



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

February 4, 2014

TO: The Honorable Mele Carroll, Chair
House Committee on Human Services

The Honorable Mark M. Nakashima, Chair
House Committee on Labor and Public Employment

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 2295 - RELATING TO APPOINTMENT OF EXEMPT
PERSONNEL IN THE DEPARTMENT OF HUMAN SERVICES
FOR THE STATE MEDICAL ASSISTANCE PROGRAMS**

Hearing: Tuesday, February 4, 2014; 11:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of the bill is to allow the Director of Human Services to appoint and employ permanent exempt professional staff; prescribe their duties and qualifications; and fix their salaries, not subject to chapter 76, Hawaii Revised Statutes (HRS), when in the determination of the director, the services to be performed are unique and essential to the execution of the functions of the state medical assistance programs.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration measure. The Med-QUEST Division (MQD) is the single state agency for Hawaii that is designated to administer the Medicaid program. This bill will provide the Director flexibility to recruit, hire and compensate high level managerial

and professional staff to manage critical functions of the \$1.8 billion medical assistance programs.

To support MQD's efforts to eliminate fraud, waste, and abuse, the DHS respectfully requests amending this measure by adding "program integrity positions" to the list of positions for which exemption from chapter 76 is being sought. The DHS has had difficulty recruiting and retaining program integrity staff resulting in vacant positions. This measure will provide the DHS with an important tool to help ensure sufficient program integrity staffing and increase program integrity activities. The program integrity staff (investigators, registered nurses, program management analysts, and auditors) are responsible for ensuring contractual accountability by contracted health plans and health care providers through review of reports and encounter/claims data, meeting with health plan staff to ensure program integrity efforts are being conducted in accordance with contract requirements, and coordination of reporting and investigations of potential fraud/abuse cases with the Department of Attorney General's Medicaid Fraud Control Unit.

The majority of the MQD exempt positions have been on a temporary exempt status under the QUEST Demonstration Project. However, the QUEST Demonstration Project exemption is no longer appropriate given that the QUEST program has proven to be a cost effective and efficient way to provide health care coverage to low income adults and children.

The MQD is working on converting many of its existing exempt positions to civil service status over the next year but is seeking statutory exemption for the identified positions in the bill (which already includes a division administrator, branch and office administrators, a finance officer, a research officer, a privacy and security compliance officer, a health information technology officer, physicians, pharmacists, and dentists), as they are

unique and essential for the continued administration of one of the largest and complex programs in the State.

The identified positions require exceptional knowledge of complex federal health care regulations, must have detailed technical and specialized awareness and knowledge of health care trends and different health care delivery systems, the ability to negotiate and discuss program requirements with federal partners at the Centers for Medicare and Medicaid Services (CMS), and provide skilled oversight of program activities. Without the required knowledge, leadership, and skills of the identified positions, millions of federal matching dollars received by the State could be lost if found to be out of compliance with required federal regulations.

The recruitment of qualified individuals with the salary ranges necessary to attract individuals with the requisite knowledge for these specialized positions is not possible under the State civil service system requirements of chapter 76, HRS. Without the permanent exemption, it will be very difficult to maintain the quality of Medicaid services and stay at the forefront through transformation of the Medicaid program and services. It should be noted that the Commonwealth Fund recently identified Hawaii as the best state in the nation for healthcare system for low-income individuals. The ever changing complexity, including information technology, of how health care services and programs are provided and the need to meet federal health care requirements makes it necessary to ensure that the State is able to compete in recruiting, hiring, and retaining the best possible individuals to ensure Hawaii continues to provide high quality and efficient health care to all its residents.

Thank you for the opportunity to testify on this bill.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Seventh Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Human Services
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association
February 4, 2014

H.B. 2295 – RELATING TO APPOINTMENT OF EXEMPT
PERSONNEL IN THE DEPARTMENT OF HUMAN SERVICES
FOR THE STATE MEDICAL ASSISTANCE PROGRAMS

The Hawaii Government Employees Association opposes H.B. 2295. We cannot support the provision in the bill that would allow the exemption of a wide range of staff persons within the Department of Human Services (DHS) from Chapter 76, HRS. This particular type of exemption from civil service has become all too prevalent and is inconsistent with purpose and intent of Article XVI of the Hawaii State Constitution and Section 76-1 HRS. There are over 1,000 exempt employees under the specific exemption used in this bill – Section 76-16 (b) (17), HRS.

The problems and challenges created by exempt positions are that while most are included in HGEA bargaining units, and the union collects dues from them, they are not protected under the discipline and reduction-in-force article for bargaining units 3, 4 and 13. They are also ineligible for step movements. Exempt employees in Unit 13 are also precluded from earning overtime. Many of these exempt employees have been employed by the State of Hawaii for years and provide valuable service to their respective departments, yet they are not treated fairly by the employer.

There is simply no legitimate reason for so many employees of the State Medical Assistance Program to be exempted from Chapter 76, HRS. These positions should be filled within the civil service system. If there are problems with the state civil service system, those should be corrected before we automatically default to creating more exempt positions.

The state's civil service system needs significant reform so that it can preserve the merit principle while at the same time being flexible and responsive enough to meet the demands of departments like DHS. In other words, the civil service system must be adaptable to change, including changes in the state's demographics, the organization of work, and the conceptions of work and career on the part of employees. We appreciate the opportunity to testify in opposition to H.B. 2295.

Respectfully submitted,

Randy Perreira
Executive Director

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 04, 2014 9:49 AM
To: HUSstestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB2295 on Feb 4, 2014 11:00AM*



HB2295

Submitted on: 2/4/2014

Testimony for HUS/LAB on Feb 4, 2014 11:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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