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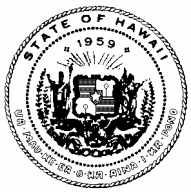

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 29, 2012

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

FROM: Patricia McManaman, Director

SUBJECT: S.**B. 2092, S.D.1 - RELATING TO HEALTH**

Hearing: Friday, February 24, 2012; 9:15 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) 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 statewide for

all insurers has been reported by the community to range 150-200, the average number of waitlisted QUEST Expanded Access (QExA) recipients has been stable around 20 for the past few months. As of January 2012, there were 17 waitlisted QExA recipients.

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 are 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 and unable to pay. 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 expenditures.

The requirement to issue a determination within 5 days of receiving information from the family ignores the increased complexity of application materials. Due diligence in reviewing trusts, annuities, and other financial documents should not be compromised along with program integrity. Eligibility staff has a primary responsibility as stewards of tax-payer funds, which should not be discounted and disregarded.

The minimum number of documents required by this bill to determine eligibility is 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 so the minimum documents required in this

bill will result in a high number of ineligible recipients being presumptively eligible and increasing the State's costs.

In addition, physician determinations that patients meet nursing facility level of care criteria are reviewed by an independent entity, and many are not approved as physicians are not aware of the criteria the Department uses to determination levels of care. By having a physician licensed in the State to provide proof of level of care is unclear and will bypass current program integrity and the independent review process 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.

Thank you for the opportunity to testify on this bill.

From: mailinglist@capitol.hawaii.gov
To: WAM Testimony
Cc: hspoehr@papaolalokahi.org
Subject: Testimony for SB2092 on 2/29/2012 9:15:00 AM
Date: Wednesday, February 29, 2012 9:00:01 AM

Testimony for WAM 2/29/2012 9:15:00 AM SB2092

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Hardy Spoehr
Organization: Papa Ola Lokahi
E-mail: hspoehr@papaolalokahi.org
Submitted on: 2/29/2012

Comments:
Aloha. Papa Ola Lokahi strongly supports this measure. mahalo.

Healthcare Association of Hawaii

SENATE COMMITTEE ON WAYS AND MEANS
Senator David Ige, Chair

Conference Room 211
February 29, 2012 at 9:15 a.m.

Commenting in support of SB 2092 SD 1: Relating to Health

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 provide comments in support of SB 2092 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 studied the problem, wrote a report, and submitted it to the Legislature. 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, 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 express our support for SB 2092 SD 1.