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

February 18, 2010

MEMORANDUM

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

FROM: Lillian B. Koller, Director

SUBJECT: **Informational Briefing – Payments to Health Care Plans**

Monday, February 18, 2010; 9:30 to 11:30 am
Conference Room 329, State Capitol

The Department of Human Services (DHS) would like to provide the following information regarding payments to its contracted health care plans for the rest of the State fiscal year.

DHS pays its five contracted health plans in the QUEST and QUEST Expanded Access (QExA) Medicaid programs a capitated per member per month (PMPM) payment each month in the third week of the month for that month. The QUEST health plans were paid for December using 100% State general funds because the Federal government had not yet approved the new contracts for us to draw down the matching federal funds.

In the third week of January, when the January payments would be due, the Federal government still had not approved the new contracts. Therefore, we had to lag the January payments because we did not have the State funds to cover the

payments without the federal funds like we did in December. Because we strive to treat all our health plans equally and will pay none if we can't pay one, we delayed the QExA health plans payments as well.

The good news is that the Federal government recently approved the new contracts and we are currently processing the payments for January and getting ready to make the February payments too. Also, we will be able to make March payments to all the health plans.

However, just as we had to do last year, DHS will need to defer the May and June payments to the health plans to July. This means the May payment will be deferred for six weeks (from the third week of May) to July and the June payment will be delayed for two weeks (third week in June) to July. Timely payments will resume in July for July as well.

Therefore, our primary challenge for this fiscal year is the April health plan payments. We are actively working on strategies to be able to make the April payments or at least partial payments or provide cash flow offsets.

The primary reason for the funding deficiency is the increased enrollment in the plans. Enrollment in the health plans has been increasing about 13 percent per year. About 240,000 islanders are covered by Hawaii Medical Service Association, Kaiser Permanente and AlohaCare with Quest plans and Ohana Health Plan and EverCare for QUEST Expanded Access for the aged, blind and disabled.

Payments to the five health plans providing health coverage for low-income residents total about $90 million a month, of which about $30 million are state general funds.

Thank you for the opportunity to provide comments.

To: Representative John Mizuno, Chair
Committee on Human Services

Representative Tom Brower, Vice Chair
Committee on Human Services

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

Subject: Informational Briefing
Thursday, February 18, 2010, 9:30 A.M.
Room 329, State Capitol

Purpose:

This Informational Briefing will be on the status of the Department of Human Services' proposal to delay payments to QUEST and QUEST Expanded health plans in the near future

Position:

The Department of Human services has stated that they plan to delay payments to the QUEST health plans for possibly four months, leaving the plans to cover about 300 million in medical expenses until July.

The Licensed DHS case managers are stunned and alarmed because of the domino effect this will have if providers are not paid. A delay in payment for four months will jeopardize the ability of home and community based providers to continue to provide services to the aged, blind, and disabled population, including case management services.

The news from the DHS comes on the heels of a recent attempt to decrease the case management fees by 48%. All the agencies were concerned not only for the survival of their businesses but also the safety and welfare of their patients. Recently, the 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 licensed case management agencies are thankful for the new reduced rate. However, even with current rate, some licensed case management agencies in the neighbor islands may not be able to continue to provide services. The provider network may be compromised and client choice may not be possible. Most of the licensed case management agencies are small businesses with very little reserves. With no payments for four months, many of these businesses may not be able to survive. Those who are able to survive will focus on streamlining the care to make ends meet.

Nurse delegation plays an integral part of the RACCP program. The caregivers are able to care for the RACCP clients because they operate under the license of the nurses. Maintaining the safeguards that are currently in place requires time and a budget. As licensed case management agencies continue to streamline to survive, will nurses be willing to risk their licenses? Who gets sued if the care is substandard? A nurse that puts up his or her license may ask "is it worth the risk? Is it worth the change?" With no payments for four months, the licensed case management agencies will not be able to survive to maintain the safeguards that are already in place.

The delay in payments has a far wider implication than their impact to the agencies.

The licensed case management agencies do have other clients such as the aged, blind, and disabled population who have marginal income and may soon need Quest Expanded coverage. There are many clients who have no existing financial or social supports when they are referred to the agencies. It takes hours to get these individuals qualified. It takes at least 45 days to process the Quest Expanded application, assuming all the required documents are in. Once a client is on government assistance, there are ongoing requirements to meet. The licensed case management agencies have been continuously tackling and addressing these issues.

When many of the licensed case management agencies go out of business, who will be handling these cases? The Plans will not address this if the client is not one of their members. So, who will help these clients get the needed help? Historically, the burden has been placed on the hospitals or emergency rooms. Will more pressure fall on these areas? Or will it fall on the Adult Protective Service Branch (APS)? Does the cost of hospitalizations, recidivism, progressive medical conditions and care requirements justify this?

The waitlist continues in our local hospitals. Often the challenging clients stay in the hospital longer as managing those with multiple medical and psychosocial issues is extremely labor intensive. While these challenging clients are not seen as the average RACCP clients, they do represent about 2% of the RACCP population. What happens to these patients? Does this mean that the clients will live in the hospital? This is definitely not a cost-effective solution.

With the unprecedented financial challenges that Hawaii is facing, many of our caregivers continue to go through financial hardship. Two days ago, a caregiver in the Big Island had her home foreclosed on. Her husband worked for the State and with recent furloughs and only one RACCP client, she was not able to make ends meet. She was asked by the local bank to vacate her home by February 28. She left earlier than the scheduled date. Despite the heartbreaking situation, she donated equipment that she bought with her own money to a local school for free. She just wanted to make sure that the equipment will be put to good use. This is just one example of what Hawaii will be losing – a strong network of local, caring, and dedicated service providers who only want to continue to provide services to the aged, blind, and disabled population.

Thank you for the opportunity to provide this testimony.

CATHOLIC CHARITIES HAWAI'I

TO: Representative John M. Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

FROM: Diane M. Terada, Division Administrator

DATE: Thursday, February 18, 2010 (9:30 a.m., Room 329)

RE: **Informational Briefing regarding DHS proposal to delay payments to QUEST and QExA health plans**

As a private, nonprofit agency Catholic Charities Hawai`i serves over 60,000 people in need throughout the State of Hawaii. We work with diverse populations, ranging from medically complex infants, to victims and perpetrators of domestic violence and sexual abuse, to frail elders. Catholic Charities Hawai`i is a licensed case management agency (CMA) for QUEST Expanded Access (QExA) clients who reside in foster homes.

It is our understanding that there are plans by DHS to delay payment to the QExA health plans by four (4) months. This is likely to have a domino effect, resulting in delayed payment by the QExA health plans to its provider network.

As a provider of case management for QExA client who reside in foster homes in Hilo, Catholic Charities Hawai`i is particularly concerned about the following potential impacts:

- **Negative impact on health of residents in rural communities, especially neighbor islands**, where access to medical care is already limited and may be placed in further risk.
- **Loss of access to needed medical services** by Medicaid clients if providers are unable to continue providing Medicaid covered services.
- **Further deterioration of the Medicaid provider network** because: 1) more providers are likely to become discouraged and opt out of providing Medicaid services in the future; and 2) some providers will simply be forced to go out of business.

Catholic Charities Hawai`i recognizes that the State of Hawaii is in an extremely challenging financial situation. However, the health and safety of our residents, especially those who are most vulnerable, should be given our highest priority.

If I can provide any further information, please feel free to contact me via phone at 808-527-4702 or via email at diane.terada@catholiccharitieshawaii.org. Thank you for this opportunity to provide testimony.

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To: Representative John M. Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

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

Date: Thursday, February 18, 2010

RE: **Briefing 9:30 A.M. in Room 329**
Press Conference and Joint Rally of Caregivers & Advocates for the Elderly and Disabled to unite against State's plan to delay payments to Health Plans for 3-4 months.

My name is Rosy Thomas. I am a Registered nurse for 29 years and one of the local Case Management Agency owner who oversee the Foster Care Home Providers and serving the Aged, the Blind and the Disabled population in our local community.

I am not just a mere advocate for our local, disadvantaged Kupunas, but it is my passion and my deep commitment to provide safe and quality of care for this population. I am voicing my concern against the DHS' plan to delay the payments to the Health Plans namely: Evercare, Ohana, HMSA, Kaiser and Aloha HealthCare for three to four months. Delaying the payments for this long will have a huge and very devastating effect on our State's Health Care Community. A Health Care Crisis in this magnitude will affect all the health care consumers throughout the entire State of Hawaii whether it be Private or Medicaid entity. This is a matter of life and death situation for all the people in the State of Hawaii.

Doctors refusing to service the consumers, Emergency rooms will be filled with sick people, hospital beds, Nursing Home beds will be scarce, Foster Care Homes will be out of business, Case Management Agencies will be out of business, Case Managers, and massive Health Care workers will all have no jobs, etc...

As a small business owner, I will not survive to continue to provide the care for these disadvantaged population because I will go bankrupt on the first month of not being paid by the two HMOs (Evercare and Ohana). The financial impact of DHS' plan to not pay the Providers will have a domino effect on every local citizen and recovering from this massive financial and health care crisis will be irreparable.

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Massive lives of local people will be destroyed both financially and medically, not to mention the massive lawsuits that the DHS will be facing from the local consumers and the Providers.

I am urging the Governor, Linda Lingle and her entire DHS staff to think twice in regards to the outcome of their decision to withhold the payments to the Health care Providers.

Thank you for giving me this opportunity to voice my sincere concern.

Rosy Thomas, RN, BSN, LCM

February 16, 2010, 0250 hrs.

No Pay! Medicaid Healthcare Providers to March. Governor of Hawaii Holds Medicaid Funds!

From the desk of Nino P Camilo
Vice President , AFHA of the Pacific
SCG of Josue Camilo adult Foster Care Home.

There is a bigger picture that I think the public in whole needs to understand.
Since I do not have a lot of time to speak today in order to give chance to other testimonies and facts from other clients, their families, and Healthcare Providers in Hawaii, here is a scenario

AHA Scientific Statement

Annually, 700 000 people in the United States suffer a stroke, or ≈1 person every 45 seconds, and nearly one third of these strokes are recurrent.[1] More than half of men and women under the age of 65 years who have a stroke die within 8 years.[1] Although the stroke death rate fell 12% from 1990 to 2000, the actual number of stroke deaths increased by 9.9%. This represents a leveling off of prior declines.[2] Moreover, the incidence of stroke is likely to continue to escalate because of an expanding population of elderly Americans; a growing epidemic of diabetes, obesity, and physical inactivity among the general population; and a greater prevalence of heart failure patients.[3] When considered independently from other cardiovascular diseases, stroke continues to be the third leading cause of death in the United States.

From the desk of Nino P Camilo
Vice President, AFHA of the Pacific

SCG of Josue Camilo adult Foster Care Home.

In this scenario, a Medicaid patient is Diabetic and has a history of CVD. Patient's current meds reflect these chronic illnesses. Patient stable 4 years. Patient suddenly suffers a possible stroke. Goes to ER by Ambulance, and goes through a battery of test to include a CT scan. Doctors confirmed that patient did suffer a stroke probably due to patients past illness. Patient becomes stable and goes to recovery. After several days patient is transferred to telemetry and begins initial therapy with the objective of patient eating on a consistent basis and begins consistent bowl movements. After baseline vitals and blood test indicate all levels are under control by meds., patient may now be considered for a Specialized Nursing Facility(SNF Program). Battery of therapies that will be considerd consist of but not limited to in three Stages, PT., OT., and SP.,

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AHA Scientific Statement

Goals of Prescribed Physical Activity/Exercise

Traditionally, the physical rehabilitation of individuals typically ended within several months after stroke because it was believed that most if not all recovery of motor function occurred during this interval. Nevertheless, recent research studies have shown that aggressive rehabilitation beyond this time period, including treadmill exercise with or without body weight support, increases aerobic capacity and sensorimotor function.14,16,17,44

Consequently, rehabilitation programs designed to optimize functional motor performance in stroke survivors increasingly have incorporated aerobic exercise training, with and without partial body weight–supported walking, to improve strength and timing of muscle activations and cardiorespiratory fitness.11,14–17,20,21,44,45 Generally, this is complemented by specialized training to improve skill and efficiency in self-care, occupational, and leisure-time activities. In addition to improvement in measures of quality of life, functional capacity and mobility (eg, increasing gait velocity), neurological impairment, and motor function (eg, lowering the energy cost of a hemiparetic gait), 3 major rehabilitation goals for the

stroke patient are preventing complications of prolonged inactivity, decreasing recurrent stroke and cardiovascular events, and increasing aerobic fitness.

To achieve the first rehabilitation goal, the stroke patient needs to initiate a physical conditioning regimen designed to regain prestroke levels of activity as soon as possible.46 For inpatients, simple exposure to orthostatic or gravitational stress (ie, intermittent sitting or standing) during hospital convalescence has been shown to obviate much of the deterioration in exercise tolerance that normally follows a cardiovascular event or intervention.47 Shortly after hospital discharge, the continuum of exercise therapy may range from remedial gait retraining in hemiparetic stroke patients to supervised or home-based walking or treadmill training programs.

From the desk of Nino P Camilo
Vice President , AFHA of the Pacific
SCG of Josue Camilo adult Foster Care Home.

AHA also mentions a second and even a third rehabilitation goal and even, Exercise Training and Rehabilitation Programs in Stroke Survivors. These second, third, and programs for stroke survivors may be implemented in a long term facility like Hawaii's Adult Foster Care Home under the Residential Alternatives Community Care Programs (RACCP).
As Patients reach deep into their pockets for payment eventually, well... todays population under the RACCP program alone is _____ and will continue to increase because of the second wave of baby boomers. Most of which are military and blue collar workers that eventually end up in Medicaid Programs under the State of Hawaii.
If the Governor continues on course the effect would be horrific in Hawaii. It would actually bring us to the health care of third world countries where NO PAY no GET SICK TODAY exist.

Actually we are marching today to get our Medicaid Funds Back from Governor Linda Lingle! It is vital that we can keep our RACCP Program, Case Management Agencies, Adult Foster Homes, PT, OT, SP, Second, Third rehabilitation goals, and Programs for chronic and acute illness survivors. Please understand that many times these types of survivors also need, Disposible briefs, water proof bed pads/disposable bed pads, urinals, walkers, wheel chairs, canes, optometry, dental, beds, excersise apparatus/equipment, Regular nurse visitation and recording, healthcare by certified CNA's under a nurses license, Medications, food suppliments, liquid thickeners, oh yes and meals, daily clothing appropriate for illness or injury, laundry for these clothings, detergent, toiletries, linens, laundry for these linens, Transportation to and from appointments and recreation/social events/gatherings, not limited to and the list goes on.

Without *Medicaid* for Hawaii, these patients you see before you are doomed to 21st century care. This great workforce you see before you becomes endangered and may well cease to function due to hardships traumatic to these acts made by our Governor. This, not to even mention the already implemented Effects of Furlough Fridays will surely bring Bankruptcies and Forclusures to the multitudes and hardships on financial institutions. Unfortunately these hardships are prerequisist for Disfunctional Homes, Divorce and even suicide.

Governor Lingle, if you truly wish to secure this path for the State of Hawaii, in which you worked hard to secure votes, to hear our voices and make leadership decisions concerning these voices to serve Hawaii properly and ignore our pleas for rectification, then, let Hawaii's records show a failure in your administration to truly serve the people who voted for you and gave you responsibilities for Hawaii's Health and prosperities. This state literally will not be healthy and can-not prosper in this type of negligent leadership.

I hope that you will hear this humble voice of a lowly CNA and reverse your objective that may have been overlooked somehow, or was a misunderstanding in its inception.
I leave you with our prayers and an understanding that many of us have also fasted and prayed for a right decision, from, the Ohana you are Charged with..... The Aloha State..... of this great Country.....H A W A I' I .

My name is
Nino Camilo
Vice President AFHA of the Pacific
I voted and trusted you and I hope you will consider approval of this message!

Tele-conference with Bank of America @ 0918hrs Tuesday, February 16, 2010

In statements by David/Melissa That we had made a pre arrangement with Bank of America for President Obama's Loan Adjustment/Modification Stimulas Package. (Reason for my calling Bank of America on the morning of 02-16-10, was to communicate to them that after our loan adjustment something happened in Hawaii where I needed Bank of America's help again). *Governor Linda Lingle pulled*

and is holding Medicaid Funds in the State of Hawaii to all health care providers and support units. The Gentlemen David stated that if we do-not pay this next payment we will be in pre-forclosure. I then asked to speak to a Supervisor and he asked why, I told him that I needed to explain to a supervisor the situation here in the State of Hawaii and that hopefully she might be able to help me. Melissa stated that we are in pre work-out and work-out assistance is not a guarantee.

Melissa says that we need to look at other avenues to pay our mortagages and she needed to educate us in payments so that we might understand the reality of the Adjustment. Continue to make payments every month.

Melissa then went on to say that Bank of America wants everyone to keep their homes, but while a stimulus pakage is available B of A also needs to be responsible to the public and educate us during each communication and each process. Hopefully they will modify our mortgage payments. Bank of America wants us to continue to communicate with us. So if things change for us in Hawaii, they want to know about it. If the modification is not approved are payments need to become current.

We don't want to give up our patients because we have already created a bond with our careers and more so with our patients.

If our clients leave our Adult Foster Care Homes, they may possibly be moved from one home or facility to another. If they are suffering from dentia it will be hard for them

Hospice hard to find a bed for hospice care.
If there are no foster homes where will Medicaid patients go and before our providers where skeptical about care and not real comfortable.

Fear
Anxiousness is normal

But I am Christain and I need to allow God to be on the front lines so that He might shine and not us.

We need to be quick to listen and slow to speak.

I need to let him take control of my stuation and episodes of the same as well. Our testimonies will be awarded to God and will allow us to shine in God's light not our own.