL OPPORTUNITY AGENCY

HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John Mizuno, Chair

HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
Feb. 4, 2010 at 9:00 a.m.

Testimony in support of HB 2990.

The Healthcare Association of Hawaii advocates for 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 2990, which creates a comprehensive Medicaid statute.

Medicaid is a State program with a budget of more than a billion dollars, second in size only to public education. Hawaii Revised Statutes contain comprehensive provisions that determine how many State programs operate, many of which are several orders of magnitude smaller than Medicaid. Yet there is no comprehensive statute that establishes Medicaid's purpose, structure, or operating principles.

A Medicaid statute would help the legislature fulfill its primary function of establishing public policy. Such a statute would give guidance to the executive branch in determining how Medicaid operates. The executive branch benefits because the primary function of the executive branch is to carry out the policies of the legislative branch.

A Medicaid statute would have other benefits. It would give the public a better understanding of how Medicaid is structured and how it operates. Currently, the Medicaid program has very little transparency. Health care providers, consumers, and consumer advocates often are not aware of changes made to Medicaid until after the changes occur because they are not involved in the process. Many feel powerless to influence these changes. At times they have felt that changes to Medicaid have been made that negatively impacts Medicaid participants. A Medicaid statute would give stakeholders a vehicle to help shape Hawaii's Medicaid program.

It should be noted that the intent of the bill being considered is to establish Medicaid in statute as it currently exists. No changes would be made to Medicaid as a result of this bill.

We expect that the bill will be discussed at length and that it will undergo numerous amendments before it is finally adopted. However, we endorse the concept of putting Medicaid in statute.

For the foregoing reasons, the Healthcare Association of Hawaii supports HB 2990.