



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

March 17, 2011

MEMORANDUM

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. 425, S.D.3 – RELATING TO MEDICAID**

Hearing: Thursday, March 17, 2011; 10:35 a.m.
Conference Room 329, Hawaii State Capitol

PURPOSE: The purpose of this bill is to create a wellness pilot program within Medicaid and to appropriate funds for the pilot program. This bill would also establish a Joint Legislative Task Force on Medicaid.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill to create a wellness pilot program. Creating evidence-based health and wellness alternatives that reduce incidence of chronic disease and support Medicaid recipients in maintaining healthier lifestyles is a laudable goal.

Given the State's fiscal situation, however, and the necessity for DHS to request an emergency appropriation of \$57.5 million in general funds for the current fiscal year to cover the shortfall in the medical assistance program, DHS does not support a new general fund appropriation at this time for a wellness pilot project when

those funds could instead be used for other purposes such as preserving health care benefits.

Thank you for the opportunity to provide testimony on this bill.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 17, 2011

The Honorable John M. Mizuno, Chair
The Honorable Ryan I. Yamane, Chair
House Committees on Human Services and Health

Re: SB 425 SD3 – Relating to Medicaid

Dear Chair Mizuno, Chair Yamane, and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 425 SD3. Part I and II of this measure would create and fund a wellness pilot program for individuals receiving services under Medicaid programs. Part III of this measure creates the Joint Legislative Task Force on Medicaid. HMSA supports this effort.

HMSA has been promoting the concept of wellness to our QUEST members for many years through the provision of various programs, screenings and educational outreach in the form of written materials and classes. These include:

- HealthPass – A health risk assessment and biometric screening
- Health Coaching – Classes, free to HMSA members, which provide the tools to quit smoking; how to develop a weight management and physical activity program; understand nutrition and manage stress
- Screening and Vaccination Reminders – A personalized birthday card reminding members to get needed services. (Members receive reminders based on age, sex, and recommendations in HMSA's Preventive Care Guidelines)
- He Hapai Pono - Provides an expectant woman and her family with educational materials, personal support with phone access to an OB-experienced registered nurse five days a week, guidelines on recognizing early warnings of complications, and information on risk factors

We believe that the provision of these services along with others, has the ability to affect our members' health outcomes in a positive fashion.

It is important to note that the wellness program outlined in SB 425 SD3 should examine any opportunities contained within federal legislation known as the Affordable Care Act (ACA). The ACA has numerous provisions for Medicaid demonstration programs around payment reform emphasizing quality outcomes which could fit neatly with the proposed wellness program outlined in this measure.

Additionally, the shortfall in Medicaid payments which occurred last session prompted the formation of a group consisting of all stakeholders and has been meeting regularly since then to discuss issues around the state's Medicaid program. We appreciate the language in Part III of this measure which would formalize the creation of the Joint Legislative Task Force on Medicaid. We believe that continued dialogue between all of the stakeholders is needed and we look forward to continue participating as a member of this group.

Thank you for the opportunity to offer testimony in support of SB 425 SD3.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDiesman', written over a white background.

Jennifer Diesman
Vice President
Government Relations

Hawaii Medical Service Association

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Thursday, March 17 2011; 10:35 a.m. Conference Room 329

To: COMMITTEE ON HUMAN SERVICES
Rep. John M. Mizuno, Chair
Rep. Jo Jordan, Vice Chair

COMMITTEE ON HEALTH
Rep. Ryan I. Yamane, Chair
Rep. Dee Morikawa, Vice Chair

From: Hawaii Medical Association
Dr. Morris Mitsunaga, MD, President
Linda Rasmussen, MD, Legislative Co-Chair
Dr. Joseph Zobian, MD, Legislative Co-Chair
Dr. Christopher Flanders, DO, Executive Director
Lauren Zirbel, Community and Government Relations

Re: SB 425 SD 3 RELATING TO MEDICAID

The HMA is interested in authorizing and evaluating health and wellness alternatives that reduce the incidence of chronic disease. We look forward to working with other stakeholders to support Medicaid and QUEST recipients in adopting and maintaining healthier lifestyles, and reducing the costs of health care expenditures associated with emergency care and other hospital-based treatments for avoidable chronic diseases.

Integrating nutrition, exercise, and medical best practices not currently covered by health insurance, **such as reimbursement for obesity treatment and prevention**, can be used to achieve significant and positive results for patient health. Education, counseling, and other best practices not currently covered by health insurance can be used to reduce childhood obesity. **JABSOM has a very strong complementary and alternative medicine (CAM) program, which may also be helpful to consult with on the issue of promoting good health and wellness.**

QUEST currently reimburses at below cost and is very administratively burdensome. Because Physicians are often unable to have their treatments approved by QUEST plans, and experience much difficulty as a result of denied payment, there is a severe access to care crisis for our States QUEST population and our neighbor islands, which have a high population of QUEST patients.

The HMA agrees with the legislature that it would be prudent to establish a legislative task force to examine issues relating to Medicaid shortfalls, and to work toward a goal of preventing future shortfalls in the program. **The HMA is very grateful to the legislature for the opportunity to work on these important problems in the joint legislative task force on Medicaid.**

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HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John Mizuno, Chair

HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
March 17, 2011 at 10:35 a.m.

Supporting SB 425 SD 3.

The Healthcare Association of Hawaii (HAH) 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. Our members employ more than 40,000 people statewide, delivering quality care to the people of Hawaii. Thank you for this opportunity to testify in support of the Joint Legislative Task Force on Medicaid created by SB 425 SD 3.

Last year the State faced a shortfall in Medicaid funding that would have resulted in multiple months of delayed payments to health plans contracted by the State's Medicaid program to provide services to Medicaid enrollees. A shortfall of that magnitude would have resulted in delayed payments to health care providers. While some of the providers could have absorbed the delays, others would have found themselves in severe financial difficulty. Some of them would have been forced to go out of business.

The Healthcare Association convened a group of health plans, providers, and other interested parties to lobby for an emergency appropriation to reduce the Medicaid shortfall. Last year the Legislature passed SB 1178, which was enacted as Act 33, SLH 2010. This appropriation supported reimbursement for providers, and the financial crisis was averted -- but only temporarily.

The State faces another substantial Medicaid shortfall in the current fiscal year. The Department of Human Services has suggested a number of ideas for reducing Medicaid costs that deserve serious consideration. The task force will bring together DHS, insurers, providers, and other stakeholders, so they can examine these and other potential solutions, with the hope that they will collaborate to make Hawaii's Medicaid program sustainable in the long term.

The Healthcare Association takes no position on Part II of the bill, which creates a Medicaid wellness pilot program.



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Thursday, March 17, 2011

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

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

From: 'Ohana Health Plan

Re: Senate Bill 425, Senate Draft 3-Relating to Medicaid

Hearing: Thursday, March 17, 2011, 10:35 a.m.
Hawai'i State Capitol, Room 329

Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana 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 2.3 million Medicaid and Medicare members nationwide. 'Ohana is able to take the national experience in providing an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to submit our comments on Senate Bill 425, Senate Draft 3-Relating to Medicaid. We limit our comments in support to Section 3 of this bill, which establishes a Joint Legislative Task Force of Medicaid.

Section 3 of this bill will lend stronger legislative support to an ad hoc working group that was established during the last legislative session in response to the Department of Human Services' proposal to delay payments to their five contracted QUEST health care plans by 3-4 months. The Medicaid Shortfall Coalition has been actively meeting since that time and is committed to continuing our work in order to ensure that health care becomes a higher priority as we move forward.

We are also committed to working together proactively to find solutions to reign in costs in our state's Medicaid program, as well as find new ways to bring in additional revenue for the sake of health care for our state's most vulnerable population.

Thank you for the opportunity to provide these comments on this measure.



Papa Ola Lokahi
Nana I Ka Pono Na Ma

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Papa Ola Lokahi

is a non-profit Native Hawaiian organization founded in 1988 for the purpose of improving the health and well-being of Native Hawaiians and other native peoples of the Pacific and Continental United States.

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Hui No Ke Ola Pono

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TESTIMONY: SB 425, SD3, Relating to Medicaid

HOUSE COMMITTEE ON HUMAN SERVICES

Rep. John Mizuno , Chair
Rep. Jo Jordan, Vice Chair

HOUSE COMMITTEE ON HEALTH

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Rep. Dee Morikawa, Vice Chair

Hardy Spoehr, Executive Director

Thursday, March 17, 2011

10:35 am

Conference Room 329
State Capitol

Aloha Chairs Mizuno and Yamane, Vice Chairs Jordan and Morikawa and Members of the House Committees on Human Services and on Health. Papa Ola Lokahi (POL) strongly supports this measure but requests that there be added to the task force a representative from Papa Ola Lokahi, the Native Hawaiian Health Board, who will represent the Native Hawaiian Health Care Systems.

The Native Hawaiian Health Care Systems operate on all the major islands and have more than 26,000 clients, most of who are Native Hawaiian and are Medicaid recipients. Without this health infrastructure represented on the task force there is a serious gap in its coverage of the state's Medicaid population.

Thank you for the opportunity to provide testimony on this important measure.