

NEIL ABERCROMBIE  
GOVERNOR



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February 7, 2011

**MEMORANDUM**

TO: Honorable John M. Mizuno, Chair  
House Committee on Human Services  
  
Honorable Ryan I. Yamane, Chair  
House Committee on Health

FROM: Patricia McManaman, Interim Director

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

Hearing: Monday, February 7, 2011, 9:30 a.m.  
Conference Room 329, 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.

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 a new general fund appropriation that will be required for this bill.

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. However, DHS 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 simply adds new expenditures for 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.



# THE QUEEN'S MEDICAL CENTER

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Rep. John Mizuno, Chair

Rep. Jo Jordan, Jr., Vice Chair

## **COMMITTEE ON HUMAN SERVICES**

Rep. Ryan I. Yamane, Chair

Rep. Dee Morikawa, Vice Chair

## **COMMITTEE ON HEALTH**

February 7, 2011 – 10:15 a.m.

State Capitol, Conference Room 329

### **In Strong Support of HB 596, Relating to Health**

Chairs Mizuno and Yamane, Vice Chairs Jordan and Morikawa and Members of the Committees,

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.



HOUSE COMMITTEE ON HUMAN SERVICES  
Rep. John M. Mizuno, Chair

HOUSE COMMITTEE ON HEALTH  
Rep. Ryan Yamane, Chair

Conference Room 329  
Feb. 7, 2011 at 10:15 a.m.

**Supporting HB 596.**

The Healthcare Association of Hawaii 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. Thank you for this opportunity to testify in support of HB 596, which creates a Medicaid presumptive eligibility process for patients who are waitlisted in hospitals for long term care.

On any given day there are an average of 150 patients in Hawaii's hospitals who have been treated so that they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient and creates a serious financial drain on hospitals. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. Patients may be waitlisted for a matter of days, weeks, or months, and in some cases over a year.

The waitlist dilemma is unique to Hawaii, largely because Hawaii has one of the lowest ratios of long term care beds for its population in the United States. Whereas the US average is 47 long term care beds per 1000 people over age 65, Hawaii averages 23 (half of the US average). The shortage of long term care beds is the result of high costs of construction and operation, along with low payments for services.

The Healthcare Association has advocated for solutions to the waitlist problem since 2007, when it sponsored SCR 198, which directed the Association to study the problem and propose solutions. The Association subsequently created a task force for that purpose, which studied the problem, wrote a report, and submitted it to the Legislature. However, the Legislature has not yet taken action on it.

Since then the Association has advocated for measures that have been designed to:

- (1) Promote the movement of waitlisted patients out of acute care;

- (2) Reduce unpaid costs incurred by hospitals and free up hospital resources so that they can be used to treat those who need that high level of care; and
- (3) Enable long term care facilities to accept waitlisted Medicaid patients with complex medical conditions while addressing the additional costs related to their care.

Hospitals continue to lose money because of waitlisted patients. A report issued by Ernst & Young in late 2009 reported that Medicaid pays for only 20% to 30% of the actual costs of care for waitlisted patients, representing uncompensated hospital costs of approximately \$72.5 million in 2008. Long term care facilities can provide appropriate care to waitlisted patients. This bill will hasten the transfer of patients who are waitlisted in hospitals to long term care.

Thank you for this opportunity to testify in support of HB 596.

## **HAWAII DISABILITY RIGHTS CENTER**

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### **THE HOUSE OF REPRESENTATIVES THE TWENTY-SIXTH LEGISLATURE REGULAR SESSION OF 2011**

**Committee on Human Services  
Committee on Health  
Testimony in Support of H .B. 596  
Relating to Health**

**Monday, February 7, 2011, 10:15 A.M.  
Conference Room 329**

Chair Yamane and Members of the Committee:

I am Louis Erteschik, Staff Attorney at the Hawaii Disability Rights Center, and am testifying in support of this bill.

We support this bill because it offers good potential to secure the placement of individuals in community settings. The legislature has seen many examples in the past several years of the long waitlist for community housing experienced by patients in acute facilities. In addition, briefings have been provided by the Healthcare Association on the problems of placing "challenging" patients into community settings. One of the barriers identified has been the delays in processing Medicaid eligibility for these individuals. We support the provision regarding presumptive eligibility. Delays in processing these applications add to the problems of placing these individuals and are an unnecessary source of difficulty. There is no reason to delay these applications. It is our hope that this provision will help to alleviate the current problem experienced by hospitals as well as their waitlisted patients.

Thank you for the opportunity to offer testimony on this measure.