



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

February 7, 2014

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

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1809 - RELATING TO HUMAN SERVICES**

Hearing: Tuesday, February 11 2014; 9:30 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of this bill is to establish a task force on medical payment and reimbursement in the Department of Human Services. Appropriates funds for the staffing, operations, and convening of the task force effective July 1, 2014.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this measure but opposes the bill because it is not necessary.

Reports required to be submitted by the health plans show no problems with the timeliness of claims payments. The DHS has contractual requirements for timely processing of clean claims, and all health plans surpass these requirements. Health plans are required to submit a report on timeliness of payments on a quarterly basis to the Med-QUEST Division. The contracts require that health plans pay 90% of claims within 30 days and 99% of claims within 90 days. For the quarter ending September 30, 2013, 95.67% of claims were paid within 30 days

and 99.72% were paid within 90 days; for the quarter ending December 31, 2013, 92.83% of claims were paid within 30 days and 99.38% were paid within 90 days.

From a reimbursement rate perspective, according to the Kaiser Family Foundation, the Hawaii fee schedule is near the national average. Low reimbursement rates would be manifested through poor access resulting in low quality care and high emergency room (ER) hospital utilization. This is not the case. The Commonwealth Fund recently ranked Hawaii as the best state in the nation for its healthcare system for low-income individuals, and the HEDIS measure for ER utilization is among the lowest in the nation.

Reimbursement is being supplemented for both hospitals and nursing facilities through the sustainability fee programs. Primary care physicians recently received an approximately 60% increase in reimbursement. Federal qualified health centers receive cost-based reimbursement as dictated by federal regulation.

The time and resources of the Department need to be focused on the many initiatives currently being worked on including the implementation of a new eligibility system and requirements under the Affordable Care Act, expanding access to home and community based services for individuals at risk of deteriorating to an institutional level of care, expanding covered specialized behavioral health services, preparing to implement a Medicaid buy-in program for workers with disabilities, pursuing the state plan health home pilot, and strengthening its program integrity efforts among many other activities. This measure will take limited human resources from these other activities.

Thank you for the opportunity to testify.



**HPCCA**

HAWAII PRIMARY CARE ASSOCIATION

**House Committee on Human Services**

The Hon. Mele Carroll, Chair

The Hon. Bertrand Kobayashi, Vice Chair

**Testimony on House Bill 1809**

**Relating to Human Services**

**Submitted by Robert Hirokawa, Chief Executive Officer**

**February 11, 2014, 9:30 am, Room 329**

The Hawai'i Primary Care Association (HPCCA), which represents community health centers in Hawai'i, offers comments on HB 1809, seeking to establish a Medicaid payment and reimbursement task force.

The HPCCA agrees that as the primary provider of health coverage to poor and indigent populations in Hawaii, there is a strong need to continually assess Medicaid to ensure comprehensiveness and efficiency. Such assessment should examine the cost of treatment and services, Medicaid methodologies and payment levels, demands on long-term care, and issues surrounding payment to providers.

However, the HPCCA believes this bill to be unnecessary. Rather, it would urge the legislature to support the work group formed in 2013 under H.C.R 146 to perform these tasks. Therein, it was stated that a more robust group of individuals representing the Hawaii healthcare community, ranging from consumers to the Insurance Commissioner to the Governor's Transformation Office, would come together to discuss a range of issues. Among those listed were examinations of enabling and care coordination services and their payment models, assessment of the state risk pools, risk adjustment levels, and plan management for affected individuals, and examining the situation and needs for Medicaid and gap group individuals.

As this work group has already passed through the legislative process, has a more robust group of participants, and a larger slate of issues to be discussed, we feel this would be a more efficient and timely venue to discuss the issues laid out in HB 1809.

Thank you for the opportunity to testify.

The Arc in Hawaii  
3989 Diamond Head Road  
Honolulu HI 96816  
808 737-7995

February 11, 2014

The Honorable Mele Carroll, Chair  
House Committee on Human Services  
Twenty-Seventh Legislature  
State Capitol  
State of Hawaii  
Honolulu, Hawaii 96813

RE: HB 1809 - RELATING TO HUMAN SERVICES  
Establishment of Task Force on Medicaid Payment and Reimbursement  
Hearing: Tuesday February 11, 2014 9:30 A.M.  
Conference Room 329

Dear Chair Carroll and Members of the Committee:

The Arc in Hawaii (The Arc) **strongly supports** HB 1809 to establish a Task Force to examine Medicaid Payment and Reimbursement Issues.

We endorse the legislative findings and statement of purpose set forth in Section 1 of the Bill. We can attest that the present rates and systems of reimbursing services provided under Medicaid seriously under-compensate for the services provided, impose inadequate pay scales upon the staff hired to provide direct support, tie up payment in red tape and threaten the very existence of some service providers. Reform is urgently required.

The Arc provides 24/7 homes and essential services for 122 adult individuals with developmental disabilities in 21 facilities, ranging from long term care group homes and Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) to four apartment buildings. The Arc also provides Medicaid Home and Community Based Services (HCBS) for over 100 individuals with Intellectual Disabilities. These services are vital to those who call our residences home or participate in community life through our three Adult Day Health Centers.

The Arc is grossly underfunded in all of these areas, especially with respect to the administration and amount of reimbursement for services provided to Medicaid clients.

We have attempted to discuss several issues with the Department of Human Services (DHS), so far to little avail. One response to our requests is that changes to the reimbursement rate or methodology for The Arc and similar agencies would need to apply to all long-term care providers. This points out the need, contemplated by this Bill, to address these issues on a broad basis, not case by case.

Examples of our concerns are:

The Base Rate set for reimbursement of services provided in ICF/IID is set only every eight years. Consequently, our current Base Rate is based upon costs in 2005! More frequent rebasing is a must.

The above Base Rate is subject to annual inflation adjustments. The Administration has arbitrarily frozen inflation adjustments for this and the last three fiscal years. Again, costs rise but compensation, already dreadfully low, does not.

Certain residents of our homes lose Medicaid eligibility because their Social Security Disability Income exceeds the Medicaid maximum income standard applicable to them. That standard is lower than able low-income adults must meet to qualify for Medicaid insurance under the Affordable Care Act. As a result, these residents must pay all but \$469 of their income as "Medicaid Cost Share" for Medicaid services and most fund a home, food and other expenses with the remaining \$469. The Arc has allowed these people to remain in the home for \$419 per month and is "eating" the deficit. Not fair. Solutions have been suggested to DHS to no avail. Action in this area is needed.

The Arc is paid its daily rate for residents of ICF/IID homes only if the resident is occupying a bed at midnight of the day. Thus if a resident is hospitalized, the compensation of The Arc is terminated until the resident returns even though expenses continue. Compensation is also cut off for residents who go home for a visit with family over the midnight census time (with the exception of 12 days per year). This compensation model is unfair and unnecessary and very costly to The Arc. Solutions have been suggested to DHS, but so far no action has been taken, though the department is considering liberalization of the rule.

The residents of our Developmental Disabilities Domiciliary Homes DD Doms rely upon the State Supplement (State Supp) to Supplemental Security Income (SSI) to pay for their room, board and services. House Bill 1695 would increase the State Supp. The inadequacy of the State Supp should also be a topic for the Task Force.

Complications arise because of the split jurisdiction of DHS and the Department of Health (DOH) over Medicaid waiver services. In many cases, DHS controls

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issues of eligibility and reimbursement, but DOH administers and pays for the services. The Task Force should address this anomaly.

For all of these reasons, we urge the formation of the Task Force. We note that most of the designated participants represent payers of reimbursement or the larger providers. Smaller providers should also be included. Issues of existential importance to small providers may be of little concern to the larger providers. Perhaps organizations such as the Hawaii State Council on Developmental Disabilities and the Hawaii Waiver Providers Association should also be represented. At the very least, ALL providers should be provided the opportunity to present their views to the Task Force.

Thank you for the opportunity to provide testimony.

Thomas P. Huber  
President  
The Arc in Hawaii

**LATE**

**kobayashi1-Joni**

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 11, 2014 7:40 AM  
**To:** HUS testimony  
**Cc:** rasumibcay@aol.com  
**Subject:** Submitted testimony for HB1809 on Feb 11, 2014 09:30AM

**HB1809**

Submitted on: 2/11/2014

Testimony for HUS on Feb 11, 2014 09:30AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ramon Sumibcay	ARCA(Alliance of Carehome Administrators(	Support	No

Comments: Chair Chun Oakland and Committee Members: It is a privilege to submit my strong support of HB 1809 relating to create a Task Force regarding Medicaid Reimbursements and Payments. As well all know, thousands of children, parents, pregnant, senior and disabled adults depend of Medicaid for their healthcare coverage. With the increasing cost of healthcare, I can understand the financial burden it can affect to the state budget. But it is also vital that medical providers for Medicaid beneficiaries are paid and reimbursed in a timely manner. Medical providers need the financial resource to be able to maintain or at least keep with their daily operations. Medical providers, too, have financial obligations, particularly to their staff. Task Force will be able to look at the every factors that could impact the delivery of healthcare services particularly to the underprivileged citizens and residents of the State of Hawaii. Thank you very much for this opportunity.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**kobayashi1-Joni**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 08, 2014 11:06 PM  
**To:** HUS testimony  
**Cc:** cariagacora@yahoo.com  
**Subject:** Submitted testimony for HB1809 on Feb 11, 2014 09:30AM

**HB1809**

Submitted on: 2/8/2014

Testimony for HUS on Feb 11, 2014 09:30AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Maria Corazon E. Cariaga	Big Island Adult Foster Home Operators , President	Support	No

Comments: On behalf of the BIAFHO we support this bill to help eliminate problems for the delayed reimbursement of caregivers. These providers are helping the state from saving million of dollars serving the 65 years old and above , disabled population of our community. Thank you for giving me the opportunity to submit my testimony. Respectfully, Maria Corazon E. Cariaga ( President)

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