

NEIL ABERCROMBIE
GOVERNOR



PATRICIA MCMANAMAN
DIRECTOR

BARBARA A. YAMASHITA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 15, 2012

TO: The Honorable John M. Mizuno, Chair
House Committee on Human Services

The Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2088 - RELATING TO MEDICAID**

Hearing: Thursday, March 15, 2012; 10:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to require the Department of Human Services (DHS) to notify the Legislature of any proposed changes and state plan amendments to the Medicaid program. The Legislature may then hold hearings on the proposed changes and prohibit such changes or require other changes to the Medicaid program.

DEPARTMENT'S POSITION: The Department of Human Services respectfully opposes this bill. While the DHS strongly supports transparency and public input, this overly cumbersome requirement will delay the implementation of necessary and required changes to the Medicaid program and have numerous unintended consequences, including loss of federal funding.

This bill will harm low-income individuals and health care providers. For example, this bill would have resulted in delaying, by many months, the coverage of foster youth

who will be aging out of the system. DHS has already started the process to obtain approval from the Centers for Medicare and Medicaid Services (CMS) to cover these individuals in increments up to 26 years of age by 2014. If required to follow the steps specified by this proposal, implementation may well be delayed for months. Other examples of where benefits would have been delayed include smoking cessation treatment in QUEST and QUEST Expanded Access and flu shots in the QUEST-ACE and QUEST-Net programs.

This bill will also delay paying hospitals disproportionate share hospital (DSH) payments negatively impacting their cash flow, delay capitation payments to health plans when there is a rate change, causing a disruption in payment to providers and potentially the provision of patient care as well, and loss of federal funds by not timely meeting federally mandated changes.

Programmatic changes require changes to Hawaii Administrative Rules. The rule-making process involves issuing a public notice, making proposed rules available for public review at least thirty days before a hearing for public comment is held, which provides an opportunity for public comment.

The part-time nature of the Legislature makes the notice requirements of this bill inefficient for the administration of the Medicaid program given the necessity to respond to new CMS regulations timely and the time already necessary to develop and get CMS approval for changes to the Medicaid program.

The broad scope of notice requirements in this bill requires notice of "any intended change," with no exception for federally mandated requirements, health or safety /emergency situations. It is also unclear as to when does the "intended change" begin. Does it begin with concept or during development or CMS consultation? Also, will notice

be required for any tweaking of the "intended change" during the development or consultation process.

DHS recommends deletion of subsection (b) and (c), since the Legislature already has the ability to require or prohibit changes by statute and, similarly, standing committees have existing authority to convene public hearings.

DHS will gladly work with the Legislature to increase input and transparency, but this bill poses far greater harm than benefit.

Thank you for the opportunity to testify on this bill.



HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John M. Mizuno, Chair

HOUSE COMMITTEE ON HEALTH
Rep. Ryan I. Yamane, Chair

Conference Room 329
March 15, 2012 at 10:00 a.m.

Testimony in support of SB 2088: Relating to Medicaid

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 SB 2088, which increases transparency in the process of making decisions about Hawaii's Medicaid program and enhances the involvement of the Legislature.

In our democratic form of government the Legislature is responsible for setting public policy, and the executive branch is responsible for carrying it out. The Legislature holds hearings on bills as a means of creating a forum for discussion and receiving input from the public. The opportunity for the public to have a voice in the creation of public policy is a fundamental principle of democracy.

The Department of Human Services (DHS) operates the Medicaid program, expending more than a billion dollars annually for a State program that is second in size only to public education. Historically, the Legislature has had very little oversight of the Medicaid program. As a result, DHS effectively sets Medicaid policy. Significant changes have been made to Hawaii's Medicaid program with little authoritative role played by the Legislature or input given by the public.

For example, three years ago DHS decided to shift from a fee-for-service approach to a managed care approach for providing care to Medicaid's aged, blind, and disabled population. Many advocates and providers of health care opposed the change, and many felt that their voices were not heard by DHS. This bill would enable the Legislature to hold public hearings on similar matters, and all interested parties would be 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. The Legislature, which is composed of members who are elected by the public, would be able to make decisions based on the many perspectives expressed by all interested parties.

Thank you for the opportunity to comment in support of SB 2088.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Human Services

The Hon. John Mizuno, Chair

The Hon. Jo Jordan, Vice Chair

House Committee on Health

The Hon. Ryan I. Yamane, Chair

The Hon. Dee Morikawa, Vice Chair

Testimony in Support of Senate Bill 2088

Relating to Medicaid

Submitted by Robert Hirokawa, Chief Executive Officer

March 15, 2012, 10:00am, Conference Room 329

The Hawai'i Primary Care Association supports the intent of Senate Bill 2088 requiring the Hawai'i Department of Human Services to notify the appropriate standing committees of any intended changes to Medicaid no later than sixty days prior to implementation.

We support this measure as a means to increase transparency into the operations of the State Medicaid programs, with emphasis on section (b) that allows committees to hold hearings regarding any proposed changes. Such hearings will be vital to providing community and consumer engagement by offering a platform for public comment.

We urge you to pass this measure out of committee and thank you for the opportunity to testify.

Testimony for HUS/HLT 3/15/2012 10:00:00 AM SB2088

Conference room: 329
Testifier position: Support
Testifier will be present: Yes
Submitted by: Scott Wall
Organization: United Self Help
E-mail: robertscottwall@yahoo.com
Submitted on: 3/14/2012

Comments:

Aloha Sen. Yamane, Sen. Mizuno, members of the committee.

My name is Scott Wall and I am writing on behalf of United Self Help. We strongly support this measure.

We feel that this is a natural part of the system of checks and balances written into our system of government.

Not only that but we feel that in a time such as this when our State is rebuilding our health care system and crafting it so that it meshes with the new Affordable Care Act to many things, all of which are to important, are going on at once for anyone to keep track of.

Therefore each and everyone of the myriad decisions made by any single department of government could have drastic, permanent, even life challenging effects on the people of the State of Hawai'i. All of this in reflection makes clear the importance of Legislative oversight over the actions of the Executive Branch.

Those old men in the wigs thought long and hard when they created this system of government. Let's think just as long and as hard before we remove on the protections that was written in it.

We oppose SB2088.

Mahalo,
Scott Wall
United Self Help

Testimony for HUS/HLT 3/15/2012 10:00:00 AM SB2088

Conference room: 329

Testifier position: Support

Testifier will be present: No

Submitted by: Hardy Spoehr

Organization: Papa Ola Lokahi

E-mail: hspoehr@papaolalokahi.org

Submitted on: 3/13/2012

Comments:

Aloha. Papa Ola Lokahi strongly supports this measure. Thank You