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# A BILL FOR AN ACT

RELATING TO HEALTH.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that it is in the State's  
2 best interest to ensure that patients who are waitlisted for  
3 long-term care or other types of care receive appropriate  
4 medical care by authorizing the department of human services to  
5 apply medicaid presumptive eligibility to qualified waitlisted  
6 patients. Action based on presumptive eligibility means that  
7 the department of human services shall make a preliminary or  
8 "presumptive" determination to authorize medical assistance in  
9 the interval between application for assistance and the final  
10 medicaid eligibility determination based on the likelihood that  
11 the applicant will be eligible.

12           On average, there are at any given time one hundred fifty  
13 patients in acute care hospital settings across the State who  
14 are waitlisted for long-term care. Waitlisted patients are  
15 those who are deemed medically ready for discharge and are no  
16 longer in need of acute care services, but who cannot be  
17 discharged due to various barriers, such as delays in medicaid  
18 eligibility determinations, and therefore must remain in the



1 higher-cost hospital setting. Discharge time frames for  
2 waitlisted patients range from a few days to over one year.  
3 This situation creates a poor quality of life for the patient,  
4 presents an often insurmountable dilemma for providers and  
5 patients, and causes a serious drain on the financial resources  
6 of acute care hospitals, with ripple effects felt throughout  
7 other health care service sectors.

8 Senate Concurrent Resolution No. 198, adopted by the  
9 legislature in 2007, requested the Healthcare Association of  
10 Hawaii to conduct a study of patients in acute care hospitals  
11 who are waitlisted for long-term care, and to propose solutions  
12 to the problem. The following is an excerpt from the resulting  
13 2008 report to the legislature addressing the critical problem  
14 of waitlisted patients and the regulatory barrier of medicaid  
15 eligibility determinations:

16 "Hawaii State Medicaid eligibility/re-eligibility  
17 determinations:

18 (a) Presumptive eligibility/re-eligibility: The task  
19 force is very concerned about the amount of time it  
20 takes to complete the Medicaid eligibility and re-  
21 eligibility process. Staff within hospitals, nursing  
22 facilities, etc. report spending a significant amount



1 of time assisting families with Medicaid applications,  
2 following up with families to ensure their compliance  
3 in submitting the required documentation to support  
4 the application, hand carrying applications to the  
5 Medicaid eligibility office, following up with  
6 eligibility workers on the status of applications,  
7 etc. They report that hand-carried applications are  
8 often misplaced, the time clock for eligibility does  
9 not start until the application is located within the  
10 DHS, family members may be non-compliant in completing  
11 the necessary paperwork since the patient is being  
12 cared for safely and the facility has no option for  
13 discharging the patient, and the providers believe  
14 that they have taken on a beneficiary services role of  
15 assisting consumers that should be assumed by DHS.  
16 The Medicaid eligibility and re-eligibility  
17 application process in Hawaii is obsolete and unable  
18 to handle the current volume. It relies on a paper-  
19 driven system that receives a high volume of  
20 applications per day. Delays in processing  
21 applications in a timely manner translates to delays  
22 in access to care for Medicaid beneficiaries. Acute



1 care hospitals report that in many cases they have not  
2 been able to transfer patients to long term care  
3 because the delay in making a determination of  
4 Medicaid eligibility resulted in too long a delay in  
5 placement in a nursing facility or home and community  
6 based setting. By the time the Medicaid eligibility  
7 was approved, the bed in the long-term care  
8 facility/setting was taken. The direct labor hours  
9 involved in following up on the process negatively  
10 impact providers across the continuum. Many have  
11 hired outside contractors to assist in the application  
12 process.

13 (b) Shifting responsibility for consumer assistance in  
14 completing the Medicaid application from the provider  
15 of service to the state department of human services:  
16 Providers have taken on the role of consumer services  
17 representatives when patients/families need to submit  
18 applications for Medicaid eligibility or to reapply  
19 for eligibility. Often, providers end up spending  
20 hours to days "tracking down" required documentation  
21 to include with the Medicaid application and it has  
22 become labor intensive. Many have hired external



1 organizations to assist in this process. Delays by  
2 patients/families in completing Medicaid applications  
3 result in bad debt and charity care incurred by  
4 providers and they have no recourse but to hold the  
5 family members accountable and/or discharge the  
6 patient due to non-payment.

7 (c) Non-compliance by family members/guardians in  
8 completing Medicaid eligibility/re-eligibility  
9 applications: In other states (ex: Nevada),  
10 legislation has been passed to impose financial  
11 penalties on family members/guardians who did not  
12 actively participate in completing/submitting  
13 documentation for Medicaid eligibility/re-eligibility  
14 determinations when fraudulent activity was  
15 suspected."

16 The purpose of this Act is to require the department of  
17 human services to provide medicaid presumptive eligibility to  
18 patients who have been waitlisted for long-term care.

19 This Act also begins the process of developing a long-term  
20 solution to severe problems associated with processing medicaid  
21 applications that include extended application processing times  
22 and misplaced applications. The existing application process is



1 obsolete because it is paper-based. A computer-based system  
2 would be much more efficient. This Act requires the department  
3 of human services to conduct a study of a computerized medicaid  
4 applications system.

5 SECTION 2. Chapter 346, Hawaii Revised Statutes, is  
6 amended by adding a new section to be appropriately designated  
7 and to read as follows:

8 "§346- Presumptive eligibility under medicaid for  
9 patients waitlisted for long-term care. (a) The department  
10 shall presume that a patient who is waitlisted for long-term  
11 care and applying for medicaid is eligible for coverage;  
12 provided that the applicant is able to show:

13 (1) Proof of an annual income at or below the maximum  
14 level allowed under federal law or under a waiver  
15 approved for Hawaii under Title 42 United States Code  
16 Section 1396n, as applicable;

17 (2) Verification of assets;

18 (3) Confirmation of waitlisted status as certified by a  
19 health care provider licensed in Hawaii; and

20 (4) Proof of meeting the level of care requirement for  
21 institutional or home- and community-based long-term  
22 care as determined by a physician licensed in Hawaii.



1 The department shall notify the applicant and the facility of  
2 the presumptive eligibility on the date of receipt of the  
3 application. The applicant shall submit the remaining documents  
4 necessary to qualify for medicaid coverage within ten business  
5 days after the applicant's receipt of notification of  
6 presumptive eligibility from the department. The department  
7 shall notify the applicant of eligibility within five business  
8 days of receipt of the completed application for medicaid  
9 coverage.

10 Waitlisted patients who are presumptively covered by  
11 medicaid shall be eligible for services and shall be processed  
12 for coverage under the State's qualifying medicaid program.

13 (b) If the waitlisted patient is later determined to be  
14 ineligible for medicaid after receiving services during the  
15 period of presumptive eligibility, the department shall  
16 disenroll the patient and notify the provider and the plan, if  
17 applicable, of disenrollment by facsimile transmission or  
18 electronic mail. The department shall provide reimbursement to  
19 the provider or the plan for the time during which the  
20 waitlisted patient was enrolled."

21 SECTION 3. The department of human services shall submit a  
22 report to the legislature no later than twenty days prior to the



1 convening of the regular sessions of 2012 through 2016, of  
2 findings and recommendations, including proposed legislation,  
3 regarding the costs and other issues related to medicaid  
4 presumptive eligibility.

5 SECTION 4. The department of human services shall conduct  
6 a study for a potential computerized system for processing  
7 medicaid applications. The study shall consider different  
8 alternatives, assess each alternative, and recommend the best  
9 alternative. The study shall consider the requirements of  
10 Hawaii's medicaid program, the ability of each alternative to  
11 meet these requirements, and costs. The department of human  
12 services shall submit a report of its findings and  
13 recommendations, including proposed legislation, to the  
14 legislature no later than twenty days prior to the convening of  
15 the regular session of 2012.

16 SECTION 5. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$ or so  
18 much thereof as may be necessary for fiscal year 2011-2012 to  
19 cover the cost of any reimbursements made to providers or plans  
20 for services provided during the time that waitlisted patients  
21 are enrolled but eventually determined to be ineligible.





1           The sum appropriated shall be expended by the department of  
2 human services for the purposes of this Act.

3           SECTION 6.   New statutory material is underscored.

4           SECTION 7.   This Act shall take effect on July 1, 2050;  
5 provided that section 2 of this Act shall be repealed on July 1,  
6 2016.



**Report Title:**

Health; Medicaid Eligibility; Appropriation

**Description:**

Establishes presumptive medicaid eligibility for waitlisted patients until 7/1/2016. Requires DHS to conduct a study of a computerized medicaid applications system. Appropriates funds for reimbursements for services provided during the time that waitlisted patients are enrolled and later disenrolled due to a determination of ineligibility. Effective 7/1/2050. (SD2)

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