
A BILL FOR AN ACT

RELATING TO APPOINTMENT OF EXEMPT PERSONNEL IN THE DEPARTMENT OF
HUMAN SERVICES FOR THE STATE MEDICAL ASSISTANCE PROGRAMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 346-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§346-2 Appointment of personnel. (a) The director of
4 human services shall appoint such personnel in conformity with
5 law as the director deems necessary. All employees of the
6 department of human services, except as otherwise provided in
7 this section, shall be appointed subject to any civil service
8 law relating to state employees; in the event there is no civil
9 service law in effect, then in accordance with a merit system
10 meeting applicable federal requirement; provided that in the
11 event of any conflict between applicable mandatory federal
12 requirements and any state civil service law or regulations, the
13 former requirements shall prevail.

14 (b) The director may appoint and employ, exempt from
15 chapter 76, a division administrator, branch and office
16 administrators, a finance officer, a research officer, a privacy
17 and security compliance officer, a health information technology

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1 officer, physicians, pharmacists, and dentists; prescribe their
2 duties and qualifications; and fix their salaries, when in the
3 determination of the director the services to be performed are
4 unique and essential to the execution of the functions of the
5 state medical assistance programs."

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act, upon its approval, shall take effect
8 on July 1, 2014.

9
10 INTRODUCED BY _____



11 BY REQUEST

12 JAN 21 2014

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Report Title:

Position exemptions; Department of Human Services

Description:

Director of Human Services may appoint and employ, professional staff, not subject to chapter 76, Hawaii Revised Statutes, when in the determination of the director the services to be performed are unique and essential to the execution of the functions of the state medical assistance programs. Effective July 1, 2014.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Human Services

TITLE: A BILL FOR AN ACT RELATING TO APPOINTMENT OF EXEMPT PERSONNEL IN THE DEPARTMENT OF HUMAN SERVICES FOR THE STATE MEDICAL ASSISTANCE PROGRAMS.

PURPOSE: To allow the Director of Human Services to appoint and employ permanent exempt professional staff; prescribe their duties and qualifications; and fix their salaries, not subject to chapter 76, Hawaii Revised Statutes (HRS), when in the determination of the director the services to be performed are unique and essential to the execution of the functions of the state medical assistance programs.

MEANS: Amend section 346-2, Hawaii Revised Statutes.

JUSTIFICATION: The Med-QUEST Division of the Department of Human Services, which is the single State agency designated to administer the Medicaid program for Hawaii, needs the flexibility to recruit, hire and compensate high level managerial and professional staff to manage critical functions of the currently \$1.8 billion medical assistance programs. It is projected that the State's medical assistance programs will provide medical assistance to nearly one in four Hawaii residents under the federal Affordable Care Act. Highly qualified staff are instrumental to ensuring the integrity of the fiscal and clinical operations of the medical assistance programs.

Currently, the majority of the Med-QUEST Division exempt positions have been on a temporary exempt status on the basis of a QUEST Demonstration Project. However, the demonstration project exemption for these positions is no longer appropriate given

that the QUEST Medicaid program has proven to be the most effective and cost efficient way to provide health care coverage to low-income adults and children. The Med-QUEST Division intends to convert many of its currently exempt positions to civil service ones, but seeks statutory exemption for the positions identified (which include a division administrator, branch and office administrators, a finance officer, a research officer, a privacy and security compliance officer, a health information technology officer, physicians, pharmacists, and dentists), as they are unique and essential for the continued administration of one of the largest and complex programs in the State.

The identified positions require exceptional knowledge of complex federal health care regulations, must have an acute and detailed awareness of health care trends in service delivery and the ability to develop effective services to meet Hawaii's unique culture. The positions require detailed technical and specialized knowledge of Medicaid regulations and requirements regarding eligibility, program services, financing, federal and State funding sources, the allocation of complex federal funding and the reporting requirements, and the ability to analyze data to effectively develop and modify programs and services through the State contracting process within State and federal regulations. Clinical professional positions provide skilled oversight consistent with ensuring the highest quality of care providers and applying best clinical practices.

In addition, the staff positions must have the capability to work with federal partners to ensure services are provided within federal regulations. The individuals who would be considered for these administration positions would be expected to have many years of experience in their field of

expertise. This will ensure the State's ability to take full advantage of available federal Medicaid funding and other authorized services on a timely basis and to also avoid penalties for non-compliance.

The recruitment of qualified individuals with the salary ranges necessary to attract individuals with the requisite knowledge for these specialized positions is not possible under the State civil service system requirements of chapter 76, HRS. Exemption from civil service requirements would provide the flexibility to establish pay rates commensurate with the unique and specialized expertise of individuals qualified to perform the work of the identified positions. It would also afford the ability to compete with pay rates offered for jobs in the private sector requiring the same or similar work experience, knowledge and skills. Without the permanent exemption, it will be very difficult to maintain the quality of Medicaid services and stay at the forefront through transformation of the Medicaid program and services.

The ever changing complexity, including information technology, of how health care services and programs are provided and the need to meet federal health care requirements makes it necessary to ensure that the State is able to compete in recruiting, hiring, and retaining the best possible individuals to keep Hawaii on the forefront of providing quality health care to all its residents.

The recent study by United Health Foundation, cited in the December 11, 2013 edition of the Star Advertiser, includes the low rate of uninsured in the State through employee provided health insurance and state Medicaid programs as one of the reasons for Hawaii being the healthiest state in the nation in 2013.

Impact on the public: More effective and efficient administration of the Department of Human Services and its state medical assistance programs for clients and effective use of tax payer dollars.

Impact on the department and other agencies: More efficiently and effectively administered departmental programs and better coordination with partner agencies and the community. Non-compliance with federal program requirements and federally required financial reports can result in financial penalties for the State in the loss of federal match dollars for the Medicaid program.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: HMS 902.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2014.