



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

February 28, 2011

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Patricia McManaman, Interim Director

SUBJECT: H.B. 569, H.D.1 - RELATING TO MEDICAID

Hearing: Monday, February 28, 2011; 1:30 p.m.
Conference Room 308, State Capitol

PURPOSE: The purposes of this bill are to: Part I - Require recipients of medical assistance under any Medicaid program administered by the Department of Human Services to re-enroll annually; Part II - Establish a Joint Legislative Medicaid Task Force; and Part III - Require reimbursement parity for Medicaid beneficiaries in the same level of care in a community based facility.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports Part I of this bill. DHS opposes Part III because Medicaid funds cannot be used to pay for the cost of room and board.

Regarding Part I, this bill does not change eligibility criteria, rather it helps ensure that individuals who are no longer eligible for medical assistance stop receiving it.

Although this bill uses the term "re-enrollment," the effect of this bill is simply to remove passive renewal, not to require re-enrollment such as through annual re-application. This bill allows the continuation of self-declaration.

As a general matter, passive renewal currently exists for households that have a child recipient of medical assistance. When the household comes up for its annual review, it receives a notice that includes information DHS currently has in its system such as income, assets, household size, and address. Passive renewal means that if someone does not actively return the notice indicating no change, DHS will assume that the information, and therefore eligibility, has not changed.

DHS is required by the Centers for Medicare and Medicaid Services to conduct Medicaid Eligibility Quality Control. Of the cases analyzed, approximately 60-70% were confirmed eligible, approximately 7-10% were confirmed ineligible, and approximately 15-30% did not provide information to allow a determination. Reasons for ineligibility include a change in income, assets, household size, receipt of employer sponsored health insurance, relocation outside Hawaii, and death.

Regarding Part III, the standard terms and conditions of the QUEST Expanded 1115 Demonstration Project issued by the Centers for Medicare and Medicaid Services (CMS) specifically excludes room and board as a benefit eligible for expenditure of Medicaid funds. Many people who reside in Community Care Foster Family Homes and Adult Residential Care Facilities receive Supplemental Security Income (SSI) and the State Supplemental Payment (SSP) which they use to pay for their room and board. Others may pay for their room and board as part of their "spend-down" or "cost-sharing" to meet Medicaid eligibility.

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



Hawai'i Primary Care Association

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House Committee on Finance

The Hon. Marcus R. Oshiro, Chair

The Hon. Marilyn B. Lee, Vice Chair

Testimony in Opposition to House Bill 569 RELATING TO MEDICAID

Submitted by Beth Giesting, Chief Executive Officer
February 28, 2011 1:30 p.m. Agenda, Room 308

The Hawai'i Primary Care Association is strongly opposed to this measure, which would result in many people who are Medicaid-eligible being disenrolled from the system. Most would later have their coverage restored but only after considerable effort and costs to community health centers, hospitals, health plans, and the Department of Human Services.

According to the Health Policy Analysis Program at the University of Washington,

- Most failures of Medicaid enrollees to renew eligibility are due to procedural barriers, not substantive ineligibility.
- Reducing average enrollment through increased barriers to retention is an inefficient way to save state dollars because such policies add to administrative costs and lead to higher health care expenditures after individuals return to Medicaid.
- Movement of individuals on and off Medicaid contributes substantially to the total uninsured rate, which increases the overall costs to the health care system. Any policy that increases the uninsured rate is simply shifting costs to other parts of the health care system.
- Any cost analysis associated with this proposed change should include the substantially greater burden to the rest of the health care system including the burden of lost or delayed payments to the health care system – health plans, medical providers, and hospitals – and lost FMAP that helps sustain our health care industry. Additionally, all of these entities and DHS will have to divert resources to re-applying and re-approving applications for the vast majority of people dropped who remain eligible and will be reinstated in the program.

In addition, DHS is ill-equipped to handle the renewed surge in applications this triggered by this proposed change since staff has been cut back significantly and they already fail to meet required processing timelines.

Finally and most importantly, this would add to the burden on poor people, which has become nearly unbearable. The economic crisis that hit Hawai'i most markedly affected low-income workers. Many are still without incomes that approach the cost of living, making them eligible for Medicaid. With the loss of income came a loss of permanent address and phone number, and this makes the population most in need of coverage the most likely to lose it if this policy change is put into effect.

Thank you for this opportunity to testify in opposition to this measure.

Alliance of Residential Care Administrators

Is a professional association that has been advocating on behalf of the elderly adult residential care home industry through education, legislation and collective action in Hawaii since 1986

February 27, 2011

TESTIMONY IN STRONG SUPPORT OF HB 569

The 200 members of the Alliance of Residential Care Administrators (ARCA) Strongly supports HB 569 relating to MEDICAID annual re-enrollment and re-imburement for reason of parity for MEDICAID beneficiaries in the same level of care in a community based facility.

Currently Medicaid beneficiaries categorized as Level I in Foster homes is the same or equivalent level to Care Home Level in Adult Residential Care Homes.

Presently Level I clients in Foster Homes receives \$1,800.00/mo. The same or equivalent Level of Care in Care homes receives \$1,275.00/mo.

We are not asking for a pay raise considering the states present budgetary constraints due to limited funds. We are only asking or praying for re-imburement parity or commensurate amount of re-imburement for board and lodging food and services whether the beneficiary is in a Licensed Foster Home or Licensed Adult Residential Care Home.

Truly Yours,

**Medy De Lara
ARCA President**

"Caring is our Business"

**P. O. BOX 758 PEARL CITY, HAWAII 96782
E-MAIL: arcahi@yahoo.com**

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 28, 2011

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair

House Committee on Finance

Re: HB 569 HD1 – Relating to Medicaid

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 569 HD1 which would (1) require eligible recipients of Medicaid assistance annually to re-enroll with the Department of Human Services; (2) establish a joint legislative task force to examine issues related to the Medicaid program; and (3) allow for all Medicaid beneficiaries living in a community-based facility to receive a commensurate amount for board, lodging, and food services. HMSA takes no position on the Medicaid program re-enrollment and Medicaid reimbursement portions of this measure. But, we are supportive of the establishment of a Medicaid task force.

During the last legislative session, QUEST, Hawaii's Medicaid program, was facing an extensive budgetary shortfall. Thankfully the Legislature was able to pass an emergency appropriation measure so that contracted QUEST plans would continue to receive payment in a timely manner. While this issue was being discussed, the stakeholders have been meeting regularly to reach a common goal of preventing shortfalls in the program. This group has continued meeting during the legislative interim to examine ways to bend the cost curve for the QUEST program.

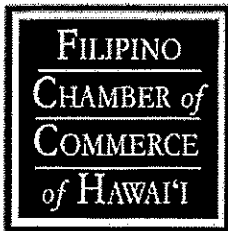
Because of the work to date, we appreciate the task force being formalized in statute and including representation from many of those who participated with the workgroup. Representatives from these organizations have been regularly attending meetings convened by the Senate on the Medicaid shortfall and we would respectfully request their inclusion within this measure.

Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDiesman', with a long horizontal flourish extending to the right.

Jennifer Diesman
Vice President
Government Relations



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FILIPINO CHAMBER OF COMMERCE OF HAWAII

Promoting Hawaii's Business Community since 1954

February 26, 2011

Testimony in Support of HB 569 – FIN – 2/28/11 1:30 p.m. Rm 308

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

The Filipino Chamber of Commerce (FCCH) supports HB 569, which seeks to standardize the reimbursement rates between Community Care Foster Family Homes (foster homes) and Adult Residential Care Homes (care homes) in cases where they provide the same services at the same acuity levels.

We believe the additional resources necessary to bring compensation to parity is money well-spent. Both foster homes and care homes provide 24-hour 7-days a week care for disabled and elderly. We appreciate and realize the State's budget situation, but the additional money needed would result in Medicaid savings.

Foster homes receive Medicaid reimbursement of approximately \$1,200-2,500 per month per client for nursing home level services. Similar services in a nursing home would cost at least \$7,000 per month per client. Thus, care in foster and care homes saves 65-75% of the cost of care in a full-service nursing home.

In summary, FCCH reiterates its support of HB 569 that would raise the pay of care homes to foster home levels.

Very truly yours,

Filipino Chamber of Commerce



AlohaCare

For a healthy Hawaii.

February 28, 2011
1:30pm
Conference Room 308

To: The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
House Committee on Finance

From: Paula Arcena, Director of Public Policy
Robert Toyofuku, Government Affairs

Re: HB569 Relating to Medicaid

Thank you for the opportunity to testify on HB569, which would require recipients of medical assistance under any Medicaid program administered by the Department of Human Services to actively re-enroll in such program every year; and eliminate automatic re-enrollment.

AlohaCare is **opposed** to HB569.

We support efforts to prevent abuse of the program because it takes away resources intended for those who truly need them, critical during our current fiscal crisis. However, we are concerned that such a policy needs to be carefully crafted to avoid unintended consequences.

For its most needy beneficiaries, QUEST health insurance coverage is a lifeline to services and medication that controls chronic disease and avoiding costly in-patient hospital treatment. For beneficiaries for whom literacy, language, homelessness, mental illness and other barriers to accessing health care, an annual re-enrollment requirement could be enough to cut them off from care resulting in expensive emergency hospital services ultimately paid for by the State of Hawaii.

In 2006, DHS introduced a policy called positive enrollment whereby QUEST recipients are involuntarily dis-enrolled from their health care plan and Primary Care Provider (PCP). QUEST recipients were then required to select a plan and PCP, either their former plan and PCP or new ones. Those who do not select a health plan are automatically assigned one by DHS, which could be a different plan.

Positive enrollment resulted in confusion among QUEST beneficiaries and providers, delays and disruptions of necessary medical care, loss of contact between enrollees and their primary care providers and unnecessary expense for all involved. DHS has since discontinued positive enrollment. We would like to avoid this kind of disruption which put at risk some of Hawaii's most medically fragile and vulnerable residents.

Thank you for the opportunity to testify on this important matter.

February 27, 2011

Dear Representative Oshiro and Representative Lee,

On behalf of the 120 members of the United Group of Home Operators (UGHO), we strongly support HB 569 relating to the Medicaid Recipients Reimbursement.

Thank you for consideration.

Sincerely,

Esther Pascaul
President UGHO

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, February 27, 2011 4:02 PM
To: FINTestimony
Cc: fajotinacarehome@aol.com
Subject: Testimony for HB569 on 2/28/2011 1:30:00 PM

Testimony for FIN 2/28/2011 1:30:00 PM HB569

Conference room: 308
Testifier position: support
Testifier will be present: Yes
Submitted by: Lilia Fajotina
Organization: Individual
Address:
Phone:
E-mail: fajotinacarehome@aol.com
Submitted on: 2/27/2011

Comments:

I Strongly Support HB 569. Thank you for allowing me to submit my testimony.

Lilia Fajotina
Administrator/Carehome Operator