



March 31, 2010  
7:00pm  
Conference room 308

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

From: Paula Arcena  
Director of Public Policy

Re: SB1178, SD2, HD1, proposed HD2 Relating to Health (Appropriates \$40 million in FY2010 for Medicaid)

Thank you for the opportunity to testify on this matter.

AlohaCare supports this measure.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

AlohaCare has been contracted by the Hawaii Department of Human Services since the QUEST program began in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 70,000 QUEST enrollees statewide.

As stated in the bill, the purpose of this Act is to appropriate \$40 million in general funds and \$80 million in federal funds for an emergency appropriation for fiscal year 2009-2010 for health care payments (HMS 401) to address a funding shortfall in the Medicaid program.

It is our hope this funding will be used to help decrease the shortfall that caused DHS to delay payments to health plans that serve Hawaii's QUEST and QUEST Expanded programs. As you are aware, in January 2010, the Hawaii Department of Human Services announced it would delay payments to Medicaid health plans, for anywhere from two to four months. In total, this would require the plans to use approximately \$200-\$400 million of their respective reserves to finance Hawaii's Medicaid programs during this period.

AlohaCare is part of a coalition of health plans and health care provider organizations working to address the short-term and long-term aspects of this issue. On March 8, the

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coalition met with the Administration. At that meeting, the Administration stated they would seek funding to reduce the period to two rather than four months of delayed payments and that outstanding payment would be made in July 2010.

We are strongly concerned that access to necessary medical care could be jeopardized if DHS is unable to meet its financial obligations. We are also cognizant that quick action needs to be taken to identify how \$40 million in state cost-savings can be realized so that this appropriation does not add to the State's deficit. AlohaCare is committed to working with the legislature, DHS and other health care stakeholders to find constructive ways to realize this cost-savings.

For these reasons, we support this measure.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

We urge you to pass this bill.

Thank you for this opportunity to testify.