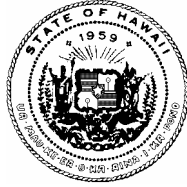


SB 2845

Measure Title:	RELATING TO APPOINTMENT OF EXEMPT PERSONNEL IN THE DEPARTMENT OF HUMAN SERVICES FOR THE STATE MEDICAL ASSISTANCE PROGRAMS.
Report Title:	Position exemptions; Department of Human Services
Description:	Director of Human Services may appoint and employ, professional staff, not subject to chapter 76, Hawaii Revised Statutes, 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. Effective July 1, 2014.
Companion:	<u>HB2295</u>
Package:	Governor
Current Referral:	HMS, WAM
Introducer(s):	KIM (Introduced by request of another party)



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

January 30, 2014

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Patricia McManaman, Director

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

Hearing: Thursday, January 30, 2014; 1:15 p.m.
Conference Room 016, 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.

SB2845

Submitted on: 1/23/2014

Testimony for HMS on Jan 30, 2014 13:15PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Arvid Tadao Youngquist	Individual	Oppose	Yes

Comments: Chair, Senate HMS Committee Right Honorable Members of the Committee I oppose SB 2845 RELATING TO APPOINTMENT OF EXEMPT PERSONNEL IN THE DEPARTMENT OF HUMAN SERVICES FOR THE STATE MEDICAL ASSISTANCE PROGRAMS. Report Title: Position exemptions; Department of Human Services Description: Director of Human Services may appoint and employ, professional staff, not subject to chapter 76, Hawaii Revised Statutes, 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. Effective July 1, 2014. The past practice in another large Department using Administrative Rules already give a Director wide authority to grant waivers for a variety of disqualifications. I believe this power is required to be waived in "writing". Since the measure is to go into effect July 1, 2014, it is quite imperative that which pool of professional specialists will be considered for being given this appointment fast track. Even if this law were to be approved, the existing union contracts would still require a possible "two year consulting" give and take. It will not serve the purpose his measure intends to resolve. It will be far better to provide the existing Health & Human Services employees to obtain the necessary on hand as well as out-of-state training to quality for new assignments and requirements of the duty. The existing union contracts should/would contain mandatory requirement for Management/Administration to provide training (education) for Technological changes. Please hold this measure until the Department is forthcoming with the necessary information and updates to assist the Committee in its decision making. This measure, in its current shape, by-passes the normal civil career paths, managed competition, consultation, re-organization and re-description process and formalities. Formalities are normally spelled out in the union contracts for a particular purpose and have been written into the documents over many decades, i.e., 75+ years for one union as an example. Civil Service Reform should not be attempted due solely to economic expediency, but should take into account smooth transitions. Consultants have their roles to play and contract workers have often worked side by side with civil servants, but not the expense of warm bodies without the due process of consultation and collective bargaining. Please consider holding this measure until the Department can provide updates and further details before the decision making takes place. It is better to hold a measure permanently, rather than make a wrong precedence. Mahalo. Arvid T. Youngquist Registered Voter CD1 District Resident