

NEIL ABERCROMBIE
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March 29, 2012

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

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2808 - MAKING AN EMERGENCY APPROPRIATION TO THE
DEPARTMENT OF HUMAN SERVICES FOR HEALTH CARE
PAYMENTS.**

Hearing: Thursday, March 29, 2012; 10:00 a.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is to make an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2011-2012 to address the budget shortfall in for the health care payments program (HMS 401) in the Department of Human Services.

DEPARTMENT'S POSITION: The Department of Human Services strongly supports this Administration bill to appropriate \$11,881,157 in general funds for an emergency appropriation for fiscal year 2011-2012 for health care payments (HMS 401) to address a funding shortfall in the Medicaid program.

Projected funding shortfalls in key programs and in payroll made it necessary for the Department of Human Services to transfer \$11,431,375 in general funds from HMS 401, Health Care Payments, and \$314,233 in general fund savings from HMS 903, General Support for Self-Sufficiency. The shortfalls were as follows:

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(1) \$6,800,000 in HMS 301, Child Protective Services, for purchase of service contracts and for payroll. These purchase of service contracts ensure the safety and well-being of children who have been abused and neglected and support foster families. These services include family strengthening, counseling, voluntary case management, multi-disciplinary team, foster home recruitment and licensing and other vital services to victims of child abuse and/or neglect and their families. The services are mandated by Federal and State statutes and court ordered in cases under the jurisdiction of the Family Court;

(2) \$1,546,562 in HMS 902, General Support for Health Care Payments, for general administrative costs. Without the transfer from HMS 401, the Med-QUEST Division would not have been able to fund even basic supplies;

(3) \$500,000 in HMS 904, General Administration, for essential departmental information technology maintenance and support; and

(4) Payroll shortfalls created by fiscal restraint reductions in the fiscal year 2011-2012 of: (a) \$677,508 in HMS 236, Case Management for Self-Sufficiency Services;

(b) \$604,745 in HMS 301, Child Protective Services;

(c) \$1,022,465 in HMS 902, General Support for Health Care Payments; and

(d) \$594,328 in HMS 904, General Administration.

This transfer of funds was approved by the Governor pursuant to section 95 of Act 164, Session Laws of Hawaii 2011, which permits transfers of funds between programs within an expending agency.

The \$314,233 transferred from HMS 903 is anticipated payroll savings. However, the transfer of the \$11,431,375 from HMS 401 has resulted in the Department not being able to cover payments to the Medicaid health plans and providers for this fiscal year

2011-2012. In addition, enrollment in the Medicaid programs, primarily in the QUEST program, continued to increase, resulting in a shortfall of another \$449,782 in general funds.

Without this emergency appropriation of general funds, payments to the Medicaid health care plans and providers will have to be deferred for one month at the end of the current fiscal year.

This emergency appropriation will mean that payments to health plans and providers will not need to be deferred. Continuing timely payments to health plans and providers from HMS 401 will ensure that there is no disruption in the provision of medically necessary services to program recipients.

Thank you for the opportunity to testify on this measure.



HOUSE COMMITTEE ON FINANCE
Rep. Marcus Oshiro, Chair

Conference Room 308
March 29, 2012 at 10:00 a.m. (Agenda #1)

Supporting SB 2808: Making an Emergency Appropriation to the Department of Human Services for Health Care Payments

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 testify in support of SB 2808, which makes an emergency appropriation to the Department of Human Services for health care payments (HMS 401).

Due to a shortfall in the State budget, funds were transferred from health care payments (HMS 401) to other programs, in turn creating a shortfall in HMS 401. HMS 401 supports Hawaii's Medicaid program, which now covers more than one in five residents of Hawaii. This appropriation helps ensure the uninterrupted payments to providers for the provision of medically necessary services to low-income adults and children.

For the foregoing reasons the Healthcare Association of Hawaii supports SB 2808.

HMSA



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March 29, 2012

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

House Committee on Finance

Re: SB 2808 – Making an Emergency Appropriation to the Department of Human Services for Health Care Payments

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to support SB 2808 which appropriates an emergency appropriation for various programs in the Department of Human Services (DHS), including the MedQUEST Division.

During the course of the year, DHS was required to transfer \$11,431,375 from the MedQUEST program to cover shortages in other programs. This emergency appropriation will allow DHS to reimburse the MedQUEST account. Additionally, increased enrollment in the QUEST program has resulted in a \$449,782 shortfall in that program. Passage of the Bill will ensure the QUEST program is able to cover those shortages and allow health care providers are properly reimbursed.

Thank you for this opportunity to support SB 2808.

Sincerely,

Jennifer Diesman
Vice President
Government Relations



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Thursday, March 29, 2012

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

From: 'Ohana Health Plan

Re: Senate Bill 2808-Making an Emergency Appropriation to the Department of
Human Services for Health Care Payments

Hearing: Thursday, March 29, 2012, 10:00 a.m.
Hawai'i State Capitol, Room 308

'Ohana Health Plan is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.6 million Medicaid and Medicare members nationwide. 'Ohana has been able to take WellCare's national experience and that of our local team to develop an 'Ohana care model that addresses local members' health care, long-term care and care coordination needs.

Thank you for this opportunity to testify in support of Senate Bill 2808-Making an Emergency Appropriation to the Department of Human Services for Health Care Payments. This bill will appropriate \$11,881,157 in general funds for an emergency appropriation for fiscal year 2011-2012 for health care payments (HMS 401) to address the funding shortfall in the Med-QUEST health care programs as the result of the transfer of funds in fiscal year 2011-2012 and increase in Medicaid enrollment. Passage of this measure will ensure continued timely payments to the five contracted health plans and will ensure that there will be no disruption in the provision of medically necessary services to program recipients.

Thank you for this opportunity to testify in support of Senate Bill 2808-Making an Emergency Appropriation to the Department of Human Services for Health Care Payments.