



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES

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

February 17, 2012

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

FROM: Patricia McManaman, Director

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

Hearing: Friday, February 17, 2012; 11:00 a.m.  
Conference Room 211, 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 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:

(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.



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Friday, February 17, 2012

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

From: 'Ohana Health Plan

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

Hearing: Friday, February 17, 2012, 11:00 a.m.  
Hawai'i State Capitol, Room 211

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'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.