

NEIL ABERCROMBIE  
GOVERNOR



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**LATE**

February 25, 2011

MEMORANDUM

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

FROM: Patricia McManaman, Interim Director

SUBJECT: **S.B. 788, S.D. 1 – RELATING TO HEALTH**

Hearing: Friday, February 25, 2011, 9:00 a.m.,  
Conference Room 211, Hawaii State Capitol

PURPOSE: This bill proposes to create presumptive Medicaid eligibility for 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. 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 would add new expenditures for the State 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", and more than likely 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.

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.