



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

February 23, 2012

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

FROM: Patricia McManaman, Director

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

Hearing: Thursday, February 23, 2012; 9:00 a.m.
Conference Room 211, 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 any change to the 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 coverage of

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, and delay capitation payments to health plans whenever rates change. This will result in a disruption in payment to providers and potentially impact the provision of patient care as well. This measure also exposes the State to a 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. The comment period and hearing provide an opportunity for the public to respond to proposed changes in a meaningful forum.

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 timely respond to new CMS regulations.

The 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.



SENATE COMMITTEE ON WAYS AND MEANS
Senator David Ige, Chair

Conference Room 211
February 23, 2012 at 9:00 a.m.

Comments 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.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: robertscottwall@yahoo.com
Subject: Testimony for SB2088 on 2/23/2012 9:00:00 AM
Date: Thursday, February 16, 2012 4:54:34 PM

Testimony for WAM 2/23/2012 9:00:00 AM SB2088

Conference room: 211
Testifier position: Support
Testifier will be present: Yes
Submitted by: Scott Wall
Organization: United Self Help
E-mail: robertscottwall@yahoo.com
Submitted on: 2/16/2012

Comments:

We believe that it is important for an agency of the State to report regularly back to the Legislature about their activities. We believe that it is a fundamental part of our governments system of checks and balances. In a year such as this when virtually our entire health care system is being re-written no individual department within the executive branch should be allowed to opporate unchecked by the Legislature which does, in fact, represent the people.

February 16, 2012

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TO: Senator David Ige, Chair of the Ways and Means Committee & Members
Health Hearing on Thursday, February 23, 2012, 9:00 a.m. in Room #211

SUBJECT: SB2088 Relating to Medicaid Changes - Please support!

I have been a mental health advocate for over 20 years helping others understand and navigate the government system. Recently, I have been a part of mental health and Medicaid task groups. I believe that after the changes made under the former administration's director of human services (DHS), that the standing committees who had primary responsibility for Medicaid issues in the senate and house of representatives, should be notified about any intended changes to Hawaii's Medicaid program.

I was dual-eligible, receiving a monthly income of less than \$900 from Social Security. I was dependent on DHS for any foodstamps I could receive. But they were able to pay my monthly Medicare premium and any medical charges that Medicare could not cover. These benefits were vital for me to receive treatment, which I could otherwise not afford. Many individuals do not know about DHS services.

If essential benefits such as these are not available or is cut off with little foresight by DHS, then expenses will only be shifted to other departments at a greater cost, such as the police, emergency rooms, hospitals, public safety, and the judiciary system. Please support this bill!

Mahalo and Aloha!

Ellen K. Awai
Mental Health Advocate

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: robertscottwall@yahoo.com
Subject: Testimony for SB2088 on 2/23/2012 9:00:00 AM
Date: Monday, February 20, 2012 1:32:52 PM

Testimony for WAM 2/23/2012 9:00:00 AM SB2088

Conference room: 211
Testifier position: Support
Testifier will be present: Yes
Submitted by: Scott Wall
Organization: Individual
E-mail: robertscottwall@yahoo.com
Submitted on: 2/20/2012

Comments:

I believe that this bill will require that the Department of Human Services recognize and participate in the basic system of checks and balances that are built into our government. In a year such as this when we are rebuilding our health care system to comply with the Affordable Care Act no single department in the executive branch should be allowed to opporate on their own without legislative oversight.