

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony in SUPPORT of H.B.1637 HD1
RELATING TO HEALTH.**

REPRESENTATIVE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: Tuesday, February 25, 2020 Room Number: 308

1 **Fiscal Implications:** None.

2 **Department Testimony:** The Department of Health SUPPORTS Part I of this bill on civil
3 monetary penalties (CMP) but with amendments to align Section 321-30.2 Hawaii Revised
4 Statute (HRS) with the U.S. Centers for Medicare and Medicaid (CMS) CMP reinvestment
5 program to return moneys to skilled nursing facilities to improve the care and lives of our
6 *kupuna*. The Department defers to the Executive Office on Aging (EOA) on Part II on a
7 Medicare administrator.

8 Section 321-30.2 HRS established the CMP special fund with an annual spending ceiling
9 of \$30,000. However, CMS now prefers that state statutes not contain spending limits so that
10 favorable reinvestment projects can be better funded from CMP moneys. As of June 30, 2019,
11 Hawaii's CMP fund balance was \$1,051,157, and \$371,324 was deposited during fiscal year
12 2019.

13 CMS's CMP reinvestment program is authorized by 42 CFR 488.433 to support projects
14 that benefit nursing home residents and that protect or improve their quality of care or quality of
15 life. The CFR requires states to maintain an acceptable CMP reinvestment plan, approved by

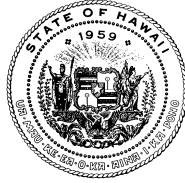
1 CMS, for the effective use of CMP reinvestment funds. Unfortunately, because of Hawaii's
2 current statutory spending limit, Hawaii's plan was deemed unacceptable. Hawaii's plan includes
3 a process of obtaining information on beneficial projects through a request for information (RFI)
4 process and then publishing requests for proposals (RFP) and contracting with agencies to fund
5 projects pursuant to CMS guidelines. All projects must be approved by CMS and the
6 Department must follow state procurement laws. State procurement laws and the contracting
7 process will take time and effort to accomplish, but it's a worthwhile effort to improve the lives
8 of our *kupuna*.

9 However, please note that HD1 Part I includes language that is not allowed by CMS. The
10 language would allow CMP funds to be used for supplemental health care benefits such as in-
11 home care, adult day care, and other non-medical, in-home items and services. CMS does not
12 allow CMP funds to be used for those purposes. CMP funds can only be used to benefit
13 residents in Medicare certified long-term care (LTC) facilities such as skilled nursing facilities
14 (SNF). For this reason we ask that those added items be removed from HD1 Part I. See below
15 for the department's offered amendment.

16 Thank you for the opportunity to testify in SUPPORT of Part I of this bill.

17 **Offered Amendments:** Page 3 lines 19 through part of line 21 must be removed. As a result,
18 the bill beginning on page 3 line 16 would read as follows: "Moneys in the fund shall be
19 expended by the department of health as approved by the Centers for Medicare and Medicaid
20 Services. Moneys in the fund may be used during any fiscal year..."

DAVID Y. IGE
GOVERNOR OF HAWAII



CAROLINE CADIRAO
DIRECTOR

BRUCE ANDERSON
DIRECTOR OF HEALTH

STATE OF HAWAII
EXECUTIVE OFFICE ON AGING
NO. 1 CAPITOL DISTRICT
250 SOUTH HOTEL STREET, SUITE 406
HONOLULU, HAWAII 96813-2831
eoa@doh.hawaii.gov

Telephone
(808) 586-0100

Fax
(808) 586-0185

**Testimony COMMENTING on HB1637, HD1
Relating to Health**

Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

Testimony of Caroline Cadirao
Director, Executive Office on Aging
Attached Agency to the Department of Health

Hearing Date February 25, 2020
12:30 PM

Room Number: 308

- 1 **EOA's Position:** The Executive Office on Aging (EOA), an attached agency to the Department
2 of Health, is providing comments for HB1637, HD1 Relating to Health, Part II, Section 3 and
3 defers to the Department of Health (DOH) as the implementing agency.
- 4 **Fiscal Implications:** Part II, Section 3 appropriates an unspecified amount for fiscal year 2020-
5 2021 for DOH to establish one permanent full-time equivalent (1.0 FTE) medicare administrator
6 position within the Department of Health for outreach and support for those individuals
7 transitioning to Medicare coverage.
- 8 **Purpose and Justification:** Part II, Section 3 identifies the need for a Medicare Administrator
9 to support outreach for those transitioning to Medicare Coverage.
- 10 Medicare is the federal health insurance program for people who are 65 or older, certain younger
11 people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure
12 requiring dialysis or a transplant). Medicare benefits are available in different parts that help

1 cover specific services. Part A covers inpatient hospital stays, care in a skilled nursing facility,
2 hospice care, and some home health care. Part B covers certain doctors' services, outpatient care,
3 medical supplies, and preventive services. Part D adds prescription drug coverage to Original
4 Medicare and is offered by insurance companies and other private companies approved by
5 Medicare. Part C or Medicare Advantage Plans are an “all in one” alternative to Original
6 Medicare. These “bundled” plans include Part A, Part B, and usually Part D.

7 There are different enrollment periods to avoid lifetime late enrollment penalties for Parts A, B,
8 and D. The Initial Enrollment Period (IEP) occurs when an individual reaches age 65 or has
9 received disability benefits for twenty-four months. There is an annual General Enrollment
10 Period (GEP) if Part B was not elected when first eligible. There are also Special Enrollment
11 Periods (SEP) if certain criteria are met, such as relocating to another state, losing employer
12 group coverage, or losing spousal coverage. The enrollment period is different for each SEP
13 which makes the enrollment experience for those who are newly eligible very confusing and
14 costly if they incur a late enrollment penalty.

15 Currently, there are two options available for individuals who are navigating Medicare. One
16 option is to call the 1-800 Medicare Hotline for general information with operators available
17 based on eastern daylight time. The other option is to contact the **State Health Insurance**
18 **Assistance Program (SHIP)** which is a federally funded program available in all fifty states.
19 SHIP recruits and trains local volunteer counselors to provide information and assistance to help
20 Medicare beneficiaries make informed choices.

21 Administered in Hawaii since 1992 by the Executive Office on Aging, the Hawaii State Health
22 Insurance Assistance Program (SHIP) helps individuals, employer groups, medical providers,

1 and community organizations to understand and stay informed about Medicare and health plan
2 options that differ by county or service area. SHIP is a volunteer-based program with a mission
3 to empower, educate, and assist Medicare-eligible individuals, their families, caregivers, and
4 soon-to-be-retirees through objective outreach, counseling, and training to make informed health
5 insurance decisions that optimize access to care and benefits.

6 SHIP counselors provide accurate and reliable information to help beneficiaries to avoid late
7 enrollment penalties and to make cost-effective choices based on their individual health needs.
8 Hawaii SHIP also screens for eligibility and provides application and enrollment assistance for
9 low-income subsidy programs such as the Medicare Savings Programs through Medicaid to
10 offset Medicare Part A and B premiums, and Extra Help, which is available through the Social
11 Security Administration to offset prescription drug premiums, copays, and deductibles.

12 Hawaii has the fastest growing aging population nationally and has the highest life expectancy at
13 81.3 years of age. Hawaii also ranks first in terms of healthiest residents according to the United
14 Health Foundation. In 2018, Hawaii had 262,864 Medicare beneficiaries according to the
15 Centers for Medicare and Medicaid Services (CMS), and this number is expected to increase
16 significantly each year until 2029 when the last of the baby boomer generation become Medicare
17 eligible. This Medicare Administrator position would lead in the coordination and provision of
18 education, information, and outreach to support a growing number of Medicare beneficiaries in
19 Hawaii and help address the challenges of meeting the increased demand for one-on-one
20 counseling. In addition, this Medicare Administrator can help position Hawaii to become a
21 national leader by implementing strategies for enhanced coordination of Medicare benefits and
22 coverage for services and supports administered by EOA.

- 1 **Recommendation:** EOA fully supports the intent of the Medicare Administrator within
- 2 Department of Health. If this measure moves forward, EOA would suggest supporting the
- 3 position at EOA to work in coordination with the SHIP and other EOA programs and services.
- 4 Thank you for the opportunity to testify.



February 25, 2020 at 12:30 pm
Conference Room 308

House Committee on Finance

To: Chair Sylvia Luke
Vice Chair Ty J.K. Cullen

From: Paige Heckathorn Choy
Director of Government Affairs
Healthcare Association of Hawaii

Re: **Submitting Comments**
HB 1637 HD 1, Relating to Health

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to provide **comments** on Section 2 of this measure, which would lift the annual ceiling on the Medicare Civil Monetary Penalty (CMP) Special Fund. The fines that are collected and put into this fund are meant to be returned to the states in which they are imposed to improve nursing facility residents' quality of life or care. We have some concerns regarding the ability of the CMP funds to be used for "supplemental health care benefits, such as in-home care, adult day care, and other non-medical, in-home items and services." It is our understanding that these funds cannot be used for these services, per directions from the Centers for Medicare and Medicaid Services (CMS). We would suggest that the language from Section 2 of HB 2343 be used for this measure.

We support the intent of Section 2 and believe that removing the ceiling on this special fund will enable our members to undertake quality improvement initiatives that will provide a meaningful benefit to patients. In fact, many of our members have already completed projects and initiatives that have improved patient care. Notable examples include the development and implementation of a music and memory therapy program in nursing facilities; an infection prevention and control training for nursing facility staff; the integration of a telemedicine system to improve resident health outcomes and prevent rehospitalizations; and a workforce retainment program to reduce turnover and increase residents' quality of care.

We appreciate the opportunity to support the intent of Section 2 of this measure and to provide our concerns.

TO THE HOUSE OF REPRESENTATIVES
THE THIRTIETH LEGISLATURE
REGULAR SESSION OF 2020

COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

DATE: Friday, February 25, 2020

TIME: 12:30 P.M.

PLACE: Conference Room 308
State Capitol

415 South Beretania Street
HEARING HB1637, HD1

POSITION: STRONG SUPPORT HB1637, HD1

This bill provides an avenue of outreach and education that is missing in the vital link of care, connecting persons that are self-employed or do not meet the requirements for the Current State program SHIP. SHIP has done a tremendous job with the mission they have been given and the capacity of their current staff. However, to meet the needs of the growing cohort of individuals which there must be an added addition to address the concerns the amended language of the bill explains.

The ability of a person to avoid paying unnecessary lifetime penalties in cost of care is quite compelling when looking at one of the largest reasons for bankruptcy is medical debt. In the United States, Congress in bi-partisan support signed on to this measure a bill in which the federal government recognized this need for services and provides the state resources toward these outreach efforts.

Language in the press release states: Why do we need the BENES Act (S. 1280/H.R. 2477)?

“Complex Medicare enrollment rules and lacking notification cause tens of thousands of older adults and people with disabilities to face lifetime fines, coverage gaps and other harmful consequences. With fewer people automatically enrolled in Medicare—and 10,000 Baby Boomers aging into Medicare each day—more people new to Medicare must actively enroll in the program.

Individuals who miss their initial Medicare enrollment window may pay lifetime late enrollment penalties, experience lengthy gaps in outpatient health coverage or face unaffordable and unexpected out-of-pocket health care costs. In 2018, about 760,000 people with Medicare were paying a Part B Late Enrollment Penalty (LEP) and the

<https://www.aging.senate.gov/imo/media/doc/BENES%20Act%20One%20Pager%200419.pdf?fbclid=IwAR3RW2TG1I7BpCvchLRPqic3AMoLnnk8pkiXVmfEQO0zwsIPMV86fiBNTnw>

<https://www.congress.gov/bill/116th-congress/house-bill/2477>

*average LEP amounted to **nearly a 28% increase in a beneficiary's monthly premium***".

Hawaii because of our aging population needs to take this matter seriously and plan accordingly. Please support this bill with the suggested amendments as it will strengthen the intent of this proposed legislation and provide the State of Hawaii with the type of expert that has the experience as provided in the amended language along with acumen, competence and a cooperative relationship with existing health care stakeholders. Thank you for taking the time in reading this testimony

Mahalo,

Ken Farm

<https://www.aging.senate.gov/imo/media/doc/BENES%20Act%20One%20Pager%200419.pdf?fbclid=IwAR3RW2TG1I7BpCvchLRPqic3AMoLnnk8pkiXVmfEQO0zwsIPMV86fiBNTnw>

<https://www.congress.gov/bill/116th-congress/house-bill/2477>

LATE

HB-1637-HD-1

Submitted on: 2/25/2020 10:24:08 AM

Testimony for FIN on 2/25/2020 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rayne	Individual	Oppose	No

Comments:

Marsha Joyner

477 Opihikao Place

Honolulu, Hi 96825

Marshajoyner1938@gmail.com * 808-741-4612

2/25/2020

LATE

TO: Representative Sylvia Luke
Chair Finance
repluke@capitol.hawaii.gov

RE: In Support of HB1637

Aloha Chair Luke,

Thank you for hearing HB1637, In light of the Trump administration 2020 plans to slash Medicare by \$845 Billion (Forbes Magazine 23,2020) it is fatally important that you pass this bill. Inasmuch as Hawaii experiencing a silver tsunami, Medicare has become a major part of our lives. I am one of them.

As you know there is a critical need for outreach, education, community support and employer support toward the full understanding the multifaceted Medicare enrollment rules.

Despite gains in coverage and access to care from the ACA and other insurance programs, national findings suggest that this coverage did not change the proportion of persons with medical causes, co-pays, and mounting hospital bills filing for bankruptcy.

When individuals and/or businesses enter bankruptcy in large numbers, it has the potential to negatively impact the economy of Hawaii. As well as a contributing factor to homelessness. All testimonies regarding this bill has been in support Thank you for reading this.

Thank you for your continued support.

Mahalo,

Marsha Joyner

Marshajoyner1938@gmail.com

808-741-4612