



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 29, 2012

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

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1724, H.D.1, S.D. 1 - RELATING TO HEALTH AND HUMAN SERVICES**

Hearing: Thursday, March 29, 2012; 9:00 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of the bill is to: 1) establish presumptive Medicaid eligibility for waitlisted patients and appropriates funds for reimbursements for services provided during the time that waitlisted patients are enrolled and later disenrolled due to determination of ineligibility; 2) conduct a study of a computerized Medicaid applications system; 3) report on presumptive eligibility costs and issues; and 4) appropriates funding..

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill's requirement of Medicaid presumptive eligibility for individuals requiring long-term care services. Given the State's current fragile economy, it would not be prudent to pursue enactment of a new general fund appropriation that will be required for this bill. In addition, this bill effectively gives preference to hospital institutions over families by moving hospitals to the front of the line for long-term care eligibility determinations.

DHS estimates that this bill will cost taxpayers approximately an additional \$2,000,000 per year in State general funds that would need to be appropriated to pay for presumptive eligibility for ineligible individuals. Although the number of waitlisted individuals has been reported by the community to range 150-200, as of January 2012, our information shows there were 17 Medicaid recipients waitlisted in the State. This average number has been stable for the past few months.

Regarding timeliness of eligibility determination, the bill references a report that is five years old and does not reflect current eligibility processing time. DHS eligibility staff is dedicated civil servants who have worked diligently to eliminate the eligibility backlog through overtime and new hires. There are currently no new applications beyond the required federal determination period that have not received action, and the majority of applications are now completed in almost half that time.

This bill also assumes that long-term care providers will accept patients who are presumptively eligible, thereby risking that those patients may be found later to be ineligible. We are unaware of any long-term care facilities that have testified they will accept presumptively eligible recipients. Without an adequate supply of facilities willing to accept patients presumptively eligible for long-term care, the effect of this bill will simply be to increase DHS administrative burden and cost, primarily as related to paying hospitals for care provided to individuals who are ineligible for Medicaid long-term care services.

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 for long-term care follows federal law and includes a five-year look back period for transfer of assets and review of any trusts or other related financial shelters. In

addition, physician determinations that patients meet nursing facility level of care criteria are reviewed by an independent entity, and many are not approved. This bill would seek to bypass program integrity and the independent review currently required.

The main issue is patients' inability to provide the necessary documentation for eligibility determination, not delays in DHS making determinations for complete applications. The proposed solution does not address this issue; rather the bill perpetuates it and creates unnecessary administrative expense and complexity. Administrative burden is increased because applications will now require twice as many system actions by eligibility workers. The complexity primarily exists for a presumptively eligible recipient who is later found to be eligible because the state-only payment made in the interim would need to be retroactively adjusted in order to receive federal funds.

Significantly, the hospital costs associated with wait-listed patients will be fully compensated under the DHS' proposals to amend H.B. 2275 relating to the hospital sustainability program.

Thank you for the opportunity to testify on this bill.



SENATE COMMITTEE ON WAYS AND MEANS
Senator David Ige, Chair

Conference Room 211
March 29, 2012 at 9:00 a.m.

Comments in Support of HB 1724 HD 1 SD 1: Relating to Health and Human Services

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. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to comment in support of HB 1724 HD 1 SD 1, which creates a presumptive eligibility process designed to reduce the number of patients in acute care hospitals who are waitlisted for long term care and to place them in more appropriate care settings.

On any given day there are an average of 150 patients in Hawaii's hospitals who have been treated so that they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient and creates a serious financial drain on hospitals. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. Patients may be waitlisted for a matter of days, weeks, or months, and in some cases over a year.

The Healthcare Association has advocated for solutions to the waitlist problem since 2007, when it sponsored SCR 198, which directed the Association to study the problem and propose solutions. The Association subsequently created a task force for that purpose, which submitted a report to the Legislature with findings and recommendations. Since then the Association has sponsored two measures that have been designed to:

- (1) Promote the movement of waitlisted patients out of acute care;
- (2) Reduce unpaid costs incurred by hospitals and free up hospital resources so that they can be used to treat those who need that higher level of care; and
- (3) Enable long term care facilities to accept waitlisted Medicaid patients with complex medical conditions while addressing the additional costs related to their care.

The two waitlist bills sponsored by HAH have advanced further in the Legislature each year since they were first introduced, and last year they both went to conference. HAH is again sponsoring these bills in 2012. One bill addresses Medicaid payments to hospitals and long term care facilities, and this bill addresses the Medicaid eligibility process.

We estimate that it would cost the State no more than \$200,000 annually to implement presumptive eligibility for waitlisted patients, using information that is currently available. That figure is based on 300 waitlisted patients per year determined to be presumptively eligible for Medicaid, a 6% error rate, 45 days for which the State would be liable for patients who are incorrectly found to be eligible, and a \$231 daily long term care rate.

Thank you for the opportunity to comment in support of HB 1724 HD 1 SD 1.

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

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

March 29, 2012
9:00 am
Conference Room 211

Re: HB 1724 HD1 SD1 - Relating to Health and Human Services

Chair, Vice Chair, and committee members thank you for this opportunity to provide testimony on the decision making on this bill.

Kaiser Permanente Hawaii supports this bill.

It has been reported that Hawaii hospitals have lost millions of dollars due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii, the Medicaid eligibility and re-eligibility application process in Hawaii is unable to handle the current volume.

Duration of these delays has ranged between several days to several months, and in some cases even more than a year. Contributing to these delays in many cases was the lengthy application, review and approval process for Medicaid eligibility for waitlisted patients. Furthermore, each day that a waitlisted patient remains in an acute care hospital bed is another day that a bed is not available for an acute care patient in need of that bed.

Some, if not much, of this delay could be shortened by the presumptive eligibility measures proposed in this bill. For this reason, Kaiser Permanente Hawaii supports this bill.

Thank you for the opportunity to comment.