

NEIL ABERCROMBIE
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February 28, 2011

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Patricia McManaman, Interim Director

SUBJECT: **H.B. 596 – RELATING TO HEALTH**

Hearing: Monday, February 28, 2011, 1:30 p.m.
Conference Room 308, State Capitol

PURPOSE: This bill proposes to create presumptive Medicaid eligibility to patients who have been waitlisted for long-term care. Appropriates \$200,000 in general funds.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill's requirement of presumptive eligibility for Medicaid for patients.

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. Given the State's current fiscal difficulties and budget shortfall for this biennium, it would not be prudent to pursue enactment of this bill which will require a substantial new general fund appropriation.

Additionally, DHS has requested an emergency appropriation of \$57.5 million in general funds for the current fiscal year to cover the shortfall in the medical assistance program.

This bill would require DHS to reimburse providers (hospitals) or the health plans for the charges incurred during the period of presumptive eligibility for those patients determined to be eligible for Medicaid reimbursement. DHS, however, already provides retroactive coverage to the date of application for Medicaid eligible applicants, so this bill would not have any effect on the coverage of Medicaid eligible applicants. Instead, this bill adds new expenditures by requiring DHS to cover applicants ineligible for Medicaid during a presumptive period.

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. Delays in Medicaid eligibility for long-term care cannot explain the nearly 75% of patients who are waitlisted and who have other than Medicaid insurance.

However, for the Medicaid population, the delay in eligibility determinations is due to the 45% reduction in available eligibility staffing with a corresponding 25% increase in enrollment. This bill will not address the problem of delayed eligibility

determinations but will exacerbate the situation by increasing the demands on eligibility workers who would have to take on additional action for each case, thus increasing total work. The solution is to increase resources and capacity to make eligibility determinations and to pursue technologic approaches to improve the efficiency of the process.

Funding a new eligibility system will be necessary for the State to be compliant with the federal Affordable Care Act's requirement that applications submitted through the health insurance exchange be evaluated for Medicaid eligibility. The State will be able to receive 90% federal matching funds to cover the cost of implementing a new eligibility system. Such a new system will greatly improve the timeliness of eligibility determination.

Thank you for this opportunity to provide testimony.



**Testimony to the House Committee on Finance
Monday, February 28, 2011
1:30 p.m.
Conference Room 308, State Capitol
Agenda #5**

RE: HOUSE BILL NO. 596 RELATING TO HEALTH

Chair Oshiro, Vice Chair Lee, 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 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 repeals on 7/1/2016.

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. Thank you for the opportunity to testify.

Testimony of
John M. Kirimitsu
Legal & Government Relations Consultant

Before:

House Committee on Finance
The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair

February 28, 2011
1:30 pm
Conference Room 308

Re: HB 596 Relating To Health

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on HB 596 creating a presumptive eligibility for Medicaid eligible waitlisted patients.

Kaiser Permanente Hawaii supports this bill.

It has been reported that Hawaii hospitals have lost millions of dollars due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii, the Medicaid eligibility and re-eligibility application process in Hawaii is unable to handle the current volume.

Duration of these delays has ranged between several days to several months, and in some cases even more than a year. Contributing to these delays in many cases was the lengthy application, review and approval process for Medicaid eligibility for waitlisted patients. Furthermore, each day that a waitlisted patient remains in an acute care hospital bed is another day that a bed is not available for an acute care patient in need of that bed.

Some, if not much, of this delay could be shortened by the presumptive eligibility measures proposed in this bill. For this reason, Kaiser Hawaii supports this bill.

Thank you for the opportunity to comment.



THE QUEEN'S MEDICAL CENTER

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Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
HOUSE FINANCE COMMITTEE

February 28, 2011 – 1:30 p.m.
State Capitol, Conference Room 308

In Strong Support of HB 596, Relating to Health

Chair Oshiro, Vice Chair Lee 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, 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.