

HB 596

HD1, SD1

NEIL ABERCROMBIE
GOVERNOR



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DEPARTMENT OF HUMAN SERVICES
P.O. Box 339
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March 30, 2011

MEMORANDUM

TO: Honorable David Y. Ige, Chair
Senate Committee on Ways and Means

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 596, H.D. 1, S.D. 1 – RELATING TO HEALTH**

Hearing: Wednesday, March 30, 2011, 9:30 a.m.
Conference Room 211, State Capitol

PURPOSE: This bill proposes to create presumptive Medicaid eligibility to patients who have been waitlisted for long-term care.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill's requirement of presumptive eligibility for Medicaid for patients. Given the State's current fiscal situation and the significant shortfalls in our health care payments program (HMS 401), DHS cannot support increases in general fund appropriations beyond what Governor Abercrombie has proposed in the Executive Biennium Budget for 2012-2013 for DHS.

DHS estimates that this bill will cost tax-payers approximately an additional \$2,000,000 per year in State general funds that would need to be appropriated as a subsidy to hospitals. This bill will require new expenditures to cover applicants ineligible for Medicaid during a presumptive period. Payments for the patients

subsequently determined ineligible for Medicaid must be all State general funds; there will be no federal matching funds.

This bill would not have any effect on the coverage of Medicaid eligible applicants. DHS already provides retroactive coverage to the date of application for Medicaid eligible applicants. If an individual is believed by hospitals to be eligible, then there should be nothing to prevent their delivery of services as the services would be covered so long as an application was submitted. Presumptive eligibility would not be expected to facilitate discharge of patients as the receiving facility would be unlikely to accept a patient with only a presumptive and not definitive eligibility determination.

Instead, this bill would require that the State pay hospitals for services provided to Medicaid ineligible patients. The estimated cost of this bill is based upon the premise that only waitlisted expenditures would be covered, but expensive acute care services may also subsequently be paid for by this bill, greatly increasing its cost. This bill adds new expenditures for DHS to cover applicants ineligible for Medicaid during a presumptive period, and it in effect becomes a subsidy for hospitals.

The minimum documents required by this bill to determine eligibility are insufficient to determine eligibility for long-term care services and will result in a high number of ineligible recipients receiving presumptive eligibility. Eligibility determination follows federal law and includes a five-year look back period and review of any trusts or other related financial shelters. Payments for the patients subsequently determined ineligible for Medicaid must be all State general funds; there will be no federal matching funds.

Based on the data shared by Healthcare Association of Hawaii (HAH), 25% of the waitlisted individuals are receiving Medicaid services, 6% are receiving HMSA services, 55% are covered by Medicare and the remaining 14% are other, probably

uninsured. The nearly 75% of waitlisted patients who have other than Medicaid insurance cannot be attributed to delays in Medicaid eligibility determination for long-term care.

This bill will increase the work of the already over-worked eligibility workers by now requiring a presumptive determination in addition to a definitive determination of eligibility. This additional work will have a negative impact by delaying overall eligibility determinations.

Thank you for this opportunity to provide testimony.

TO : COMMITTEE ON HUMAN SERVICES
Senator David Y. Ige, Chair

FROM: Eldon L. Wegner, Ph.D.
POLICY ADVISORY BOARD FOR ELDER AFFAIRS (PABEA)

HEARING: 9:30 am Wednesday March 30, 2011
Conference Room 211, Hawaii State Capitol

SUBJECT: HB 596 HD 1 SD1 Relating to Health

POSITION: The Policy Advisory Board for Elder Affairs, supports HB 596 HD1 SD1 which would provide presumptive eligibility for Medicaid for qualified patients in hospitals and also create an electronic application process to streamline Medicaid eligibility.

RATIONALE:

The Policy Board for Elder Affairs has a statutory obligation to advocate on behalf of the senior citizens of Hawaii. While we advise the Executive Office on Aging, we do not speak on behalf of the Executive Office of Aging.

- Hawaii's hospitals have faced much red ink due to lack of reimbursement for patients while they wait for Medicaid eligibility, and patients also are denied the services they would receive with Medicaid support. Therefore, we favor this bill which would allow for presumptive eligibility and for reimbursement for patient care pending Medicaid approval.
- The deficits our hospitals face due to this and other factors impacts negatively on their ability to provide quality care to all patients in Hawaii.
- The process of qualifying for Medicaid is excessively long and cumbersome. The provisions in this bill which create some deadlines and which supports creating a streamlined computerized system for determining eligibility is also a very positive step forward.

- Therefore, PABEA supports approval of HB 596.

Thank you for the opportunity to testify.



THE QUEEN'S MEDICAL CENTER

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Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
COMMITTEE ON WAYS AND MEANS

March 30, 2011 – 9:30 a.m.
State Capitol, Conference Room 211

In Strong Support of HB 596 HD1 SD1, Relating to Health

Chair Ige, Vice Chair Kidani and Members of the Committee,

My name is Christina Donkervoet, Director of Care Coordination and Patient Flow at The Queen's Medical Center (QMC), testifying in strong support of HB 596 HD1 SD1, which creates presumptive Medicaid eligibility for waitlisted patients.

We have testified on this bill in previous years, and again submit testimony in strong support this year, because QMC continues to be greatly impacted by the limited community resources available to serve people in need of long-term care. There are many patients who remain at Queen's well beyond their acute inpatient medical stay, but who are unable to be discharged because the necessary community resources are not available. These patients may remain at Queen's for a matter of days, weeks, or months and in some cases over a year pending the arrangement of needed community services.

Our Emergency Department, the busiest in the State, is sometimes forced to go on divert status because we simply do not have the bed capacity to admit patients needing hospitalization. We are often unable to accept patient transfers from hospitals across the state and the Pacific due to patients remaining in hospital beds waiting for long-term care services. This inability to admit acutely ill patients impacts not only QMC, but the health care system state-wide.

A presumptive eligibility process will remove one of the barriers hospitals face when trying to discharge patients to long term facilities. We respectfully ask that you consider development of a presumptive eligibility process to ease some of the burden that is placed on hospitals due to the limitations in our state Medicaid eligibility process.

Thank you for the opportunity to testify.



**Comments to the Senate Committee on Ways and Means
Wednesday, March 30, 2011 at 9:30 a.m.
Conference Room 211
State Capitol**

RE: HOUSE BILL NO. 596 HD1 SD1 RELATING TO HEALTH

Chair Ige, Vice Chair Kidani, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports House Bill 596 HD1 SD1 relating to Health.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure creates presumptive Medicaid eligibility for waitlisted patients. The bill requires DHS to conduct a study on a computerized Medicaid applications system and appropriates funds for reimbursement of certain services.

Patients who are waitlisted for long term care are occupying acute care beds in our hospitals. This increases uncompensated costs for hospitals (\$73.5 million in 2008 alone), creates shortages of acute care beds, and decreases quality of life for patients who no longer need acute care services. We need to take a comprehensive approach to developing solutions throughout the health care delivery system, to create capacity for these patients, who do need care, by utilizing the most appropriate and cost effective setting. Public and private collaboration is essential to the success of this effort.

Therefore, The Chamber supports improvements to the quality of our health care system, which include legislation that will create presumptive Medicaid eligibility for waitlisted patients. This will help increase long term care capacity and access statewide.

In light of the above, The Chamber of Commerce of Hawaii supports HB 596 HD1 SD1. Thank you for the opportunity to provide testimony.