LATE

SB 2650

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To: Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair
To the Committee on Commerce and Consumer Protection

From: Rosy E. Thomas, RN, BSN, LCM
Owner, Universal Case Management, LLC
Secretary, Case Management Council
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LATE

Date: Tuesday, February 9, 2010
Time: 2:30PM
Place: Conference Room 016

RE: **SB 2650: Medicaid Contracts; Health Care Insurance Plan Contractors; Reimbursements to Home and Community-based Case Management Agencies**

I would like to thank Senator Chun Oakland, Chair, Senator Les Ihara, Vice Chair and to the Committee on Commerce and Consumer Protection for allowing me to give my testimony.

My name is Rosy Thomas. I have worked as a Registered Nurse for the past 29 years and I am one of the Home and Community- based Case Management Agency managing and overseeing the Age, the Blind and the Disabled population in our local community.

I would like to testify that I am in agreement to this SB 2650 for the Medicaid Healthcare Insurance Plan Contractor to not reduce the re-imbursement rates to the Home and Community-based Case Management Agency not to exceed 20 percent as opposed to the proposed 25 per cent as stated in this SB 2650.

Given the worse economic crisis all of us are being faced with thus far, I agree that rate reduction must be implemented and it is a must. However, we, as Case Management Agencies has been getting paid $16.25/day, this equates to about $0.39/hour. The current minimum wage is about $7.75/hour. The current local RN salary is about $48/hour. The great disparity of the current rates that the Community-based Case

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Management RN's wages currently are getting paid in comparison, is overwhelmingly biased, unfair and unjustified. DHS has not given us a raise for the past 10 years. Earning 39 cents an hour is this day and age is worse than slavery's wages.

As Community-based Case Managers, our job is to make sure that our local Kapunas are receiving the safe and quality of care and we want to continue to provide the quality of care to these elderly that we served. However, with the reduction in rate, it will be very difficult to maintain the services that we are used to providing when we also have to decrease our own employees. The long term outcome of this domino effect will be more devastating and the end result will be the high cost of medical care that the State of Hawaii will have to face.

If I have to beg for your support in passing this bill, please... I am begging all of you who has the power to help us protect and to preserve the quality of care and the safety of our local Kapunas.

Thank you for allowing me to give my heartfelt and sincere testimony.

Rosy Thomas, RN, BSN, LCM
Owner, Universal Case Management, LLC

chunOakland5 - Michael

From: Sarah Suzuki [suzukis003@hawaii.rr.com]
Sent: Tuesday, February 09, 2010 12:45 AM
To: HMS Testimony
Cc: Sarah Suzuki BWR; 'Sarah Suzuki'
Subject: HB 2650

LATE

To: Senator Suzanne Chun Oakland, Chair
Committee on Human Services

Senator Les Ihara, Jr. Vice Chair
Committee on Human Services

From: Sarah Suzuki, MBA, BSN, RN
President, Case Management Council
Managing Partner, Blue Water Resources, LLC

Subject: HB 2650, Relating to the Department of Human Services

Hearing: Tuesday, February 9, 2010, 2:30pm
Conference Room 016, State Capitol

Purpose:

Requires Medicaid contracts between the Department of Human Services and Medicaid healthcare insurance plan contractors to contain provisions affecting the reimbursement obligations in the policies between the Medicaid healthcare insurance plan contractors and the home and community-based case management agencies. Prohibits reductions of reimbursements of more than 25%.

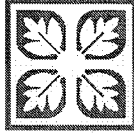
Position:

On December 31, 2009, the Licensed DHS case managers received a certified letter from Ohana Health Plan notifying the agencies of a 48% rate reduction. All the agencies were concerned not only for the survival of their businesses but also the safety and welfare of their patients. On three separate occasions, Ohana Health Plan was asked if the new rates were negotiable. However, the request for a possible rate increase was denied.

Recently, Ohana Health Plan, was able to offer a better rate which reflects a 17% decrease from the original rate versus the whopping 48% rate reduction. The case management agencies are thankful for the new rate. However, even with current offer, some case management agencies in the neighbor islands, specifically the Big Island, may not be able to continue to provide services. At the original case management rate, it was already difficult to provide services to some of the most remote areas of the Big Island. With the 17% decrease, it will make it even more difficult to continue to provide services. The provider network may be compromised and client choice may not be possible.

Therefore, I respectfully support this bill with a recommendation to change "prohibits reductions of reimbursement of more than 25%" to reflect 10%.

Thank you for the opportunity to testify.



CATHOLIC CHARITIES HAWAI'I

LATE

TO: Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair
Committee on Human Services

Senator Rosalyn H. Baker, Chair
Senator David Y. Ige, Vice Chair
Committee on Committee and Consumer Protection

FROM: ________________________________
Diane M. Terada, Division Administrator

DATE of Hearing: Tuesday, February 9, 2010
2:30 p.m., Room 016

SUBJECT: **SB 2650 Relating to the Department of Human Services**

Catholic Charities Hawai`i (CCH) is a private, 501(c)(3) organization that has provided social services for people in need in the State of Hawaii since 1947. **CCH supports the intent of SB 2650.**

CCH operates as a licensed case management agency on the island of Hawai`i through its program, Quality Living Choices. This program has provided case management for community care foster family home (CCFFH) residents since 1997.

The community care foster family home (CCFFH) system requires case management in order to assure that nursing home level patients are able to remain in the community safely. Case management services, provided by licensed case management agencies, requires a case management team of Registered Nurses and licensed Social Workers. It also requires RN/Case Managers to delegate nursing functions to CCFFH caregivers, thereby placing their professional nursing licenses on the line.

A 1/8/10 article in the Honolulu Advertiser reported on Ohana Health Plan's notification to licensed case management agencies to reduce case management fees by up to 48%. ("Medicaid patients face new crisis", by Rob Perez) Subsequently, a 2/3/2010 in The Honolulu Advertiser reported that a negotiated 17% reduction in Ohana case management rate had been "accepted" by the case management agencies. ("Medicaid agencies settle on pay rate", by Mary Vorsino)

Based on this recent chain of events, Catholic Charities Hawai`i supports the intent of SB 2650 for the following reasons:

1) **Cost of care on neighbor islands** - The reduction of 17% is a hardship for licensed case management agencies operating on the neighbor islands, due to travel costs and other factors. There is no differential rate for neighbor islands and Catholic Charities Hawai`i is concerned

that this may result in lack of choice for Ohana patients on the neighbor islands, where access to health care is already a challenge.

During the past year, Catholic Charities Hawai`i has operated its case management services at a deficit on the Big Island. However, we felt we provide a quality and valuable service and are the only nonprofit provider of this service in this rural community. We have continued to "ride out" the transition to managed care, despite the many changes, increased responsibilities, and lack of timely payment.

2) **Avoid compromising quality of care by establishing a minimum rate.** Currently, the complexities of providing case management for community care foster family home (CCFFH) clients requires complying with the requirements of two different health plans, while also being accountable to Federal Medicaid and State regulations, as well as a separate licensing entity – and while continuing to be client-centered and providing quality services that respect the dignity and self determination of the client. Needless to say, this has been a Herculean task.

Catholic Charities Hawai`i is concerned that a significant reduction in rates will compromise the ability of licensed case management agencies to ensure the safety and well-being of CCFFH residents. The viability of the foster home model as an alternative to costly institutional care may be at risk if rates are significantly reduced without a commensurate reallocation of delegated responsibilities.

Case management rates for CCFFH clients have not increased in over 10 years. Further reductions in case management fees would jeopardize the CCFFH system which is a vital part of Hawaii's long term care continuum. Establishing a minimum rate level would ensure that this service remains a stable, viable alternative to most costly institutional care for frail and vulnerable individuals.

Thank you for the opportunity to testify. Please feel free to contact me at 527-4702 or diane.terada@catholiccharitieshawaii.org if I can provide any further information.

LINDA LINGLE
GOVERNOR

LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

LATE

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

February 9, 2010

MEMORANDUM

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

Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce and Consumer Protection

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2650 – RELATING TO THE DEPARTMENT OF HUMAN SERVICES**

Hearing: Tuesday, February 9, 2010, 2:30 P.M.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to require Medicaid contracts between the Department of Human Services and Medicaid healthcare insurance plan contractors to contain provisions affecting the reimbursement obligations in the policies between the Medicaid healthcare insurance plan contractors and the home and community-based case management agencies. This bill prohibits reductions of reimbursements of more than 25%.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill as it sets a dangerous precedent, will require a new appropriation at a time the State faces a budget crisis, and could worsen patient access to care.

The nature of managed health care requires that DHS contract with health plans that provide an array of health services to clients by the health plans contracting with a network of providers to provide access to timely quality health care for Medicaid patients. The lengthy contractual documents between DHS and the managed care health plans specify the manner in which services must be delivered, the qualifications of the providers who must deliver them, the quality expectations, and many other factors. The requirements that health plans maintain provider network adequacy and meet quality standards essentially requires the health plans to pay a fair market rate to providers. If they do not, then private health care providers would not join their network and the health plan would not be able to maintain network adequacy. Failure to maintain network adequacy could lead to DHS sanctioning and even canceling the managed health care contract.

DHS is facing a substantial budget shortfall and is making every effort to minimize the need to decrease patient benefits. This bill prioritizes the interests of certain providers over the interests of our low-income vulnerable recipients. DHS would need a substantial new appropriation of State general funds to offset the expected reduced health plan expenditures through increased efficiency lost as a result of this bill, or DHS will need to further decrease patient benefits.

By statutorily requiring certain contractual payments for certain providers in this bill, case management agencies, chore providers, and non-emergency medical transportation, this bill will essentially block health plan flexibility to reallocate funds as necessary in the best interest of its members. For example, if the health plans have to pay above market rate for case management services on Oahu, it may make it economically infeasible to pay a higher rate, as the market might require, to psychiatrists on the Island of Hawaii in order to encourage more Big Island psychiatrists to accept Medicaid clients.

If the Legislature sets this dangerous precedent and opens the door to these three special interest groups seeking self-interested legislation to protect their incomes, it will be besieged by all the other special interest groups who provide services to Medicaid patients seeking similar protections. This will have the effect of increasing program expenditures.

The proposed section 103F- , (a)(3), page 2, lines 10 to 15, links the "Case Management Agency" contracts with the reimbursements for chore and non-emergency medical transportation.

Since 1994, the Department of Human Services (DHS) has contracted with private health plans to manage the care of low-income adults under 65 and children in the QUEST Medicaid program. DHS expanded QUEST last year to include needy adults 65 and over and people of all ages with disabilities.

While it is not a federal requirement, DHS allows health plans to coordinate patient care through case management services. Health plans can hire staff for this purpose or contract with licensed companies. As such, contracts between the health plans and a provider they may contract with are private between the health plan and that provider.

Contracts between health plans and certain provider types are private and independent of contracts between health plans and other provider types. Although, a case management agency may arrange these services for Medicaid clients, it does not pay for them. There is no basis whatsoever of requiring payment terms of one provider in the contract of another provider.

DHS obviously expects Medicaid health plans to deliver cost-effective services. That way, Hawaii residents know their tax dollars are spent wisely.

Thank you for this opportunity to provide written testimony.