

SB1292

Measure Title:	MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES FOR HEALTH CARE PAYMENTS.
Report Title:	Health Care Payments (HMS 401); Emergency Appropriation
Description:	Makes an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2010-2011 to address the budget shortfall in for the health care payments program (HMS 401) in the Department of Human Services. Effective upon approval.
Companion:	HB1065
Package:	Gov
Current Referral:	HMS/WAM
Introducer(s):	TSUTSUI (BR)

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
INTERIM DIRECTOR

PANKAJ BHANOT
DEPUTY DIRECTOR

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

February 15, 2011

MEMORANDUM

TO: Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

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

FROM: Patricia McManaman, Interim Director

SUBJECT: **S.B. 1292 – MAKING AN EMERGENCY APPROPRIATION TO THE
DEPARTMENT OF HUMAN SERVICES FOR HEALTH CARE
PAYMENTS**

Hearing: Tuesday, February 15, 2011, 10:30 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of this bill is to make an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2010-2011 to address the budget shortfall in for the health care payments program (HMS 401) in the Department of Human Services.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill.

As a result of the economic downturn, eligibility for the State's health care insurance programs has increased by 10 to 12 per cent yearly for the current and previous two years. Last 2009-2010 fiscal year, the Department deferred two months

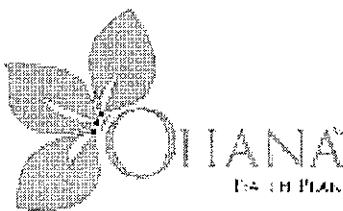
of health plan capitation payments to the current 2010-2011 fiscal year. The budget for the current fiscal year did not provide full funding for current year expenditures and expenditures deferred from the previous year.

The purpose of this Act is to appropriate \$57,500,000 in general funds and \$96,400,000 in federal funds for an emergency appropriation for fiscal year 2010-2011 for health care payments (HMS 401) to address a funding shortfall in the Medicaid program.

The expeditious approval of this emergency appropriation is critical for the Department of Human Services to ensure continued timely payments to contracted health plans and will ensure that there will be no disruption in the provision of medically necessary services to program recipients.

In addition, the Hawaii federal medical assistance percentage which sets the federal match for Medicaid funds will decrease from 62.63 per cent on June 30, 2011, to 51.79 per cent on July 1, 2011. If the \$57,500,000 is not appropriated for the current 2010-2011 fiscal year, not only will payments to the health plans have to be deferred to the next fiscal year but the State will also lose \$6,000,000 in federal funding because of the reduction in the federal medical assistance percentage on July 1, 2011. The \$6,000,000 will need to be paid with State general funds.

Thank you for this opportunity to provide testimony.



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

Tuesday, February 15, 2011

To: The Honorable Suzanne Chun Oakland
Chair, Senate Committee on Human Services

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

From: 'Ohana Health Plan

Re: Senate Bill 1292-Making an Emergency Appropriation to the Department
of Human Services for Health Care Payments

Hearing: Tuesday, February 15, 2011, 10:30 a.m.
Hawai'i State Capitol, Room 211

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 is able to take the national experience in providing an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to testify in strong support of Senate Bill 1292-Making an Emergency Appropriation to the Department of Human Services of Health Care Payments.

'Ohana Health Plan is one of the five contract health care plans under the State's QUEST and QUEST Expanded Access (QExA) programs. We operate largely with the support of government funding from the State of Hawai'i, and therefore would have deep concerns about any significant payment deferrals by the DHS, as these delays may impact our ability to pay our contracted providers in a timely manner and could cause a disruption in services to our members, which are low-income, aged, blind and disabled residents of our State. As a contracted provider of services for the State of Hawai'i, we take our federally mandated responsibility to make covered services available and accessible through a sufficient delivery network very seriously.

While the State has not announced any delays in payment, we greatly appreciate the efforts of the Abercrombie-Schatz Administration who introduced this measure in order to take a proactive approach to ensure the continued payments for the Medicaid program without any significant delays to the contracted plans, and am grateful to the Legislature for moving this measure as expeditiously as possible.

Thank you for this opportunity to provide testimony in strong support of Senate Bill 1292- Making an Emergency Appropriation to the Department of Human Services for Health Care Payments.



HAWAII MEDICAL ASSOCIATION

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

Tuesday, February 15, 2011, 10:30 a.m., Conference Room 211

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

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

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: SB 1292 MAKING AN EMERGENCY APPROPRIATION TO THE
DEPARTMENT OF HUMAN SERVICES FOR HEALTH CARE PAYMENTS

In Support

Chairs & Committee Members:

Hawaii Medical Association supports this measure.

With Medicaid reimbursements now at around 60% of Medicaid it is difficult to imagine how bad the situation of access to care will be if an appropriation to fill the Medicaid shortfall does not succeed.

Hawaii is hemorrhaging doctors because of high liability premiums and some of the lowest reimbursements in the nation. We are currently 644 physicians short according to a recent workforce assessment. **The primary reason that Physicians are unable to practice on the neighbor islands is because of the higher concentration of Quest patients. One of our Physicians who is a Cardiologist was unable to qualify for a small business loan to practice on the Big Island because the bank did not recognize practicing medicine there as a viable business. She was forced to commute to Oahu to practice. Physicians who see Medicaid patients will be unable to survive in Hawaii if reimbursements are lowered or payment becomes even more delayed than it already is.**

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

The purpose of this Act is to appropriate \$57,500,000 in general funds and \$96,400,000 in federal funds for an emergency appropriation for fiscal year 2010-2011 for health care payments (HMS 401) to address a funding shortfall in the Medicaid program.

This funding will ensure continued timely payments to contracted health plans and will ensure that there will be no disruption in the provision of medically necessary services to program recipients.

In addition, the Hawaii federal medical assistance percentage which sets the federal match for medicaid funds will decrease from 62.63 per cent on June 30, 2011, to 51.79 per cent on July 1, 2011. If the \$57,500,000 is not appropriated for the current 2010-2011 fiscal year, not only will payments to the health plans have to be deferred to the next fiscal year but the State will also lose \$6,000,000 in federal funding because of the reduction in the federal medical assistance percentage on July 1, 2011. The \$6,000,000 will need to be paid with State general funds.

Thank you very much for hearing this bill.

Mahalo for the opportunity to provide testimony.

HMSA



Blue Cross
Blue Shield
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

February 15, 2011

The Honorable Suzanne Chun Oakland, Chair
The Honorable David Y. Ige, Chair
House Committees on Human Services and Ways and Means

Re: SB 1292 – Making an Emergency Appropriation to the Department of Human Services for Health Care Payments

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 1292 which would appropriate State and matching federal funds to address a shortfall in the Medicaid program for FY 2010-2011. HMSA supports this measure.

During the last legislative session, with an extremely large budgetary shortfall looming, an emergency appropriation was passed to ensure that individuals enrolled in QUEST programs were able to continue to receive vital services. That shortfall caused great concern within the health care community and HMSA appreciates the efforts of the Legislature to fund health care services to the neediest of populations.

Unfortunately, with the State still facing budget deficits and the enrollment of QUEST plans continuing to expand, we are again here in support of a measure which will provide funding to prevent another shortfall. We acknowledge that the State is being forced to make extremely difficult decisions when it comes to funding vital services to the residents of Hawaii, and we are thankful for your continued support.

We would respectfully request that the Committee see fit to pass SB 1292. Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD' followed by a flourish.

Jennifer Diesman
Vice President
Government Relations



For a healthy Hawaii.

February 15, 2011
10:30 am
Conference Room 211

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

The Honorable David Y. Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Committee on Ways and Means

From: Paula Arcena, Director of Public Policy

Re: SB1292 Making an Emergency Appropriation to the Department of Human Services for Health Care Payments

Thank you for the opportunity to testify on SB1292 which will authorize an emergency appropriation of \$57.5 million in general funds and \$96.4 million in federal funds for the 2010-2011 fiscal year to the Department of Human Services for Health Care Payments.

AlohaCare supports SB1292.

An emergency appropriation for health care payments will enable the Department of Human Services to make timely payments to its contracted health plans, including AlohaCare, that administer the Medicaid program. Additionally, the appropriation will enable DHS to draw down federal matching funds before they decrease from 62.63% on June 30, 2011 to 51.79% on July 1, 2011.

Approval of this measure will help to avert the near crisis that occurred in 2010 when the DHS announced it planned to delay four months of payments to its contracted health plans as a way to avoid a shortfall during that year. The lesson learned from the experience is that delaying payments to contracted health plans puts Hawaii's health care industry at risk and should be avoided in the future. Such a delay would have significantly reduced cash flow in Hawaii's health care industry and triggered a crisis because providers depend upon payments from Hawaii's Medicaid health plans to underwrite their operations and provide much needed care. The magnitude of the crisis was much reduced when DHS later reduced its plan to two months of payments and health plans maintained payments to providers with little or no delay.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

AlohaCare has been contracted by the Hawaii Department of Human Services since the QUEST program started in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 75,000 QUEST enrollees statewide.

Thank you for this opportunity to testify.

1357 Kapiolani Blvd, Suite 1250, Honolulu, Hawaii 96814
www.AlohaCare.org



SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair

Conference Room 211
Feb. 15, 2011 at 10:30 a.m.

Supporting SB 1292.

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. Thank you for this opportunity to testify in support of SB 1292, which makes an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2010-2011 to address the budget shortfall in the health care payments program (HMS 401) in the Department of Human Services.

As of July 1, 2011, Hawaii's Federal Medical Assistance Percentages (FMAP) will revert downward to its pre-American Recovery and Reinvestment Act (ARRA) level of 51.79%. In order for the State to take advantage of the higher federal matching rates, an appropriation would need to be made prior to this date. Furthermore, as of October 1, 2011, Hawaii's FMAP will decline further, to 50.48%, requiring the State to use even more general funds to address the Medicaid shortfall. The sooner the State makes an appropriation to match federal Medicaid funds, the more federal money will be drawn down for each State dollar.

The QUEST program currently covers over 266,000 beneficiaries, playing a vital role in our state's health care system. Any delay in payments to health plans would have a domino effect on health care providers in the form of increased accounts receivables and bad debt, further damaging their financial condition. Providers depend on timely, accurate payments to fulfill their financial obligations to employees, contractors and suppliers. This bill will help strengthen the financial foundation of Hawaii's health care system.

For the foregoing reasons, the Healthcare Association supports SB 1292.



Hawai'i Primary Care Association

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Senate Committee on Human Services

The Hon. Suzanne Chun Oakland, Chair

The Hon. Les Ihara, Jr., Vice Chair

Senate Committee on Ways and Means

The Hon. David Y. Ige, Chair

The Hon. Michelle Kidani, Vice Chair

Testimony in Support of Senate Bill 1292

Making an Emergency Appropriation to the Department of Human Services for Health Care Payments

Submitted by Beth Giesting, Chief Executive Officer

February 15, 2011, 10:30 a.m., Room 211

The Hawai'i Primary Care Association supports Senate Bill 1292, which provides funding to address the Medicaid shortfall in the current fiscal year.

Thank you for the opportunity to testify on this measure.

HAWAII SUBSTANCE ABUSE COALITION

Topic: SB 1292mergency and Budget Fund Reserve

To: COMMITTEE ON HUMAN SERVICES: Senator Suzanne Chun-Oakland, Chair;
Senator Les Ihara, Vice Chair

To: COMMITTEE ON WAYS AND MEANS: Senator 'David Ige, Chair; Senator
Michelle Kidani, Vice Chair

When: Feb. 15, 2011, Tuesday, at 10:30 am

Place: Conference Room 211

Aloha Chair Chun-Oakland; Vice Chair Ige, and Distinguished members. My name is Alan Johnson, I am the Chairperson of the Hawaii Substance Abuse Coalition, a hui of about 20 alcohol and substance abuse treatment agencies in Hawai'i.

HSAC Supports SB1292

Non-profit providers must have timely payments for services rendered in order to continue to those in need.

We appreciate the opportunity to provide information and are available for questions, if needed.