

SB 419



**Testimony to the Senate Committees on Human Services and Health
Tuesday, February 10, 2009 at 1:15 p.m.
Conference Room 016, State Capitol**

RE: SENATE BILL NO. 419 RELATING TO HEALTH

Chairs Chun Oakland and Ige, Vice Chairs Ihara and Green, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports Senate Bill 419 relating to Health.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure requires the Department of Human Services to provide presumptive eligibility for Medicaid-eligible patients who have been waitlisted for long-term care.

Quality health care is critical to the people and economy of Hawaii. As one of the largest private industries in Hawaii, the health care industry plays an important role in our economy, particularly through attractive, well-paying jobs and through the purchase of goods and services that contribute to our state's economy. As such, the health care industry plays a crucial role in the economic development and sustainability of our state and all of Hawaii's businesses. Also, Hawaii's healthcare system provides quality care for our families and serves to attract and retain a professional workforce, new companies, and even tourists to our state.

However, the quality healthcare that Hawaii has enjoyed for years is now in jeopardy. It is on the verge of declining because healthcare providers are no longer being paid for essential services at a level sufficient to cover annually increasing costs. The health care system must be maintained and challenges must be addressed.

Therefore, The Chamber supports improvements to the quality of our health care system, which include legislation that will require the Department of Human Services to provide presumptive eligibility for Medicaid-eligible patients who have been waitlisted. This will help increase long term care capacity and access statewide.

In light of the above, The Chamber of Commerce of Hawaii supports SB 419. Thank you for the opportunity to testify.

Hawaii Pacific Health

55 Merchant Street • Honolulu, Hawaii 96813 • hawaiipacifichealth.org

Tuesday, February 10, 2009 – 1:15pm
Conference Room 016

The Senate Committee on Health

To: Senator David Ige, Chair
Senator Joshua Green, MD-Vice Chair

The Senate Committee on Human Services

To: Senator Suzanne Chun Oakland - Chair
Senator Les Ihara Jr. - Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: Testimony in Strong Support SB 419 - Relating to Health

Dear Honorable Committee Chairs and Members:

My name is Virginia Pressler, Executive Vice President for Hawaii Pacific Health (HPH). For more than a century, families in Hawaii and the Pacific Region have relied on the hospitals, clinics, physicians and staff of Hawaii Pacific Health as trusted healthcare providers. Our non-profit integrated healthcare system is the state's largest healthcare provider and is committed to improving the health and well-being of the people of Hawaii and the Pacific Region through its four hospitals -- Kapi'olani Medical Center for Women & Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital -- 18 outpatient centers and a team of 1,100 physicians on the islands of Oahu, Kauai and Lanai.

Hawaii Pacific Health is writing in **strong support of SB 419** which takes steps to solve the long term care problem by requiring the Department of Human Services to provide presumptive eligibility for Medicaid eligible patients who have been waitlisted for long-term care.

On any given day there are more than 250 patients in hospitals across Hawaii who have been treated and are now waiting to be transferred to a long term care facility but who must remain "waitlisted" in a hospital because long term care is not available. Discharge timeframes for waitlisted patients range from days to over a year. This represents a poor quality of life option for the patient, presents an often insurmountable dilemma for providers and patients, and creates a serious financial drain on acute care hospitals with ripple effects felt throughout other healthcare service sectors.

SB 419 would establish a Medicaid presumptive eligibility process that is designed to reduce the period of time for determining whether a waitlisted patient qualifies for Medicaid. For financial reasons, Medicaid eligibility is required by many long term care facilities before certain types of patients are admitted. We ask that you pass SB 419.

Thank you for your time regarding this measure.



TESTIMONY TO THE TWENTY-FIFTH STATE LEGISLATURE, 2009 SESSION

To: Senate Committee on Human Services
Senate Committee on Health:

From: Hawaii Disability Rights Center
Re: SB 419, Relating To Health

Hearing: Tuesday, February 10, 2009 1:15 PM
Conference Room 016, State Capitol

Members of the Committee on Human Services:
Members of the Committee on Health:

Thank you for the opportunity to provide testimony supporting Senate Bill 419.

We are the agency mandated by federal law and designated by Executive Order to protect and advocate for the human, civil and legal rights of Hawaii's estimated 180,000 people with disabilities.

We support this bill because it offers good potential to secure the placement of individuals in community settings. The legislature has seen many examples in the past year or two of the long waitlist for community housing experienced by patients in acute facilities. In addition, a briefing was provided last session by the Healthcare Association on the problems of placing "challenging" patients into community settings. One of the barriers identified has been the delays in processing Medicaid eligibility for these individuals. We support the provision regarding presumptive eligibility. Delays in processing these applications add to the problems of placing these individuals and are an unnecessary source of difficulty. There is no reason to delay these applications. It is our hope that this provision will help to alleviate the current problem experienced by hospitals as well as their waitlisted patients.

Thank you for the opportunity to testify in support of this bill.

Testimony of
Frank P. Richardson
Vice President and Regional Counsel

Before:
Senate Committee on Human Services
The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair
and
Senate Committee on Health
The Honorable David Y. Ige, Chair
The Honorable Josh Green, M.D., Vice Chair

February 10, 2009
1:15 pm
Conference Room 016

SB 419 RELATING TO HEALTH (Medicaid Presumptive Eligibility)

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on SB419 that would require the Department of Human Services to provide presumptive eligibility to Medicaid eligible waitlisted patients.

Kaiser Permanente Hawaii supports this bill.

It has been reported that Hawaii hospitals lost approximately \$73Million last year due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii in January of last year, there were on average 200, and sometimes as many as 275, patients waitlisted daily in acute care hospitals statewide awaiting placement to long term care beds.

Duration of these delays ranged between several days to several months, and in some cases even more than a year. Contributing to these delays in many cases was the lengthy application, review and approval process for Medicaid eligibility for waitlisted patients.

Furthermore, each day that a waitlisted patient remains in an acute care hospital bed is another day that a bed is not available for an acute care patient in need of that bed.

Some, if not much, of this delay could be shortened by the presumptive eligibility measures proposed in this bill. For this reason, Kaiser Hawaii strongly supports this bill.

Thank you for the opportunity to comment.



SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON HEALTH
Senator David Y. Ige, Chair

Conference Room 016
February 10, 2009 at 1:15 pm

Testimony in support of SB 419

I am Coral Andrews, Vice President of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers.

Thank you for this opportunity to testify in strong support SB 419 which takes steps to solve the hospital waitlist problem by creating a Medicaid presumptive eligibility process for patients in hospitals who are waitlisted for long term care.

On any given day there are an average of 200 patients in hospitals who have been treated so they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient and creates a serious financial drain on hospitals. Patients may be waitlisted from several days to over a year.

The waitlist dilemma is unique to Hawaii, largely because Hawaii has one of the lowest ratios of long term care beds for its population in the United States. Whereas the US average is 47 beds per 1000 people over age 65, Hawaii averages 23 (half of the US average). The shortage of long term care beds is the result of high costs of construction and operation that are mismatched with low payments for services.

Recognizing the waitlist problem, the Legislature in 2007 adopted SCR 198, which requested the Healthcare Association of Hawaii (HAH) to study the problem and propose solutions. HAH subsequently created a task force for that purpose. The task force requested HAH to contract with a consultant to gather needed information. The information was not fully available in time for the 2008 session, so an interim report was submitted last year. In addition, the Legislature adopted HCR 53 in 2008 requesting the Healthcare Association to continue to study the waitlist problem.

The task force has prepared another report to the 2009 Legislature. The Medicaid presumptive eligibility recommendation of that report is contained in this bill, which represents a critical step toward solving the waitlist problem. The presumptive eligibility process is designed to reduce the period of time for determining whether a waitlisted patient qualifies for Medicaid and to move the patient more quickly from the hospital to long term care.

The task force makes this recommendation based largely on two findings. First, the task force found that the paper system utilized by the DHS Medicaid eligibility branch is outdated and unable to process the volume of applications in a timely manner. On any given day, 600 pages

of applications are received via one fax machine on Oahu. Not surprisingly, applications are often misplaced. In many cases providers have to re-transmit applications multiple times or hand carry applications to the DHS office. Providers on the Neighbor islands report similar administrative delays. Following the 2008 Legislative Session, DHS initiated a project to fast-track the Medicaid applications of waitlisted patients, but the results have not been encouraging. Task force members report that delays continue.

Second, the task force found that both institutional and home- and community-based providers are reluctant to accept discharged patients from acute care hospitals without a guaranteed form of payment which requires an eligibility determination.

The task force recommends presumptive eligibility largely because it is an established concept that works. The Deficit Reduction Act of 2005 includes the executive authority for states to provide for a period of presumptive eligibility for individuals believed to be eligible for home and community based services. Tennessee, Nebraska, Pennsylvania, and Washington are now using presumptive eligibility to increase access to home and community based settings.

The waitlist task force recommends that Hawaii also pursue presumptive eligibility for waitlisted individuals who require institutional placement. This option is possible if the Legislature passes a law to allow for presumptive eligibility, after which Hawaii would apply to CMS for a Medicaid waiver to create a demonstration project.

It is true that presumptive eligibility requires the State to assume a risk that would be realized if a patient who is presumed to be eligible under Medicaid is later found to be ineligible. However, that risk can be minimized. A July 2005 report by Rutgers Center for State Health Policy entitled, "Expediting Medicaid Eligibility Determinations," found that "several states have set guidelines for who may be presumed eligible in a way that minimizes mistakes," adding that "several states have concluded that the risk of error is small in relation to the ability to initiate services right away." For example, Pennsylvania found that the error rate in eligibility determinations was as low as 4-6% which was felt to be a reasonable risk that could be assumed in order to increase the utilization of settings of care outside of the acute care hospital.

The risk can be covered by State funds that have been freed up because DHS was recently awarded the Money Follows the Person Grant (Going Home Plus). The grant is \$10 million over five years. The first year of the grant allows for an enhanced FMAP of 82%. Individuals who qualify for community based placement will receive medical services funded fully by the grant, thereby freeing up Medicaid dollars that could be utilized if patients who are presumed eligible are ultimately found to be ineligible. It is a small risk that should be taken in order to increase the movement of patients who are waitlisted in hospitals for discharge to long term care. Additionally, with the implementation of QUEST Expanded Access, the health plans are also reliant upon the timely determination of eligibility in order to enroll members and provide care coordination.

The task force estimates that the Medicaid population is approximately 30% of the waitlisted population. Medicaid patients represent the second highest number of waitlisted lengths of stays, with Medicare being the highest. Expediting placement from acute care hospitals to long term care will improve the quality of life for patients and reduce costs.

For the foregoing reasons the Healthcare Association strongly supports SB 419.

LINDA LINGLE
GOVERNOR



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February 10, 2009

MEMORANDUM

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

Honorable David Y. Ige, Chair
Senate Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 419 – RELATING TO HEALTH**

Hearing: Tuesday, February 10, 2009, 1:15 PM.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to require the Department of Human Services to provide presumptive eligibility for medicaid-eligible patients who have been waitlisted for long-term care.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill's proposed presumptive eligibility for waitlisted Medicaid applicants.

Patients in an acute care facility who are stable for discharge to a long-term care facility but awaiting a bed are considered waitlisted. This bill would authorize Medicaid payments for waitlisted patients who may not qualify for the Medicaid program. Under this bill, the provider would be reimbursed through Medicaid for the allowable charges incurred during the period of

presumptive eligibility. However, if the patient is later found not to be Medicaid eligible, the State would be responsible for the entire cost.

In response to concern raised about the waitlist by the Healthcare Association of Hawaii (HAH), effective March 1, 2008, all applications for nursing home assistance on Oahu were assigned to a single processing point, the Kapolei MQD Unit (KMU), that initiated a five-day expedited processing procedure for Medicaid applications for waitlisted patients. The five days begins upon receipt of all the documentation that is required to be able to make an eligibility determination.

All applications require an in-person appointment by the patient or usually a family member, or in rare circumstances a phone call. After this interview, there is a period of ten days for required documentation to be provided. If the documentation is not provided and the application is not completed, the application is automatically denied. Only after all documentations does the five-day clock begin. A separate 45 day clock begins with the initial application, regardless of its completeness, as a requirement of the Centers for Medicare & Medicaid Services.

KMU works with Oahu hospitals, and the designation of KMU to process all nursing facility applications has provided a level of accountability that enables the Med-QUEST Division and hospitals to effectively track patients' applications. KMU was recently recognized as the DHS 2008 Team of the Year for excellence in providing services to Medicaid long-term care recipients and providers.

According to KMU, 703 applications for nursing home placement were processed from March 2008 to December 2008. Of these applications, 81 were identified by a hospital as an application for a waitlisted patient. Of the 81 total waitlisted applications received, 29 (36%) did not require additional documentation following the in-person visit or phone call. Twenty-four of

these 29 (83%) applications received a determination in five days, and 18 of the 29 were denied. Of the 52 (64%) applications that did require additional documentation to be able to make a determination, 48 (92%) received a determination in five days. Twenty-one of the 52 applications (40%) were denied because either they were determined not to be eligible based on the documentation provided (7), the additional documentation was not provided (7), or the application was withdrawn (7).

Overall, 89% of all waitlisted applications received a determination within five days of having sufficient information to make a determination, and 48% were denied. Ninety-five percent of all applications submitted received a determination within 45 days of the initial application being received.

DHS eligibility determination is prompt. Presumptive eligibility will not turn the 48% of applications denied into eligible applications; rather, it will greatly increase cost to the State. Better prescreening by the outstation eligibility worker positions funded by DHS to be located at hospitals will help improve application efficiency by resulting in a decreased denial rate. The 8% of applications denied because they were not completed is an area for improvement, but not one that presumptive eligibility would address. These applications will still be denied if the documentation is not received.

There may, however, be a longer delay for those patients awaiting home and community based services. DHS would gladly work with HAH to better understand their concerns and make necessary improvements.

Thank you for this opportunity to testify.