



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

March 18, 2011

MEMORANDUM

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

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 285, S.D.2 – RELATING TO TELEHEALTH**

Hearing: Friday, March 18, 2011, 11:00 a.m.  
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to provide telehealth services coverage for Medicaid and QUEST patients using Kona Hospital's medical van program.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill to provide telehealth services coverage but cannot support amending chapter 346, Hawaii Revised Statutes to establish a pilot program with a sunset date. This bill will also limit the program to only the mobile van operated by the Kona Community Hospital.

The proposed subsection (b), page 2, lines 14-19, states that the pilot program will be jointly funded by Kona community hospital and a non-profit mutual benefit society. If the pilot program serves individuals regardless of insurance and does not bill

insurers, then DHS has no role regarding Medicaid oversight, and this legislation is unnecessary.

If the pilot serves all individuals regardless of insurance and bills insurers, or is available only to all Medicaid recipients and bills their Medicaid health plan, then DHS has an important role and certain requirements must be met to receive matching federal funds. In this case, subsection (b)) should be amended to reflect the need to comply with federal regulations.

The intent of this bill is to modify an existing Medicaid benefit but would be limited to only Medicaid recipients on only one island of the State. If the benefit is to be available to Medicaid recipients in only one health plan, it would not be eligible for federal matching funds. However, a health plan could, on their own provide this service to its members to improve quality and decrease expenditures, much like a care management program, which could receive DHS approval without additional compensation to the health plan and would render this legislation unnecessary.

Operating the pilot program on only one island might be addressed to not preclude federal matching funds by deleting the last sentence of subsection (a) (3), page 2, lines 5-7, and replacing subsection (b), page 2 lines 14-19, with "An eligible mobile health van program shall be operated by a public hospital."

For a specialty consultation to be covered, the provider may need to be in a health plan's network. Subsection (a) (2), page 2, lines 3-4, should be revised to read, for example, "Access to specialist care as ~~authorized~~ referred by an individual's primary care physician and receiving health plan authorization as necessary; and".

Lastly, a Medicaid state plan amendment (SPA) may be necessary if Medicaid reimbursement is sought to help fund the pilot as federal funding cannot be received

until the SPA receives federal approval. An effective date of the act prior to federal approval, if needed, would result in state-only funding for the service during that period.

DHS respectfully recommends that if this pilot program is enacted that it be in a Session Law that does not amend chapter 346, Hawaii Revised Statutes, and that clarifying language be included to ensure the receipt of federal funding if applicable. DHS appreciates the revisions to this bill that have already occurred to improve patient safety and quality of care.

Thank you for this opportunity to provide testimony.

# HMSA



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March 18, 2011

The Honorable Ryan I. Yamane, Chair  
The Honorable John M. Mizuno, Chair

House Committees on Health and Human Services

**Re: SB 285 SD2 – Relating to Health**

Dear Chair Yamane, Chair Mizuno, and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 285 SD2 which would authorize the Department of Human Services (DHS) to allow QUEST-eligible individuals to access telehealth services. HMSA supports this measure.

The Legislature authorized \$350,000 in Act 162, SLH 2009, for the purchase of a mobile medical van for services to the South Kona, Ka'u, and upper Puna areas of Hawaii Island. We are aware that those monies have been encumbered to Kona Hospital, and the Hospital is in the process of procuring the medical van.

In 2010, the Legislature passed S.B. 2491, SD2, HD1, CD1, which would have authorized telehealth services under the Department of Human Services' Medicaid or QUEST program. However, Governor Linda Lingle vetoed that message indicating that federal funding was not authorized for that purpose, and State General Funds also were not appropriated for the medical van services.

This Bill is an attempt to ensure the efforts of the Hospital to secure non-governmental funding for the operations of the van. During the interim, Kona Hospital worked with HMSA, and we will be assisting with a two-year pilot program to help finance the operations of the medical van program. HMSA recognizes Hawaii Island's unique demographics – a population widely dispersed over a large geographic area – making a mobile medical van a potentially ideal service.

Supporting these kinds of telehealth services gained national attention when President Barack Obama included the goal of making "it possible for business to deploy the next generation of high-speed wireless coverage to 98 percent of all Americans" in his State of the Union address. One of the examples he provided regarding this was to ensure the ability of patients to "have face-to-face video chats" with their physicians. Thank you for the opportunity to testify. Again, HMSA is pleased to support this Bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD', written over a white background.

Jennifer Diesman  
Vice President  
Government Relations



KONA  
COMMUNITY HOSPITAL

*Care You Can Count On*

**The House Committee on Health  
Representative Ryan Yamane, Chair  
Representative Dee Morikawa, Vice Chair**

**The House Committee of Human Services  
Representative John Mizuno, Chair  
Representative Jo Jordan, Vice Chair**

**Friday, March 18, 2011  
11:00 a.m.  
Conference Room 329**

**SB 285 SD2 -RELATING TO HEALTH. Provides for tele-health services coverage for Medicaid and QUEST patients using Kona Hospital's medical van program.**

**Testimony of Dean Herzog  
Chief Financial Officer  
HHSC West Hawaii Region**

Chairs Ryan Yamane and John Mizuno, Kona Community Hospital appreciates the opportunity to testify in strong support of SB 285, SD2, which would provide for coverage of tele-health services for Medicaid and QUEST members receiving services using Kona Community Hospital's mobile medical van.

The HHSC West Hawaii region is currently undergoing a leadership transition. With that said, we have reviewed the program and understand its importance to our community. We have concluded that we should continue to be fully supportive of tele-health services coverage for Medicaid and QUEST patients due to the extreme challenges our rural communities face.

We believe that although the mobile van will significantly improve physical access to rural areas of the Big Island, incorporating tele-health services will increase timely and efficient virtual access to information that can be incorporated into the medical van's delivery of services. In addition, confidential exchange of information would be ensured.

A large population of our community receives health care coverage through Medicaid and QUEST. If tele-health services were denied to these patients, access to tele-health services will likely lessen the impact to these patients.

As we move forward with the mobile medical van program, we will continue to keep you updated on its status and keep you informed.

We appreciate the Committee hearing this measure today and would respectfully request you see fit to pass it. Thank you for the opportunity to testify.

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