

# HB569, HD1

Measure  
Title:

RELATING TO MEDICAID.

Report  
Title:

Medicaid; Re-enrollment; Reimbursement;  
Medicaid Task Force

Description:

Requires medical assistance recipients for any Medicaid program administered by DHS to re-enroll annually and reimbursement for reason of parity for Medicaid beneficiaries in the same level of care in a community based facility. Establishes a Joint Legislative Medicaid Task Force. Effective July 1, 2050. (HB569 HD1)

Companion:

Package:

None

Current  
Referral:

HMS/HTH, WAM

Introducer(s):

CHONG, HAR, B. OSHIRO, SAY, YAMASHITA, M.  
Lee

COMMITTEE ON HUMAN SERVICES

Testifier Sheet  
3/17/2011 1:30 p.m.

HB569 RELATING TO MEDICAID.

HMS/HTH,  
WAM

Requires medical assistance recipients for any Medicaid program administered by DHS to re-enroll annually and reimbursement for reason of parity for Medicaid beneficiaries in the same level of care in a community based facility. Establishes a Joint Legislative Medicaid Task Force. Effective July 1, 2050. (HB569 HD1)

<u>Testifier</u>	<u>Organization</u>	<u>Position</u>	<u>Proposes Amend.</u>
Jennifer Diesman	HMSA	Supports-part 2	<input type="checkbox"/>
			<input type="checkbox"/>
Pat McManaman	DHS	Supports-part 1	<input type="checkbox"/>
		Opposes-part 3	<input type="checkbox"/>
Paula Arcena	Aloha Care	Opposes-part 1	<input type="checkbox"/>
		Supports-part 2	<input type="checkbox"/>
		Submits Comments-pt3	<input type="checkbox"/>
	Hawaii Medical Association	Supports- part 2	<input type="checkbox"/>
George Greene	Healthcare Association of Hawaii	Supports- part 2	<input type="checkbox"/>
Pat McManaman	DHS	Supports-part1	<input type="checkbox"/>
		Opposes-part2	<input type="checkbox"/>
Paula Arcena	AlohaCare	Opposes-part1	<input type="checkbox"/>
		Supports-part2	<input type="checkbox"/>
	Hawaii Medicial Association	Supports-part2	<input type="checkbox"/>
George Greene	Healthcare Association of Hawaii	Supports-part2	<input type="checkbox"/>
Jennifer Diesman	The Hawaii Medicial Service Association	Supports-part2	<input type="checkbox"/>
	Ohana Health Plan	Supports-part2	<input type="checkbox"/>
Bob Ogawa	Hawaii Long Term Care Association	Submits Comments-pt2	<input checked="" type="checkbox"/>

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN,  
DIRECTOR

PANKAJ BHANOT  
DEPUTY DIRECTOR

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

March 17, 2011

**MEMORANDUM**

TO: Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services  
  
Honorable Josh Green, M.D., Chair  
Senate Committee on Health

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 569, H.D.1 - RELATING TO MEDICAID**  
  
Hearing: Thursday, March 17, 2011; 1:30 p.m.  
Conference Room 016, State Capitol

**PURPOSE:** The purposes of this bill are to: Part I - Require recipients of medical assistance under any Medicaid program administered by the Department of Human Services to re-enroll annually; Part II - Establish a Joint Legislative Medicaid Task Force; and Part III - Require reimbursement parity for Medicaid beneficiaries in the same level of care in a community based facility.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports Part I of this bill. DHS opposes Part III because Medicaid funds cannot be used to pay for the cost of room and board.

Part I of this bill, which DHS supports, would require recipients of medical assistance under any Medicaid program administered by DHS to re-enroll annually. This part of the bill does not change eligibility criteria, rather it helps ensure that

individuals who are no longer eligible for medical assistance do not continue to receive it.

Although this bill uses the term "re-enrollment," the effect of this bill is to remove passive renewal, not to require re-enrollment such as through annual re-application. This bill allows the continuation of self-declaration.

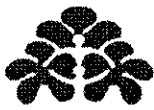
Passive renewal currently exists for households that have a child recipient of medical assistance. When the household comes up for its annual review, it receives a notice that includes the information that DHS currently has in its system such as income, assets, household size, and address. Passive renewal means that if someone does not actively return the notice indicating no changes in the household information, DHS will assume that the information, and therefore eligibility, has not changed.

DHS is required by the Centers for Medicare and Medicaid Services to conduct Medicaid Eligibility Quality Control. Of the cases analyzed, approximately 60-70% were confirmed eligible, approximately 7-10% were confirmed ineligible, and approximately 15-30% did not provide information to allow a determination. Reasons for ineligibility include a change in income, assets, household size, receipt of employer sponsored health insurance, relocation outside Hawaii, and death.

Part III of this bill, which DHS opposes, would require reimbursement parity for Medicaid beneficiaries in the same level of care in a community based facility. Medicaid funds can only be used to pay for the medical portion of care for Medicaid beneficiaries and cannot be used to pay for the cost of room and board. The standard terms and conditions of the QUEST Expanded 1115 Demonstration Project issued by the Centers for Medicare and Medicaid Services (CMS) specifically excludes room and board as a benefit eligible for expenditure of Medicaid funds.

Many people who reside in Community Care Foster Family Homes and Adult Residential Care Facilities receive Supplemental Security Income (SSI) and the State Supplemental Payment (SSP) which they use to pay for their room and board. Others may pay for their room and board as part of their "spend-down" or "cost-sharing" to meet Medicaid eligibility.

Thank you for the opportunity to provide testimony on this bill.



**AlohaCare**

For a healthy Hawaii.

March 17, 2011  
1:30pm  
Conference Room 016

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

The Honorable Josh Green, M.D., Chair  
The Honorable Clarence K. Nishihara, Vice Chair  
Senate Committee on Health

From: Paula Arcena, Director of Public Policy  
Robert Toyofuku, Government Affairs

Re: HB569, HD1 Relating to Medicaid

Thank you for the opportunity to testify on HB569, HD1.

AlohaCare's position on this measure:

- Part One (require recipients of medical assistance or parents or guardians of children under any Medicaid program administered by the Department of Human Services to actively re-enroll in such program every year) – **Oppose**.
- Part Two (establish a joint legislative task force on Medicaid) – **Support**.
- Part Three (reimbursement parity for board and lodging and food and services for Medicaid beneficiaries living in a community-based facility, whether licensed community care foster family home or licensed adult residential care home) – **We take no position on this provision**.

#### Part One

We support efforts to prevent abuse of the program because it reduces resources intended for those who truly need them, critical during our current fiscal crisis. We are concerned that elimination of passive enrollment will have a disproportionate impact on Medicaid's most eligible and needy beneficiaries for whom literacy, language, homelessness, mental illness and other barriers to accessing health care. For many, an annual re-enrollment requirement could be enough to cut them off from care resulting in expensive emergency and hospital services ultimately paid for by the State of Hawaii.

In 2006, DHS introduced a policy called positive enrollment whereby QUEST recipients are annually dis-enrolled from their health care plan and Primary Care Provider (PCP) and required to select a plan and PCP. Positive enrollment resulted in confusion among beneficiaries and providers, delays and disruptions of necessary medical care, loss of contact between enrollees and their primary care providers and unnecessary expense for all involved. DHS has since discontinued positive enrollment. We would like to avoid this kind of disruption which put at risk some of Hawaii's most medically fragile and vulnerable residents.

The long-term solution is to better utilize technology to determine eligibility. DHS' current eligibility system is 25 years out of date and fails to meet the demands of administering cost effective health care services.

Part Two

We **support Part Two**, which would establish a joint legislative task force on Medicaid.

AlohaCare has participated in the Medicaid Shortfall Work Group convened by Sen. Suzanne Chun Oakland during the 2010 session. Since its first meeting, the work group has served as a productive forum for dialogue amongst all Medicaid stakeholders.

We support formalization and continuation of the group as a task force.

Thank you for the opportunity to testify on this important matter.



**HAWAII MEDICAL ASSOCIATION**

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814  
Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

**Thursday, March 17 2011; 1:30 p.m. Conference Room 016**

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

COMMITTEE ON HEALTH  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, ViceChair

From: Hawaii Medical Association  
Dr. Morris Mitsunaga, MD, President  
Linda Rasmussen, MD, Legislative Co-Chair  
Dr. Joseph Zobian, MD, Legislative Co-Chair  
Dr. Christopher Flanders, DO, Executive Director  
Lauren Zirbel, Community and Government Relations

Re: HB 569 HD 1 RELATING TO MEDICAID

Chairs and Committee Members:

The HMA is very grateful to the legislature for the opportunity to work on important problems relating to Medicaid in the joint legislative task force on Medicaid. As such, the HMA supports Part 2, Section 2 of this bill.

Thank you for the opportunity to provide this testimony.

**OFFICERS**

**PRESIDENT - MORRIS MITSUNAGA, MD PRESIDENT-ELECT - ROGER KIMURA, MD**  
**SECRETARY - THOMAS KOSASA, MD IMMEDIATE PAST PRESIDENT - DR. ROBERT C. MARVIT, MD TREASURER**  
**- STEPHEN KEMBLE, MD EXECUTIVE DIRECTOR - CHRISTOPHER FLANDERS, DO**





SENATE COMMITTEE ON HUMAN SERVICES  
Senator Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON HEALTH  
Senator Josh Green, M.D., Chair

Conference Room 016  
March 17, 2011 at 1:30 p.m.

**Supporting the task force created by HB 569 HD 1.**

The Healthcare Association of Hawaii (HAH) 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. Our members employ more than 40,000 people statewide, delivering quality care to the people of Hawaii. Thank you for this opportunity to testify in support of the Joint Legislative Task Force on Medicaid created in Part II of HB 569 HD 1.

Last year the State faced a shortfall in Medicaid funding that would have resulted in multiple months of delayed payments to health plans contracted by the State's Medicaid program to provide services to Medicaid enrollees. A shortfall of that magnitude would have resulted in delayed payments to health care providers. While some of the providers could have absorbed the delays, others would have found themselves in severe financial difficulty. Some of them would have been forced to go out of business.

The Healthcare Association convened a group of health plans, providers, and other interested parties to lobby for an emergency appropriation to reduce the Medicaid shortfall. Last year the Legislature passed SB 1178, which was enacted as Act 33, SLH 2010. This appropriation supported reimbursement for providers, and the financial crisis was averted -- but only temporarily.

The State faces another substantial Medicaid shortfall in the current fiscal year. The Department of Human Services has suggested a number of ideas for reducing Medicaid costs that deserve serious consideration. The task force will bring together DHS, insurers, and providers so they can examine these and other potential solutions, and collaborate to make Hawaii's Medicaid program sustainable in the long term.

The Healthcare Association takes no position on Part I or Part III of the bill.

# HMSA



Blue Cross  
Blue Shield  
of Hawaii

An independent licensee of the Blue Cross and Blue Shield Association

March 17, 2011

The Honorable Suzanne Chun Oakland, Chair  
The Honorable Josh Green, M.D., Chair

Senate Committees on Human Services and Health

**Re: HB 569 HD1 – Relating to Medicaid**

Dear Chair Chun Oakland, Chair Green, and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 569 HD1 which would (1) require eligible recipients of Medicaid assistance annually to re-enroll with the Department of Human Services; (2) establish a joint legislative task force to examine issues related to the Medicaid program; and (3) allow for all Medicaid beneficiaries living in a community-based facility to receive a commensurate amount for board, lodging, and food services. HMSA takes no position on the Medicaid program re-enrollment and Medicaid reimbursement portions of this measure. But, we are supportive of the establishment of a Medicaid task force.

During the last legislative session, QUEST, Hawaii's Medicaid program, was facing an extensive budgetary shortfall. Thankfully the Legislature was able to pass an emergency appropriation measure so that contracted QUEST plans would continue to receive payment in a timely manner. While this issue was being discussed, the stakeholders have been meeting regularly to reach a common goal of preventing shortfalls in the program. This group has continued meeting during the legislative interim to examine ways to bend the cost curve for the QUEST program.

Because of the work to date, we appreciate the task force being formalized in statute and including representation from many of those who participated with the workgroup. Representatives from these organizations have been regularly attending meetings convened by the Senate on the Medicaid shortfall and we would respectfully request their inclusion within this measure.

Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman  
Vice President  
Government Relations



94-450 Mokuola Street, Suite 106, Waipahu, HI 96767  
808.675.7300 | www.ohanahealthplan.com

Thursday, March 17, 2011

To: The Honorable Suzanne Chun Oakland  
Chair, Senate Committee on Human Services  
  
The Honorable Joshua B. Green, M.D.  
Chair, Senate Committee on Health

From: 'Ohana Health Plan

Re: House Bill 569, House Draft 1-Relating to Medicaid

Hearing: Thursday, March 17, 2011, 1:30 p.m.  
Hawai'i State Capitol, Room 016

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Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.3 million Medicaid and Medicare members nationwide. 'Ohana has utilized WellCare's national experience to develop an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to submit our comments on House Bill 569, House Draft 1-Relating to Medicaid. We limit our comments in support to Section 2 of this bill, which establishes a Joint Legislative Task Force on Medicaid.

Section 2 of this bill will lend stronger legislative support to an ad hoc working group that was established during the last legislative session in response to the Department of Human Services' proposal to delay payments to their five contracted QUEST health care plans by 3-4 months. The Medicaid Shortfall Coalition has been actively meeting since that time and is committed to continuing our work in order to ensure that health care becomes a higher priority as we move forward.

We are also committed to working together proactively to find solutions to reign in costs in our state's Medicaid program, as well as find new ways to bring in additional revenue for the sake of health care for our state's most vulnerable population.

Thank you for the opportunity to provide these comments on this measure.

# *Hawaii Long Term Care Association*

March 17, 2011

To: Chairs Suzanne Chun Oakland and Josh Green and Members of the Senate Committees on Human Services and Health

From: Bob Ogawa, President

Re: HB 569, HD 1 – Relating to Medicaid

The Hawaii Long Term Care Association (HLTCA) does not take any position on the re-enrollment and reimbursement portions of this measure.

**However, in the section pertaining to the establishment of a joint legislative task force on Medicaid, we would request the inclusion of the Hawaii Long Term Care Association.**

Thank you for the opportunity to testify.