

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA MCMANAMAN  
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STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
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February 2, 2012

TO: The Honorable John M. Mizuno, Chair  
House Committee on Human Services

The Honorable Ryan I. Yamane, Chair  
House Committee on Health

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1724 - RELATING TO HEALTH AND HUMAN SERVICES**

Hearing: Thursday, February 2, 2012; 10:00 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of the bill is to: 1) establish presumptive Medicaid eligibility for waitlisted patients and appropriates funds for reimbursements for services provided during the time that waitlisted patients are enrolled and later disenrolled due to determination of ineligibility; 2) conduct a study of a computerized Medicaid applications system; 3) report on presumptive eligibility costs and issues; and 4) appropriates funding..

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) strongly opposes this bill's requirement of Medicaid presumptive eligibility for individuals requiring long-term care services. Given the State's current fragile economy, it would not be prudent to pursue enactment of a new general fund appropriation that will be required for this bill. In addition, this bill effectively gives preference to hospital institutions over families by moving hospitals to the front of the line for long-term care eligibility determinations.

DHS estimates that this bill will cost taxpayers approximately an additional \$2,000,000 per year in State general funds that would need to be appropriated to pay for presumptive eligibility for ineligible individuals. Although the number of waitlisted individuals has been reported by the community to range 150-200, as of January 2012, there were 17 Medicaid recipients waitlisted in the State. This average number has been stable for the past few months.

Regarding timeliness of eligibility determination, the bill references a report that is five years old and does not reflect current eligibility processing time. DHS eligibility staff are dedicated civil servants who have worked diligently to eliminate the eligibility backlog through overtime and new hires. There are currently no new applications beyond the required federal determination period that have not received action, and the majority of applications are now completed in almost half that time.

This bill also assumes that long-term care providers will accept patients who are presumptively eligible, thereby risking that those patients may be found later to be ineligible. We are unaware of any long-term care facilities that have testified they will accept presumptively eligible recipients. Without an adequate supply of facilities willing to accept patients presumptively eligible for long-term care, the effect of this bill will simply be to increase DHS administrative burden and cost, primarily as related to paying hospitals for care provided to individuals who are ineligible for Medicaid long-term care services.

The minimum documents required by this bill to determine eligibility are insufficient to determine eligibility for long-term care services and will result in a high number of ineligible recipients receiving presumptive eligibility. Eligibility determination for long-term care follows federal law and includes a five-year look back period for transfer of assets and review of any trusts or other related financial shelters. In addition, physician determinations that patients meet nursing facility level of care criteria are reviewed by an independent entity, and many are not

approved. This bill would seek to bypass program integrity and the independent review currently required.

The main issue is patients' inability to provide the necessary documentation for eligibility determination, not delays in DHS making determinations for complete applications. The proposed solution does not address this issue; rather the bill perpetuates it and creates unnecessary administrative expense and complexity. Administrative burden is increased because applications will now require twice as many system actions by eligibility workers. The complexity primarily exists for a presumptively eligible recipient who is later found to be eligible because the state-only payment made in the interim would need to be retroactively adjusted in order to receive federal funds.

Based on the data shared by Healthcare Association of Hawaii (HAH), 25% of the waitlisted individuals are receiving Medicaid services, 6% are receiving HMSA services, 55% are covered by Medicare and the remaining 14% are "other", and more than likely uninsured. Delays in Medicaid eligibility for long-term care cannot explain the nearly 75% of patients who are waitlisted and who have other than Medicaid insurance.

Thank you for the opportunity to testify on this bill.



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Touching Lives Every Day"*

**House Committee on Human Services**  
**Representative John M. Mizuno, Chair**  
**Representative Jo Jordan, Vice Chair**

**House Committee on Health**  
**Representative Ryan Yamane, Chair**  
**Representative Dee Morikawa, Vice Chair**

February 2, 2012  
Conference Room 329, 10:00 a.m.  
Hawaii State Capitol

**Testimony in support of HB 1724, Relating to Health.**  
**Requires the department of human services to: (1) Provide medicaid presumptive eligibility to patients who have been waitlisted for long-term care; (2) Conduct a study of a computerized medicaid applications system to address inefficiencies and other problems associated with processing medicaid applications; and (3) Submit findings and recommendations to the legislature regarding costs and other issues related to medicaid presumptive eligibility.**

Bruce S. Anderson, Ph.D.  
President and Chief Executive Officer  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) thank you for the opportunity to testify in support of HB 1724.

The waitlist issue is very complex and involves many factors, which the Healthcare Associate of Hawaii (HAH) has spelled out. For HHSC, this is a major issue, both financially and due to quality of care concerns. A patient in an acute care bed who needs long term care, for example, will not be able to set up residence in the long term care unit where the resident can participate in social activities, obtain rehab services, and be afforded other privileges that residents of nursing homes enjoy. For this basic reason, a patient being in an acute setting for a long period of time, when he or she is not acutely ill, is simply not healthy.

Maui Memorial Medical Center presently has a large waitlist population. In December, 2011, there were on average 36 non-acute patients assigned to acute care

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medical/surgical beds. This is extremely significant because out of 140 (plus 12 overflow) med/surg beds, it amounts to almost one-third of total census. Additionally, there were several people in the emergency department waiting for beds. If a big accident had occurred on the island, the ED would have had trouble handling it because the ED bays were filled with patients who needed inpatient beds. Therefore, the waitlist problem has a great impact on patient care at the acute end of the scale, as well.

MMMC estimates that it costs approximately \$1200 per day for each waitlisted patient. Though this is a complex issue and extremely difficult to quantify exact revenue losses, MMMC estimates it loses approximately \$20 million per year due to the waitlist problem.

In response to this chronic situation, MMMC has converted one wing into a waitlist unit for 18 patients so that the unit staffing can be adjusted to fit the lower level of patient acuity. However, the remaining waitlisted patients have to be placed throughout the hospital interspersed with acute care patients in units where a higher level of staffing must be maintained. Unfortunately, MMMC cannot merely change its staffing due to collective bargaining constraints and the fact the waitlist patients are interspersed with other patients.

In short, this is a serious issue that results in wasted resources. The issue is compounded by the delay in getting Medicaid patients eligibility approved, resulting in months of delay in any reimbursement. As pointed out by HAH and in the purpose clause of this legislation, many resources are devoted to getting an application into the DHS, which is necessary in order to start the coverage. Even once it is in DHS, it takes a long time for approval, which causes a cash flow issue. A presumptive eligibility would help with the cash flow issue, at least, and place the burden of determining eligibility where it belongs: on DHS and on the patients and their facilities. In addition, the long term care bed that was open for that patient may be given to another patient who is already qualified, thus keeping the person in a waitlisted bed.

We support this measure which appropriates money to the DHS to be spent on updating technology or other improvements to speed up the eligibility process to this population of patients. This measure will not totally solve the waitlist issue; however, it will only help with the financial burden for acute hospitals with a waitlist problem and should result in the placement of more of those patients in long term care beds.

Thank you for the opportunity to testify before this committee.



**Testimony to the House Committees on Human Services and Health  
Thursday, February 2, 2012 at 10:00 a.m.  
Conference Room 329, State Capitol**

**RE: HOUSE BILL NO. 1724 RELATING TO HEALTH**

Chairs Mizuno and Yamane, Vice Chairs Jordan and Morikawa, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") supports HB 1724 relating to Health.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 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 creates presumptive Medicaid eligibility for waitlisted patients. The bill repeals on June 31, 2017.

Patients who are waitlisted for long term care are occupying acute care beds in our hospitals. This increases uncompensated costs for hospitals, creates shortages of acute care beds, and decreases quality of life for patients who no longer need acute care services. We need to take a comprehensive approach to developing solutions throughout the health care delivery system, to create capacity for these patients, who do need care, by utilizing the most appropriate and cost effective setting. Public and private collaboration is essential to the success of this effort.

Therefore, The Chamber supports improvements to the quality of our health care system, which include legislation that will create presumptive Medicaid eligibility for waitlisted patients. This will help increase long term care capacity and access statewide.

In light of the above, The Chamber of Commerce of Hawaii supports HB 1724. Thank you for the opportunity to testify.



## **HAWAII DISABILITY RIGHTS CENTER**

**1132 Bishop Street, Suite 2102, Honolulu, Hawaii 96813**

**Phone/TTY: (808) 949-2922 Toll Free: 1-800-882-1057 Fax: (808) 949-2928**

**E-mail: [info@hawaiidisabilityrights.org](mailto:info@hawaiidisabilityrights.org) Website: [www.hawaiidisabilityrights.org](http://www.hawaiidisabilityrights.org)**

### **THE HOUSE OF REPRESENTATIVES THE TWENTY-SIXTH LEGISLATURE REGULAR SESSION OF 2012**

#### **Committee on Human Services Committee on Health Testimony in of Support of H.B.1724 Relating to Health and Human Services**

**Thursday, February 2, 2012, 10:00 A.M.  
Conference Room 329**

Chair Mizuno, Chair Yamane and Members of the Committees:

I am Louis Erteschik, Acting Executive Director at the Hawaii Disability Rights Center, and am testifying in support of this bill.

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 several years of the long waitlist for community housing experienced by patients in acute facilities. In addition, briefings have been conducted regarding 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 measure.





HOUSE COMMITTEE ON HUMAN SERVICES  
Rep. John Mizuno, Chair

HOUSE COMMITTEE ON HEALTH  
Rep. Ryan Yamane, Chair

Conference Room 329  
February 2, 2012 at 10:00 a.m.

**Supporting HB 1724: Relating to Health and Human Services**

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of HB 1724, which creates a presumptive eligibility process designed to reduce the number of patients in acute care hospitals who are waitlisted for long term care and to place them in more appropriate care settings.

On any given day there are an average of 150 patients in Hawaii's hospitals who have been treated so that 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. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. Patients may be waitlisted for a matter of days, weeks, or months, and in some cases over a year.

The Healthcare Association has advocated for solutions to the waitlist problem since 2007, when it sponsored SCR 198, which directed the Association to study the problem and propose solutions. The Association subsequently created a task force for that purpose, which studied the problem, wrote a report, and submitted it to the Legislature. Since then the Association has sponsored two measures that have been designed to:

- (1) Promote the movement of waitlisted patients out of acute care;
- (2) Reduce unpaid costs incurred by hospitals and free up hospital resources so that they can be used to treat those who need that higher level of care; and
- (3) Enable long term care facilities to accept waitlisted Medicaid patients with complex medical conditions while addressing the additional costs related to their care.

The two waitlist bills sponsored by HAH have advanced further in the Legislature each year since they were first introduced, and last year they both went to conference. HAH is again sponsoring these bills in 2012. One bill addresses Medicaid payments to hospitals and long term care facilities, and this bill addresses the Medicaid eligibility process.

Thank you for the opportunity to testify in support of HB 1724.



Testimony of  
John M. Kirimitsu  
Legal and Government Relations Consultant

Before:  
House Committee on Human Services  
The Honorable John M. Mizuno, Chair  
The Honorable Jo Jordan, Vice Chair  
and  
House Committee on Health  
The Honorable Ryan I. Yamane, Chair  
The Honorable Dee Morikawa, Vice Chair

February 2, 2012  
10:00 am  
Conference Room 329

**Re: HB 1724 Relating to Health and Human Services**

Chairs, Vice Chairs and committee members, thank you for this opportunity to provide testimony on HB 1724 creating a presumptive eligibility for Medicaid eligible waitlisted long term care patients.

**Kaiser Permanente Hawaii supports this bill.**

It has been reported that Hawaii hospitals have lost millions of dollars due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii, the Medicaid eligibility and re-eligibility application process in Hawaii is unable to handle the current volume.

Duration of these delays has 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 Permanente Hawaii supports this bill.

Thank you for the opportunity to comment.