

# HB 2717

Measure Title: RELATING TO MEDICAL ASSISTANCE.

Report Title: Medicaid; Cost of Living Increase; Eligibility

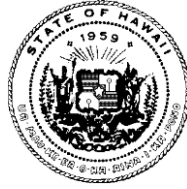
Description: Requires the Director of Human Services to apply annual cost of living increases to the asset and income thresholds for Medicaid eligibility. (HB2717 HD1)

Companion:

Package: None

Current Referral: HMS, WAM

Introducer(s): SOUKI, BELATTI, MORIKAWA



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
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March 15, 2016

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

**FROM:** Rachael Wong, DrPH, Director

**SUBJECT: HB 2717 HD1 - RELATING TO MEDICAL ASSISTANCE**

Hearing: Tuesday, March 15, 2016, 1:15 p.m.  
Conference Room 016, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the opportunity to testify and offers comments on the bill.

**PURPOSE:** The purpose of this bill is to require the Director of Human Services to apply annual cost of living increases to the income and asset thresholds for Medicaid eligibility.

The Department understands the intent of this measure and supports the efforts to ensure continued coverage for those most vulnerable. However we would like to clarify that the Hawaii Medicaid program already does have a mechanism in place that allows for annual adjustments that is allowed by the Secretary of Health and Human Services.

The Medicaid program uses the Federal Poverty Level (FPL) for the Medical Assistance Standard and implements the adjustments annually for all Medicaid recipients as well as applicants. For the last 2 years the FPL has increased 1% each year. The FPL used is specifically calculated for Hawaii, which typically, are higher than the 48 contiguous States.

The Department does not believe that this bill is needed at this time as annual adjustments are made to the Medical Assistance Standard and the provision for the adjustment is in our Administrative Rules.

It is unclear to the Department if the Legislature's intent is for the Department to use a different index to adjust the Medical Assistance Standard. We have looked at the Cost of Living Adjustment (COLA) but the issues with using COLA are:

- The way the bill is written, it would raise the medical assistance standard for everyone on Medicaid as well as new applicants and could result in the need for additional funding for Medicaid when the COLA has been higher than the FPL;
- In general the COLA increases are harder to predict. For example, over the last 5 years, the COLA has been higher than the FPL in three of the years and for this year, no COLA was approved whereas the FPL at least allowed a 1% increase.

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