



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

January 30, 2012

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

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1915 - RELATING TO MEDICAID**

Hearing: Monday, January 30, 2012; 8:30 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to require the Department of Human Services (DHS) to notify the Legislature of any proposed changes and state plan amendments to the Medicaid program. The Legislature may then hold hearings on the proposed changes and prohibit such changes or require other changes to the Medicaid program.

DEPARTMENT'S POSITION: The Department of Human Services respectfully opposes this bill. While the DHS strongly supports transparency and public input, this overly cumbersome, burdensome, and bureaucratic requirement will delay the implementation of any change to the program and have numerous unintended consequences, including loss of federal funding.

This bill will harm low-income individuals and health care providers. For example, this bill would have resulted in delaying by many months coverage of smoking cessation treatment in QUEST and QUEST Expanded Access and flu shots in the QUEST-ACE and QUEST-Net programs.

This bill will also delay paying hospitals disproportionate share hospital (DSH) payments negatively impacting their cash flow, delaying capitation payments to health plans upon rate changes meaning a disruption in payment to providers and potentially the provision of patient care as well, and loss of federal funds by not timely meeting federally mandated changes.

Programmatic changes require changes to Hawaii Administrative Rules. The rule-making process involves issuing a public notice, making proposed rules available for public review at least thirty days before a hearing for public comment is held, which provides an opportunity for public comment.

The part-time nature of the Legislature makes the notice requirements of this bill inefficient for the administration of the Medicaid program given the necessity to respond to new CMS regulations timely and the time already necessary to develop and get CMS approval for changes to the Medicaid program.

DHS will gladly work with the Legislature to increase input and transparency, but this bill poses far greater harm than benefit.

Thank you for the opportunity to testify on this bill.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Human Services

The Hon. John Mizuno, Chair

The Hon. Jo Jordan, Vice Chair

Testimony in Support of House Bill 1915

Relating to Medicaid

Submitted by Robert Hirokawa, Chief Executive Officer

January 30, 2012 8:30 a.m., Room 329

The Hawai'i Primary Care Association supports the intent of House Bill 1915, which requires the Hawai'i Department of Human Services to notify the legislature of any proposed changes to Medicaid programs or state plan amendments. This bill also grants the legislature the authority to require the department to, or prevent the department from, making changes to Medicaid programs.

We understand and support the intent of this measure to increase transparency into the operations of the State Medicaid programs. However, we believe that transparency alone will not produce meaningful changes to the manner in which state Medicaid policy is determined, nor will it prevent decisions that may be detrimental to the sustainability of Medicaid programs, and the health of their enrollees. Early community and consumer engagement provides an opportunity for the public to comment on proposed changes, and helps the Department make informed decisions on program changes. We therefore propose the following amendment to the measure beginning on page 2 line 1:

"days prior to implementation; provided that for any proposed state plan amendment, the department shall hold statewide public hearings prior to submission [submitted] to the Centers for Medicare and Medicaid Services, taking into consideration public input on the proposed changes; [the notification shall be made prior to submission] and provided further that the department shall provide a schedule of the public hearings in advance to the legislature. The notification shall include the [full text and details of the intended change] proposed state plan amendment."

We ask that you pass this measure out of committee to further discussion. Thank you for the opportunity to testify on this measure.



HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John Mizuno, Chair

Conference Room 329
January 30, 2012 at 8:30 a.m.

Supporting HB 1915: Relating to Medicaid

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 1915, which increases transparency into the process of making decisions affecting Hawaii's Medicaid program. The bill enables the Legislature to have more input into the decision-making process.

In our democratic form of government the Legislature is responsible for setting public policy, and the executive branch is responsible for carrying it out. The Legislature holds hearings on bills as a means of creating a forum for discussion and receiving input from the public. The opportunity for the public to have a voice in the creation of public policy is a fundamental principle of democracy.

The Department of Human Services (DHS) operates the State's Medicaid program, expending more than a billion dollars annually for a State program that is second in size only to public education. Historically, the Legislature has had very little oversight of the Medicaid program. As a result, DHS effectively sets Medicaid policy. Significant changes have been made to Hawaii's Medicaid program with little authoritative role played by the Legislature or the public.

For example, three years ago DHS decided to shift from a fee-for-service approach to a managed care approach to providing care to Medicaid's aged, blind, and disabled population. Many advocates and providers of health care opposed the change, and many felt that their voices were not heard by DHS. This bill would have enabled the Legislature to hold public hearings on the matter, and all interested parties would have been allowed to testify.

This bill would also enable the Legislature to consider other Medicaid issues, such as benefits packages and payments to health care providers. Advocates, providers, and other interested parties would be able to make proposals to the Legislature. Public hearings would enable all interested parties to testify. The Legislature, which is composed of members who are elected by the public, would be able to make decisions based on the many perspectives expressed by all interested parties.

Thank you for the opportunity to testify in support of HB 1915.

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Sunday, January 29, 2012 7:32 PM
To: HUS testimony
Cc: Brenda.Kosky@gmail.com
Subject: Testimony for HB1915 on 1/30/2012 8:30:00 AM

Testimony for HUS 1/30/2012 8:30:00 AM HB1915

Conference room: 329
Testifier position: Support
Testifier will be present: No
Submitted by: Brenda Kosky
Organization: Consumer Family & Youth Alliance
E-mail: Brenda.Kosky@gmail.com
Submitted on: 1/29/2012

Comments:

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]
Sent: Sunday, January 29, 2012 10:49 AM
To: HUS testimony
Cc: robertscottwall@yahoo.com
Subject: Testimony for HB1915 on 1/30/2012 8:30:00 AM

Testimony for HUS 1/30/2012 8:30:00 AM HB1915

Conference room: 329
Testifier position: Support
Testifier will be present: Yes
Submitted by: Scott Wall
Organization: Individual
E-mail: robertscottwall@yahoo.com
Submitted on: 1/29/2012

Comments: