

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

March 29, 2012

MEMORANDUM

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

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1905, H.D. 2, S.D. 1 - RELATING TO HUMAN SERVICES**

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

PURPOSE: The purposes of this bill are: Part I - to allow the Department of Human Services (DHS) to draw from other funds appropriated to DHS in the event the General Assistance (HMS 204) appropriation is insufficient to meet General Assistance benefits payments; Part II – appropriate funding to various organizations for health and social services; Part III – appropriate funding for positions to administer the supplemental nutrition assistance program in the DHS; Part IV - to require financial institutions to report suspected financial abuse to the appropriate local law enforcement agency; Part V – establish the Hawaii Interagency Council on Homelessness; Part VI – allow the DHS to post on its website information on the National Human trafficking Resource Center hotline and poster; Part VII – establishing a human trafficking task force within the DHS; Part VIII – appropriate \$2.8 million in general funds to increase payments for primary care physician services for children and pregnant women covered under the children’s health insurance program to be equal to reimbursement provided to Medicaid recipients;

Part IX – require the DHS to collaborate with various providers to revise the methodology for determining the level of acuity for Medicaid nursing home residents and setting reimbursement rates and working with the Department of Health to develop a referral and discharge plan based on acuity levels; and Part X – require that all health care insurers operating in Hawaii share with DHS a listing of their membership to determine Medicaid eligibility.

DEPARTMENT’S POSITION: The Department of Human Services (DHS) supports Parts I, IV, V, and X of this bill which contain language from Administration proposals. DHS opposes Parts II, III, VI, VII, VIII and IX of this bill.

The DHS strongly supports Part I of this bill which would allow the Department of Human Services (DHS) to draw from other funds appropriated to DHS in the event the General Assistance (HMS 204) appropriation is insufficient to meet General Assistance benefits payments. The general assistance program (HMS 204), pursuant to section 346-53(b), Hawaii Revised Statutes, is a block grant program. The maximum allowance a general assistance recipient may receive is determined by dividing the amount of the appropriation by the number of general assistance recipients. The DHS must adjust GA payments to remain within the GA appropriation when the caseload increases or decreases.

For fiscal year 2012, the payment level began at \$353, but due to caseload increases the benefit payment amount was reduced to \$319 in October 2011 and must be reduced further to \$275 in April 2012 to remain within the authorized appropriation. In prior years, payment had been reduced to as low as \$234 as caseloads increased. These reductions and fluctuations provide no stability to households who already live below poverty levels. Stopping the benefit payment or reducing the amount of the

benefit payment for these individuals poses a real threat to the individuals' health and safety. It is also almost certain to trigger increased homelessness.

The DHS has requested an emergency appropriation for the current fiscal year to maintain the benefit amount at \$319 per month. To reduce the future need to request emergency appropriations for the GA program, the Department proposes to utilize, when needed, savings from other programs. This bill would allow the DHS to use savings in other programs of the Department to fund the shortfalls in the GA program due to caseload fluctuations.

The DHS strongly supports Part IV of this bill which will require financial institutions to report suspected financial abuse of an elder to the appropriate law enforcement agency. The DHS does not have direct legal authority to seek judicial authorization to seize documents, freeze accounts or take other measures to immediately secure financial assets that may be at risk. Additionally, the DHS is without trained staff who have the expertise to review the complex financial records and transactions for the financial abuse cases identified by financial institutions.

The DHS does not conduct criminal investigations, nor does it prosecute crimes. The appropriate entity to receive reports of suspected financial abuse from financial institutions is a local law enforcement agency which has investigators and legal remedies at its disposal to immediately stop access to a “vulnerable elder’s” financial accounts when warranted.

The Department of Human Services strongly supports Part V of this bill which would establish the Hawaii Interagency Council on Homelessness by statute.

Governor Abercrombie established the Hawaii Interagency Council on Homelessness (HICH) through issuance of Executive Order No. 11-21 on July 19, 2011.

In establishing the HICH, the Governor of Hawaii found it to be imperative and in the public interest to capitalize on the opportunities and momentum generated by the United States Interagency Council on Homelessness (USICH). Mirroring USICH, the HICH provides leadership for the prevention and elimination of homelessness and works to ensure care for homeless persons in the spirit of the Law of the Splintered Paddle (Ke Kānāwai Mamalahoe).

Establishing the HICH in stature will enhance its ability to provide solutions for ending homelessness in Hawaii. The HICH has convened on several occasions and also developed investigative committees. These committees explore the current state of homelessness, the State and Counties' responses to homelessness, and the collective efforts made by government, non-profits, business, and others to find solutions to homelessness. The HICH is, in fact, in the process of sharing the State's draft plan to end homelessness in venues across the state. While there is clearly much more work that needs to be done, progress is being made. The establishment of the HICH by statute will ensure continued progress and accountability towards measuring outcomes and implementing solutions to homelessness.

The DHS recommends the following amendment to the proposed Membership section of the proposed new chapter. The federal Housing and Urban Development agency has encouraged that the continuum of care membership to be included as:

- “(xx) A representative of the Continuum of Care Network of the city and county of Honolulu;
- (xx) A representative of the Continuum of Care Network of Maui, Kauai, and Hawaii counties;”

This is the way that HUD has encouraged the formation of these bodies for funding and representation purposes with one representative for the City and County of Honolulu and one representative only jointly for the other counties.

The DHS supports Part X of this bill which would require that all health care insurers operating in Hawaii share with DHS a listing of their membership to determine Medicaid eligibility.

This measure will enable DHS to determine Medicaid eligibility on a timely basis. This bill will also improve Medicaid program integrity, ensure that Medicaid is the payor of last resort, and ensure that funding for the Medicaid program is used to provide health insurance coverage for those who really need it.

When Congress passed the Deficit Reduction Act of 2005, P.L. 109-171, it made a number of amendments to the Social Security Act intended to strengthen states' ability to identify and collect from liable third party payors that are legally responsible to pay claims primary to Medicaid. To ensure the State's compliance with the requirements of P.L. 109-171, the Legislature passed Senate Bill No. 917, enacted as Act 103, in 2009 and codified in chapter 431L, Hawaii Revised Statutes.

The federal and State statutes require that Medicaid be the payor of last resort for health insurance. To meet this obligation, the Department of Human Services, as the state Medicaid agency, requires information on Medicaid recipients who also have commercial health insurance.

Section 431L-2.5, Hawaii Revised Statutes, requires health care insurers to share information on an individual basis at the State's request. This bill will require all commercial health care insurers operating in Hawaii to also share with the Department of Human Services a listing of their members on a quarterly basis.

Quarterly reports will allow the Department to determine on a timely basis, the eligibility of persons who apply for Medicaid and the continuing eligibility for persons receiving health care insurance through the Medicaid program. Medicaid allows passive renewal and self-declaration to facilitate eligibility. These processes make it difficult for the Department to determine when a recipient's eligibility status has changed because of employment, increased income, or being provided health coverage under the Prepaid Health Care Act.

THS DHS is working with the health plans to develop amending language that will satisfy the purposes of this proposal and can be supported by the health plans and the Department.

The DHS appreciates the intent of Part II and Part III of this bill but must respectfully oppose the appropriations in these parts, to various organizations in Part II and for positions to DHS for the supplemental nutrition assistance program in Part III. The proposed appropriations are beyond the priorities in the Executive Supplemental Budget. We request that the Legislature support the Executive Supplemental Budget.

The DHS does not support Part VI of this bill to allow DHS to post on its website information on the National Human trafficking Resource Center hotline and poster. We do not support placing into statute and with the specificity described, information for a non-government organization over which the State has no oversight and which may change over time.

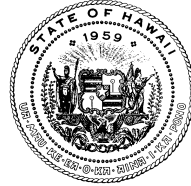
The DHS opposes Part VII of this bill which would establish a human trafficking task force within the DHS to develop a comprehensive plan for human trafficking survivors. This bill would place demands on the Department that could not be

met with our limited resources without substantial additional funding for the administration of the task force including staffing, outreach, and program development.

The DHS opposes Part VIII of this bill which appropriates \$2.8 million in general funds to increase payments for primary care physician services for children and pregnant women covered under the children's health insurance program to be equal to reimbursement provided to Medicaid recipients. DHS must respectfully oppose the proposed appropriation which is beyond the priorities in the Executive Supplemental Budget. We request that the Legislature support the Executive Supplemental Budget.

The DHS also opposes Part IX of this bill would require the DHS to collaborate with various providers to revise the methodology for determining the level of acuity for Medicaid nursing home residents and setting reimbursement rates and working with the Department of Health to develop a referral and discharge plan based on acuity levels. Medicaid already reimburses nursing facilities on an acuity basis. Those facilities that care for more complex patients receive higher reimbursement. The acuity determination methodology is based on data reported by nursing facilities to the Centers for Medicare & Medicaid Services (CMS) and utilizes a CMS adopted methodology for calculating acuity. If the nursing facility providers in Hawaii would like to modify this methodology, DHS would be willing to work with them.

Thank you for the opportunity to provide testimony on this bill.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

Senate Committee on Ways and Means

H.B. 1905, HD2, SD1, Relating to the Human Services

**Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health**

Thursday, March 29, 2012

1 **Department's Position:** The Department of Health (DOH) strongly supports this bill.

2 **Fiscal Implications:** Administrative costs are needed to fund the activities of the Hawaii Interagency
3 Council on Homelessness (HICH).

4 **Purpose and Justification:** Part V of this bill will establish the HICH and places it in Hawaii Revised
5 Statutes 346 under the Department of Human Services.

6 The HICH has made important progress since its inception. The department has participated
7 from the start. The right people are at the table, detailed analysis of the data is being done, and plans to
8 end homelessness in Hawaii are being developed. This important work, which has special importance
9 for those homeless individuals who are affected by mental illness, should continue. The proposed
10 legislation will provide a formal mechanism to enable that to occur. The department supports the bill
11 and plans to continue actively participating in the work of ending homelessness.

12 Thank you for the opportunity to testify on this bill.

DEPARTMENT OF THE PROSECUTING ATTORNEY
CITY AND COUNTY OF HONOLULU

ALII PLACE
1060 RICHARDS STREET • HONOLULU, HAWAII 96813
PHONE: (808) 547-7400 • FAX: (808) 547-7515

KEITH M. KANESHIRO
PROSECUTING ATTORNEY

ARMINA A. CHING
FIRST DEPUTY PROSECUTING ATTORNEY



THE HONORABLE DAVID Y. IGE, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS
Twenty-sixth State Legislature
Regular Session of 2012
State of Hawai`i

March 29, 2012

RE: S.B. 1905, H.D. 2, S.D. 1; RELATING TO HUMAN SERVICES.

Chair Ige, Vice Chair Kidani and members of the Senate Committee on Ways and Means, the Department of the Prosecuting Attorney, City and County of Honolulu, submits the following comments regarding H.B. 1905, H.D. 2, S.D. 1.

The Department's comments are limited to Section 23 of this bill, regarding reports being sent from financial institutions to law enforcement via electronic mail (see page 12, lines 6-7). For purposes of pre-trial proceedings, this type of requirement could potentially lead to discovery requests for all electronic communications between the financial institution and law enforcement.

Rather than leaving the parties open to such potentially complicated situations, the Department suggests that the language of page 12, lines 6-7, be kept as currently written in the statute, such that financial institutions have the "written report sent within five business days."

Thank for you the opportunity to provide input on this matter.



CATHOLIC CHARITIES HAWAII

COMMENTS IN SUPPORT OF HB 1905 HD2, SD1: RELATING TO HUMAN SERVICES

TO: Senator David Ige, Chair, Senator Michelle Kidani, Vice Chair, and Members, Committee on Ways and Means

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: Thursday, 3/29/12, 9:00 am; CR 211

Chair Ige, Chair Kidani, and Members, Committees on Ways & Means:

Thank you for the opportunity to provide comments on HB 1905 SD1, which addresses a range of concerns on human services. I am Betty Lou Larson, Legislative Liaison for housing and homelessness issues at Catholic Charities Hawaii. Catholic Charities Hawaii supports Part 1 and Part V of this bill.

RE: PART I: giving flexibility to the Department of Human Services to utilize other funds appropriate to the department for General Assistance. Catholic Charities Hawaii remains very concerned about the possibility that many persons now on General Assistance will be forced into homelessness if their General Assistance payments are further reduced. This bill would give the department the flexibility to use savings from other programs as a stopgap measure to continue benefits, if an emergency appropriation is insufficient to meet the need.

The benefit currently is hardly enough to pay rent even at subsidized housing or special housing such as clean and sober homes. The benefit has already been reduced in FY 2012 from \$353 down to \$319 currently. Without help from the legislature, the benefit will be further reduced to \$275 in April 2012. This reduction could force many recipients into homelessness. It would be much more costly to the State to have to provide homeless services to help these people regain housing, versus keeping them in housing with the General Assistance payments.

RE: PART V: establishes the Hawaii Interagency Council on Homelessness in statute. Catholic Charities Hawaii also supports this important measure to coordinate planning and initiatives to end homelessness in our State. Having the right government and community leaders at the table to tackle this complex issue is essential. The Council has already begun its work and has involved a multitude of stakeholders. There is no quick fix to ending homelessness. It requires ongoing effort and collaboration which the Interagency Council on Homelessness would provide. We support the language of SB 2804 which was inserted into this bill. We urge your support for this ongoing initiative to end homelessness.





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 Part IV of HB 1905 HD 2 SD 1: Relating to 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 Part IV of HB 1905 HD 2 SD 1, which requires financial institutions to report suspected cases of financial abuse of elderly persons. Our comments are limited to this segment of the bill.

The Healthcare Association supports a number of bills that are designed to improve care for the elderly and their caregivers and to reduce abuse in its various forms. As elders become more physically frail, they are less able to stand up to bullying and/or to fight back if attacked. They may not see or hear as well or think as clearly as they used to, leaving openings for unscrupulous people to take advantage of them.

Elder abuse can take the form of physical abuse, emotional abuse, sexual abuse, neglect, abandonment, and financial exploitation. When abuse occurs, the State's Adult Protective Services program, as well as other relevant agencies, investigate reports of abuse and take corrective action.

An infrastructure has been created to prevent elder abuse and to address it when it happens. Some of its components include the following: (1) Respite care to provide relief for caregivers; (2) Public awareness campaigns; (3) Chore services to support the frail elderly; (4) Special provisions to encourage the reporting of abuse by certain professionals and institutions, including banks; (5) Ensuring sufficient funding for Adult Protective Services; and (6) Making fiduciaries, persons with power of attorney, and guardians more accountable for their actions. This infrastructure should be strengthened.

HAH supports a broad range of legislative measures designed to prevent elder abuse and to address it when it occurs. As such, we support Part IV of HB 1905 HD 2 SD 1.

Thank you for the opportunity to comment.



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Legislative Director

**TESTIMONY FOR HOUSE BILL 1905, HOUSE DRAFT 2, SENATE DRAFT 1,
RELATING TO HUMAN SERVICES**

**Senate Committee on Ways and Means
Hon. David Y. Ige, Chair
Hon. Michelle N. Kidani, Vice Chair**

**Thursday, March 29, 2012, 9:00 AM
State Capitol, Conference Room 211**

Honorable Chair Ige and committee members:

I am Kris Coffield, representing the IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 150 local members. On behalf of our members, we offer this testimony in support of for HB 1905, HD2, SD1, relating to human services.

Primarily an appropriations and omnibus programs bill for the Department of Human Services, we are particularly supportive of Part VI and VII of this measure. The former of these two sections encourages DHS to make available on its website information about the National Human Trafficking Resource Center hotline number, operated by the Polaris Project. It is worth noting that the hotline received 67 calls related to Hawaii, in 2011, quadruple the number that the hotline averaged between 2007-2010. The latter of these two sections establishes a task force charged with devising a comprehensive services plan for survivors of human trafficking, something that is sorely lacking at present. Currently, services are scattered between various state agencies, including the Office of Community Services, Office of the Attorney General, county prosecutors' offices, and various nonprofits. Because there is no central state plan or governing agency, the provision of services can be particularly difficult, often due to limited communications between the different agencies involved in a case.

Mahalo for the opportunity to testify in support of this bill.

Sincerely,
Kris Coffield
Legislative Director
IMUAlliance



HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814
Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

TO: COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair

Senator Michelle N. Kidani, Vice Chair

DATE: Thursday, March 29, 2012

TIME: 9:00 a.m.

PLACE: CR 211

From: Hawaii Medical Association

Dr. Roger Kimura, MD, President

Linda Rasmussen, MD, Legislative Co-Chair

Dr. Joseph Zobian, MD, Legislative Co-Chair

Dr. Christopher Flanders, DO, Executive Director

Lauren Zirbel, Community and Government Relations

Re: HB 1905, HD2, SD1 RELATING TO HUMAN SERVICES.

In Support

Chairs & Committee Members:

Hawaii Medical Association supports this measure in the spirit of funding necessary human services and ensuring access to medical care for pregnant women and children.

The HMA agrees that Medicaid is the cornerstone of health care for the most needy individuals in Hawaii. It is in the public interest to ensure that health care payments made with state funds or controlled by the State are sufficient to cover the actual costs of care. Inadequate reimbursement from Medicaid has compromised access to medical care because Hawaii has a high percentage of independent physicians who have no other means of making ends meet than by ensuring that the payments that they receive cover the cost of the services they provide.

As documented in numerous media reports, the inadequacy of medical care services, especially in specialty-care coverage in rural areas and on the neighbor islands, has reached a critical level. Hawaii's physicians serving Medicaid-eligible persons have been adversely affected by the inadequacy of Medicaid reimbursements and as a result there is a severe access to care crisis for the Medicaid population. This measure will go a long way to help serve Hawaii's most needy patients.

These changes relate only to creating parity in reimbursement increases for SCHIP. SCHIP covers pregnant women and children. HMA believes that they should be given the same access to care as other Medicaid recipients. Thank you for the opportunity to provide this testimony.

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**LEGAL AID
SOCIETY OF HAWAII**

Telephone: (808) 536-4302 • Fax: (808) 527-8088
Mailing Address: P.O. Box 37375 • Honolulu, Hawaii 96837-0375
924 Bethel Street • Honolulu, Hawaii 96813

Calvin Pang, Esq.
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M. Nalani Fujimori Kaina, Esq.
Executive Director

**COMMENTS IN SUPPORT OF
HB1905 HD2 SD1 - RELATING TO HEALTH AND HUMAN SERVICES**

Committee on Ways and Means
Senator David Ige, Chair
Senator Michelle Kidani, Vice-Chair

March 29, 2012 at 9:00 a.m.

The Legal Aid Society of Hawaii submits testimony in support of HB1905 HD2 SD1 – Relating to Health and Human Services, Part I. Part I would allow the Department of Human Services to transfer unused funds from other programs when necessary to maintain a basic level of support for general assistance. General assistance is a program which provides financial assistance to disabled adults without children. The limited assistance that it provides can be critical to helping a disabled adult maintain housing or get access to basic necessities. It also provides a critical bridge for disabled adults who are seeking disability assistance from social security and upon award of social security; the state is repaid for the general assistance paid to the disabled adult.

Because general assistance is a block grant, assistance levels are determined based on the number of people in the community needing assistance. As these number rise (as they have over the last few years because of the economy), the assistance amount is reduced. Currently, the amount of assistance received by a disabled adult on general assistance is \$319 per month. Further, because of current demand and without an emergency appropriation this fiscal year, this amount may drop to \$188 in the month of June.

This bill would allow the Department of Human Services to utilize savings from other programs to maintain benefit levels and not have to seek an emergency appropriation.

General Assistance is the safety net and without it, far more people would be facing homelessness and would not have hope to get themselves back on their feet. FDR once said, “The test of our progress is not whether we add more to the abundance of those who have much, it is whether we provide enough for those who have too little.” I hope my support as a member of the Financial Assistance Advisory Council helps to provide just a little to those for whom the safety net was created.

Thank you for this opportunity to provide testimony.

Sincerely,

M. Nalani Fujimori Kaina
Executive Director

The Legal Aid Society of Hawaii (Legal Aid) is the only legal service provider with offices on every island in the state, and in 2011 provided legal assistance to over 10,000 Hawai'i residents in the areas of consumer fraud, public assistance, family law, the prevention of homelessness, employment, protection from domestic violence, and immigration. Our mission is to achieve fairness and justice through legal advocacy, outreach and education for those in need.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: ajc@aloha.net
Subject: Testimony for HB1905 on 3/29/2012 9:00:00 AM
Date: Tuesday, March 27, 2012 5:50:04 PM

Testimony for WAM 3/29/2012 9:00:00 AM HB1905

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Alika Campbell
Organization: Individual
E-mail: ajc@aloha.net
Submitted on: 3/27/2012

Comments:

I would like to echo the comments submitted by Betty Lou Larson in support of parts 1 and part 5. Part 1 could help to maintain GA payments which serve as a vital safety net for many of our most needy ohana members. The work of the Interagency Council on Homelessness is vital so I support part 5.