



SENATE COMMITTEE ON HUMAN SERVICES  
Sen. Suzanne Chun Oakland, Chair

Conference Room 016  
Feb. 1, 2011 at 1:30 p.m.

**Supporting SB 794.**

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 SB 794, which creates a process that highlights the Legislature's role in setting Medicaid policy and allows more input by the public.

The Department of Human Services (DHS) operates the State's Medicaid program which expends more than a billion dollars annually second in size only to the Department of Education. Unfortunately, the Legislature has had very little oversight of the Medicaid program. As a result, DHS sets Medicaid policy. Significant changes have been made to Hawaii's Medicaid program without input from the Legislature or the public.

For example, DHS decided to shift from a fee-for-service approach to a managed care approach to providing care to Medicaid enrollees. Recently many advocates and healthcare providers opposed the transfer of the aged, blind, and disabled population to managed care, and many felt that their voices were not heard by DHS. This bill would have enabled the Legislature to hold public hearings on the matter, and all interested parties would have been allowed to testify.

This bill would also enable the Legislature to consider other Medicaid issues, such as benefits packages and payments to health care providers. Advocates, providers, and other interested parties would be able to make proposals to the Legislature. Public hearings would enable all interested parties to testify, and the Legislature would be able to make decisions based on the many perspectives expressed by the various testifiers.

The purpose of this bill is to highlight the Legislature's role in setting Medicaid policy, thereby allowing related issues to be discussed in a public forum. Policy decisions would be made by the Legislature, which is elected by the people of Hawaii.

For the foregoing reasons, the Healthcare Association supports SB 794.



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### TESTIMONY ON S.B.794 RELATING TO MEDICAID

Tuesday February 1, 2011  
11:30 a.m.  
State Capitol, Conference Room 016

Testimony from Dr. Arleen Jouxson-Meyers  
Hawaii Coalition for Health and  
Hawaii Congress of Physicians and Other Healthcare Providers

Dear Committee Chair and Members:

#### **THE HCFH AND HCOP STRONGLY SUPPORT PASSAGE OF S.B. 794.**

We appreciate the opportunity to submit testimony on this measure.

Since 1996, the Hawaii Coalition For Health has advocated to protect the rights of healthcare consumers in Hawaii.

We are still reeling from the recent seriously flawed implementation by the Department of Human Services of QExA, the Medicaid program for more than 40,000 of our most vulnerable aged, blind, and disabled citizens.

Without legislative oversight of the DHS, proper care has been wrenched away from innumerable of our most vulnerable patients, with evidence of detrimental consequences. Of greater concern is that the DHS may be planning to escalate this fiasco by adding Quest patients again without public input or legislative authority. This Bill aims to prevent this happening again.

Sincerely,

Arleen Jouxson-Meyers, M.D., J.D., M.P.H.,  
President

# *Rafael del Castillo*

*Attorney at Law*

## TESTIMONY ON BEHALF OF S.B. 794

From: Rafael del Castillo  
Attorney at Law  
Personal testimony, not on behalf of any client or organization

To: Senate Committee on Human Services,  
Hon. Senator Suzanne Chun Oakland, Chair; Hon. Senator Les Ihara, Jr., Vice Chair

Hearing: February 1, 2011, 2:30 p.m., Conference Room 016

Emailed to: [HMSTestimony@Capitol.hawaii.gov](mailto:HMSTestimony@Capitol.hawaii.gov)

Email time: 11:15 p.m., 1/30/2011

I appreciate the Committee's consideration of my testimony, and apologize that on this particular occasion I cannot be present to testify in person on S.B. 794 and answer questions. I support S.B. 794 with the reservation that the 60-day notice provided for in subsection (a) is insufficient. Substantial changes in the Medicaid program require months and, more likely, years of planning. I see no principled reason why the Departments planning such changes should not report to the Legislature early in the process to enable this Committee and other affected Committees and concerned legislators time and opportunity to monitor and study the proposed changes as the plan develops. Early involvement would also enable legislators to solicit comments from knowledgeable members of the community, avoiding the potential for the Department(s) to hand-pick supportive respondents.

DHS under the previous administration spent millions with Washington, D.C. attorneys and consultants designing the present QUEST Expanded Access to compel all of our aged, blind, and disabled to enroll in managed "care." The result was a program I believe was intentionally constructed to circumvent regulations intended to impose important restrictions on the managed care plans. The detrimental effects of that design are evident.<sup>1</sup> For example, the "service

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<sup>1</sup> I am referring specifically to the circumvention of the requirement in 42 C.F.R. 438.208(c) that all "special health care needs" enrollees have a primary care provider and a treatment plan formulated by the PCP in collaboration with the member's specialists. DHS simply omitted to define "special health care needs" for the aged, blind, and disabled population, apparently on the theory that it could avoid the requirements of subsection (c). The regular QUEST program has a special health care needs definition and the plans are required to comply with the regulation. This clever circumvention has facilitated relieving the QExA plans of the requirement to ensure that all dual eligible (Medicare primary) QExA enrollees, have an assigned PCP. This is especially ironic given the fact that the SSI disabled and elderly who have Medicare as their primary insurance (2/3 of the population) need an assigned PCPs more than any other group.

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Date: January 30, 2011  
Re: Testimony on behalf of S.B. 794  
Page 2

coordinator” component, can be, and is being, utilized by the plans in the absence of the requisite controls to create barriers to accessing services, more than it is being used to facilitate them. At least that is my conclusion based upon the numerous (almost daily) reports I receive from QExA enrollees who are being referred for assistance. I can provide additional general examples, and specific illustrative cases.

Let us learn from the lessons of the past. Please advance this worthy Act to the Governor’s desk, amended to provide for earlier involvement in proposed changes by interested legislators.

Thank you for the opportunity to comment upon this essential legislation. I look forward to further opportunities to provide the Committee with relevant information about this important issue.

Very truly yours,

A handwritten signature in black ink, consisting of a stylized initial 'R' followed by a horizontal line extending to the right.

Rafael del Castillo

Jan 28, 2011

Senator Suzanne Chun Oakland  
State Capitol, Room 226  
415 South Beretania Street  
Honolulu, HI 96813

Dear Senator Chun Oakland,

Thank you for this opportunity to support of SB 794, which creates a process that highlights the Legislature's role in setting Medicaid policy and allows more input by the public.

The Department of Human Services (DHS) operates the State's Medicaid program which expends more than a billion dollars annually second in size only to the Department of Education. Unfortunately, the Legislature has had very little oversight of the Medicaid program. As a result, DHS sets Medicaid policy. Significant changes have been made to Hawaii's Medicaid program without input from the Legislature or the public.

For example, DHS decided to shift from a fee-for-service approach to a managed care approach to providing care to Medicaid enrollees. Recently many advocates and healthcare providers opposed the transfer of the aged, blind, and disabled population to managed care, and many felt that their voices were not heard by DHS. This bill would have enabled the Legislature to hold public hearings on the matter, and all interested parties would have been allowed to testify.

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The purpose of this bill is to highlight the Legislature's role in setting Medicaid policy, thereby allowing related issues to be discussed in a public forum. Policy decisions would be made by the Legislature, which is elected by the people of Hawaii.

For the foregoing reasons, I support SB 794.

Mahalo,

Sincerely,

Mr. Paul Gammie  
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Wailuku, HI 96793-5916  
(808) 281-6902