



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

LATE

March 18, 2015

TO: The Honorable Dee Morikawa, Chair
House Committee on Human Services

The Honorable Della Au Belatti, Chair
House Committee on Health

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.C.R 203/H.R.139 – REQUESTING THE AUDITOR TO CONDUCT
A REVIEW ON THE EFFECT OF THE TRANSFER FROM
MEDICAID TO PLANS ON THE HAWAII HEALTH CONNECTOR
FOR NON-ELIGIBLE MEDICAID COMPACT OF FREE
ASSOCIATION RESIDENTS**

Hearing: Thursday, March 19, 2015; 8:45 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this Concurrent Resolution is to have the State Auditor conduct a review of the effect on COFA migrants living in Hawaii of the transfer from Medicaid to plans purchased through the Hawaii Health Connector for the period of fiscal years 2015-2016 and 2016-2017.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) provides comments on the concurrent resolution and appreciates the effort to ensure access to quality health care, which is the goal of the DHS Med QUEST division. However, DHS has serious concerns regarding the scope of the review.

It would be difficult for the Auditor to determine the cost implications of the termination of full Medicaid benefits in terms of utilization of a higher level of services

as identified in paragraph (1). The Auditor would require signed consent to release information forms from former recipients to review individual Medicaid client utilization claims. Without individual information, it would be difficult to compare the changes before and after transfer utilization rates with aggregate data.

Determining the cause of increased utilization of services would require a review of prior health records and utilization, as well as a review of all events that have occurred during the periods of time that could have attributed to causes for the potential increased utilization. A complete and accurate review cannot be made strictly on utilization claims data.

Investigation of increases in mortality and morbidity also requires expertise of reviewers to determine morbidity and mortality and a causal link to the transfer. Similar committees exist in different health care settings and organizations with the primary purpose of improving the health care system and services. These committees conduct extensive reviews of medical records, looking specifically for causes (delayed treatment or timely treatment), and how these impact costs and influence outcomes.

It will be difficult to identify available financing mechanisms within currently allocated funds. The DHS Premium Assistance Program that went into effect on March 1, 2015, is already a completely state-funded program for eligible individuals who purchase qualified Silver Plans through the insurance exchange.

With regard to redirecting the portion of "savings" (\$23,000,000) due to the cessation of Medicaid benefits for identified non-citizens, the state-funded "savings" were already returned to the state budget as a budget adjustment through the executive

budget bill HB500. Most recently, the House Committee on Finance accepted the budget adjustment (HMS 401, Sequence no. 210-001).

For calendar year 2014, the total general funds paid for remaining COFA Medicaid enrollees (the Aged Blind & Disabled, and Pregnant Women and Children) was \$16,109,448. The total amount received from the U.S. Department of Interior for medical services for the COFA for FY2014 was approximately \$11,000,000, leaving a shortfall to be covered by general funds of \$5,109,448.

Thank you for the opportunity to testify on this measure.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Human Services

The Hon. Dee Morikawa, Chair

The Hon. Bertrand Kobayashi, Vice Chair

House Committee on Health

The Hon. Della Au Belatti, Chair

The Hon. Richard P. Creagan, Vice Chair

Testimony on HCR 203/HR139

Relating to the Health Care

Submitted by Nani Medeiros, Public Affairs and Policy Director

March 19, 2015, 11:30 am, Room 329

The Hawai'i Primary Care Association, which represents community health centers in Hawai'i, strongly supports HCR 203/HR 139, requesting the auditor to conduct a review on the effect of the transfer from Medicaid to plans on the Hawaii Health Connector for non-eligible Medicaid Compact of Free Association resident.

Under the Compacts of Free Association (COFA), individuals from the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau are granted legal migrant status in Hawaii. However, due to recent changes they are no longer eligible to receive Medicaid benefits and must instead enroll in the state health insurance exchange. Under the exchange, they are viewed as living at 100% of the federal poverty level (FPL), regardless of actual income, and made to cover any existing lapses in insurance premium, copayment amounts, or deductibles. In Hawaii there are approximately 7,500 COFA migrants, many of whom live well below 100% FPL and will be unable to cover these additional costs.

This bill is of special import to the HPCA because a large majority of COFA migrants receive primary care from community health centers. Many of these patients tend to have co-occurring chronic and communicable diseases as well as linguistic and cultural barriers to care. Any additional burdens imposed upon this population, such as further financial expense, will only serve to jeopardize their ability to access care when needed.

The HPCA appreciates the parameters outlined in the proposed study, especially those considering the mortality and morbidity rates of the COFA population and the amount of uncompensated care provided at community health centers.

For these reasons, we strongly support HCR 203/HR139 and thank you for the opportunity to testify.