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January 30, 2017

TO: The Honorable Senator Josh Green, Chair
Senate Committee on Human Services

The Honorable Will Espero, Chair
Senate Committee on Housing

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 749 Relating to Human Services**

Hearing: Monday, January 30, 2017, 2:55 p.m.
Conference Room 016, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the bill to re-allocate Medicaid health care spending to address services for the homeless; however, DHS opposes the bill due to the significant budget and fiscal challenges the bill would create for the Med-QUEST Division and the majority of the State's Medicaid population.

PURPOSE: The bill requires twenty percent of the Department of Human Services' annual Medicaid budget to be used for housing-related services and other permanent supportive services for homeless individuals with mental illness or substance use disorders. Requires the department to seek a section 1115 waiver from the Centers for Medicare and Medicaid Services.

In 2016, the Point in Time homeless count was nearly 8,000 individuals, of which about 25% (\approx 2,000) were identified as being chronically homeless meaning they likely also had a mental illness or substance use disorders or both. Twenty percent of the DHS Med-QUEST (MQD) annual budget for 2017 is \$498,737,600 Means of Funding; \$180,053,400 A funds. DHS

agrees that re-allocating money that is being spent on high-cost services such as hospital stays or emergency room use by the chronically homeless who have significant health challenges can be more effectively allocated to preventive services such as mental health or substance use treatment. For that reason, MQD is actively engaged in looking to expand the permanent supported housing services for chronically homeless who have complex health issues, including serious mental health or substance use issues.

However, it is extremely unlikely that half a billion dollars would need to be spent to accomplish the goals of providing such services to individuals who are homeless suffering from mental illness or substance use disorders. A fixed target of 20% is arbitrary and would not encourage the most efficient or effective provision of services for the population.

Additionally, there are approximately 350,000 individuals enrolled with Medicaid currently who are receiving hospital, preventive services, prescription drugs, long term care services. If MQD were required to spend 20 percent on services for the approximate 2,000 individuals who meet the criteria of the bill, we would not be able to provide all the necessary health and long term care services for the rest of the Medicaid population.

Thank you for the opportunity to testify on this bill.



EXECUTIVE CHAMBERS
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January 30, 2017

TO: The Honorable Senator Josh Green, Chair
Senate Committee on Human Services

The Honorable Senator Will Espero, Chair
Senate Committee on Housing

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: SB 749 – RELATING TO HUMAN SERVICES

Hearing: Monday, January 30, 2017, 2:55 p.m.
Conference Room 016, State Capitol

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of this measure, and recognizes the strong intersection between healthcare and homelessness. The Coordinator notes that the Department of Human Services (DHS) Med-QUEST Division is currently pursuing an amendment to its 1115 Medicaid waiver, which would expand eligibility for case management and supportive services for Medicaid-eligible individuals that are identified as chronically homeless. The Coordinator asks for the Legislature's support of these efforts, as well as the Governor's Executive Budget Request, which includes appropriations to the Department of Health (DOH) for \$1 million for homeless individuals with serious and persistent mental health challenges and \$800,000 for outreach and counseling services for chronically homeless persons with serious and persistent mental health challenges.

PURPOSE: The purpose of the bill is to require twenty per cent of the DHS annual Medicaid budget to be used for housing-related services and other permanent supportive services for homeless individuals with mental illness or substance use disorders. In addition, the bill requires DHS to seek a section 1115 waiver from the Centers for Medicare and Medicaid Services (CMS).

The State has adopted a comprehensive framework to address homelessness, which includes a focus on three primary leverage points – affordable housing, health and human services, and public safety. All three of these leverage points must be addressed to continue forward momentum in addressing the complex issue of homelessness. Accordingly, the Governor’s Executive Budget request includes \$20.9 million for homeless services. The Executive Budget specifically increases resources for homeless outreach, mental health and substance use treatment, as well as addressing housing costs through programs such as Housing First, Rapid Re-Housing and the State Rent Supplement. In addition, DHS has recently procured new contracts for homeless shelter, outreach, emergency grant, and housing placement program services that set specific performance targets for service providers that are aligned with federal performance benchmarks.

The Coordinator has worked closely with the DHS Med-QUEST Division (MQD) to examine issues related to healthcare coverage for persons experiencing homelessness. Specifically, MQD is currently looking to expand eligibility for case management and supportive services for Medicaid-eligible individuals that are identified as chronically homeless. By expanding Medicaid coverage, managed care health plans could potentially pick up some of the cost of homeless outreach activities that help people attain housing, and other activities to support a person’s ability to maintain housing after placement. The Coordinator is also working with DHS and DOH homeless outreach providers to explore partnerships with other systems that serve as “touch points” for the homeless (e.g. the hospital system) to increase efficiency of outreach services by concentrating services at particular entry/exit points, such as when a person is discharged from a hospital emergency room.

The Coordinator defers to DHS in regards to specific issues related to health care services provided through MQD health plans, as well as cost implications and implementation of contracted homeless services.

Thank you for the opportunity to testify on this bill.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 10:48 PM
To: HMS Testimony
Cc: williamrandysmith@gmail.com
Subject: *Submitted testimony for SB749 on Jan 30, 2017 14:55PM*

SB749

Submitted on: 1/27/2017

Testimony for HMS/HOU on Jan 30, 2017 14:55PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
William R Smith	Individual	Support	No

Comments:

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