



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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LATE

March 11, 2014

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

FROM: Barbara A. Yamashita, Deputy Director

SUBJECT: **S.B. 2845, S.D. 1 - RELATING TO APPOINTMENT OF EXEMPT
PERSONNEL IN THE DEPARTMENT OF HUMAN SERVICES FOR
THE STATE MEDICAL ASSISTANCE PROGRAMS**

Hearing: Tuesday, March 11, 2014;
10:00 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 in Hawaii that is designated to administer the Medicaid program.

The DHS respects the efforts of others to ensure that exempt positions are appropriately established. The DHS and, specifically, our MQD has been working to convert exempt positions to civil service positions where appropriate and possible. The MQD also intends to convert a

number of positions responsible for ensuring the integrity of data related to program enrollment and eligibility, as well as those serving as liaisons between eligibility and information technology staff.

This bill will allow the Director to retain the expertise and level of experience and competencies that currently exist in the leadership of the MQD. These highly qualified positions require knowledge of the federal regulations, guidelines, policies and administrative directives necessary to lead and direct the MQD. In addition, the positions require in-depth knowledge of the Affordability Care Act (ACA) that have led to the development and implementation of the MQD eligibility system to achieve compliance with the new ACA requirements.

The DHS is fortunate in having highly qualified individuals in the top managerial levels of the MQD with the skill sets required to have successful medical assistance programs. These qualities and skill sets, by position, of the existing personnel include, and are not limited to, the following:

- Administrator: Clinical expertise and credentials including board certification; experience working for the Centers for Medicare and Medicaid Services; national reputation and expertise in evidence based policy and practice; advanced training in health services research; graduate level education in government leadership and management; in depth knowledge of the health care system including financing, organization and delivery; related federal and state regulatory requirements; knowledge of the Hawaii healthcare system to include the related reimbursement and payment regulations and practices; state procurement regulations and experience that coincides with the responsibility of overseeing and leading a \$1.8 billion dollar state program.

- **Financial Officer:** Extensive knowledge of healthcare financing including federal and state regulations of healthcare reimbursement including 1115 waiver financing and cost reporting ; third party liability collections, fraud, waste and abuse activities; potential use for and receipt of federal funding; state fiscal requirements to include procurement and budgeting processes of the State; ability to work with healthcare providers and actuaries to ensure compliance with regulations and to understand cost projections and reimbursement; and experience to oversee all aspects of finances necessary to oversee and develop projections for a \$1.8 billion dollar budget.
- **Healthcare Services Branch Administrator:** Extensive knowledge of the service delivery systems; experience in Hawaii as a nursing facility administrator; knowledge of best practices in health care, health care quality assurance practices, age appropriate services and related federal and state regulations; the procurement system (federal and state laws); health care billing and cost allocations; extensive experience in health services purchasing and health plans which are all necessary for the procurement of health plans and oversight of the contracts to ensure the delivery of health care services to those who are Medicaid eligible.
- **Research Officer:** This position oversees the data collection and analysis of complex healthcare data; develops reports as needed and translates data into useful information for mandatory federal reporting, decision making and other oversight requirements.
- **Medical Director:** Clinical experience and extensive knowledge of health care services to establish medical standards and protocols for all Med-QUEST programs including analysis of utilization data and reports to make recommendations to the Division Administrator on services or changes to current policies, developing

program improvement plans, and external quality reviews of Medicaid programs..

Administrative skills and experience for reviewing and coordinating the work of the contractors who determine the level of care for individuals seeking long term or home and community-based services, determining disability on the Aid to Disability Review Committee, and administrative review hearings and court proceedings. The Medical Director works with health plan medical directors to ensure the quality of health care services that include preventive, acute, primary care and long term care services.

These positions being requested for exemption all 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 and 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 as a result of the loss of high level expertise and experience.

Persons with the specialized experience and expertise necessary to effectively perform in the above-described positions have and will likely continue to come to us from the private sector, where commensurate salaries greatly exceed what is permitted when filling civil service positions.

Additional positions that we believe should also be exempt from civil service requirements and whose incumbents must possess very specialized knowledge and experience include:

- Privacy and Compliance Security Officer (HIPAA Manager): This individual has extensive knowledge of the HIPAA requirements and ensures that all aspects of the work of the MQD meet the requirements.
- Psychiatrist: The MQD is currently recruiting for a Psychiatrist to oversee mental health related services provided to Medicaid eligible individuals. Both clinical experience as well as knowledge of federal and state regulations; quality care standards and best practice; ability to work with individual providers as well as large corporate affiliated providers and health plans are critical to ensuring that the best possible services are provided under the requirements of CMS. Many of our Medicaid clients who receive psychiatric care also have multiple health care needs that need to be coordinated and managed. This position is to oversee the purchasing of these services and those providers to ensure that the care meets the requirements and are provided in the most efficient and cost effective manner.
- Dentist and Pharmacist: These are part time positions who will provide oversight and monitoring of those services the MQD purchases and ensures that Medicaid eligible individuals receive the care intended per the MQD contracts. These positions require clinical expertise and extensive specialized administrative experience to be able to monitor and identify care that is not meeting standards of the practice or as required by contract, federal or state regulations. These positions also assist the division by providing expert input when developing the scopes of services required and helps translate those needs at time of purchasing services across the state.

The DHS is aware that departments and programs other than the MQD may also need the expertise of physicians, dentists and pharmacists with various specialized credentials and levels of experience. However, we request your favorable consideration to exempt these positions from

civil service requirements to ensure that incumbents of these MQD positions possess the relevant type and degree of pertinent experience and expertise and that they be accordingly compensated.

The DHS believes that the high level managerial and professional staff positions at the MQD identified collectively require exceptional expertise and experience to effectively lead and oversee program activities related to the State's medical assistance programs. Incumbents must possess specialized knowledge of complex federal health care regulations, health care trends and delivery systems, and effectively represent the State when interfacing and negotiating agreements with the federal government. State civil service requirements lack the flexibility to recruit and fill these positions and compensate qualified persons in accordance with their unique expertise, experience and abilities and comparably to market salaries of private sector positions assigned similar duties and responsibilities.

The DHS respectfully requests your favorable consideration of this bill, which will assist us in ensuring the continuity of quality health care services for members of our community.

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

Testimony by
Hawaii Government Employees Association
March 11, 2014

S.B. 2845, S.D. 1 – RELATING TO APPOINTMENT OF
EXEMPT PERSONNEL IN THE DEPARTMENT OF
HUMAN SERVICES FOR THE STATE MEDICAL
ASSISTANCE PROGRAMS

The Hawaii Government Employees Association opposes S.B. 2845, S.D. 1. 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 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, Section 1 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.

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. 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. The lack of flexibility within the state's civil service system should not be used to justify exempting positions from civil service. State departments need the mechanisms and incentives of a modern human resources system to enable them to maintain a high-quality and motivated workforce for the future that are subject to Chapter 76, HRS.

We appreciate the opportunity to testify in opposition to S.B. 2845, S.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director