

LINDA LINGLE
GOVERNOR



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

March 29, 2010

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2650, S.D. 2, H.D. 1 – RELATING TO THE DEPARTMENT OF HUMAN SERVICES**

Hearing: Monday, March 29, 2010, 2:30 P.M.
Conference Room 308, State Capitol

PURPOSE: The purposes of this bill are: Part I - to require Medicaid contracts between the Department of Human Services and Medicaid healthcare insurance plan contractors to contain provisions affecting the reimbursement obligations in the policies between the Medicaid healthcare insurance plan contractors and the home and community-based case management agencies and to prohibits reduction of reimbursements of more than 10%; Part II – convenes a task force to determine the feasibility of the Department of Human Services proposed reorganization.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) provides the following testimony on this bill:

DHS strongly opposes **Part I** of this bill. The provisions relating to reimbursement obligations in Part I sets a dangerous precedent, will increase program

expenditures requiring a new substantial State general fund appropriation at a time the State faces a severe budget crisis and more importantly, worsen patient access to care.

DHS is facing a substantial budget shortfall and is making every effort to minimize the need to reduce patient benefits. This bill will prioritize the interests of certain providers over the interests of our low-income vulnerable recipients.

DHS allows health plans to coordinate patient care through case management services. Health plans can hire staff for this purpose or contract with licensed companies. As such, contracts between the health plans and a provider with whom they may contract are privately negotiated between the health plan and that provider.

By statutorily requiring specific contractual payments for specific providers in this bill, case management agencies, chore providers, and non-emergency medical transportation, this bill will essentially block health plan flexibility to reallocate funds as necessary in the best interest of its vulnerable Medicaid members. For example, if the health plans have to pay above market rate for case management services on Oahu, it may make it not economically feasible to pay a higher rate, as the market might require, to psychiatrists on the Island of Hawaii in order to encourage more Big Island psychiatrists to accept Medicaid clients.

Also, program expenditures for the State will increase as the contracted health plans will most likely propose higher capitation rates to meet the requirements of this bill without affecting their own viability.

This bill sets a dangerous precedent in allowing special interest groups seeking self-interested legislation to protect their incomes and is tantamount to statutory, anti-trust price-fixing and is not in the best interests of the State taxpayers nor our Medicaid patients.

The nature of managed health care requires that DHS contract with health plans that provide an array of health services to clients by the health plans contracting with a network of providers to provide access to timely quality health care for Medicaid patients. The lengthy contractual documents between DHS and the managed care health plans specify the manner in which services must be delivered, the qualifications of the providers who must deliver them, the quality expectations, and many other factors. The requirements that health plans maintain provider network adequacy and meet quality standards essentially requires the health plans to pay a fair market rate to providers. If they do not, then private health care providers would not join their network and the health plan would not be able to maintain network adequacy. Failure to maintain network adequacy could lead to DHS sanctioning and even canceling the managed health care contract.

If the Legislature sets this dangerous precedent and opens the door to these three special interest groups seeking self-interested legislation to protect their incomes, it will be besieged by all the other special interest groups who provide services to Medicaid patients seeking similar protections. This will hugely increase program expenditures.

Section 103F- , (a)(3), page 2, lines 11 to 15, links the "Case Management Agency" contracts with the reimbursements for chore and non-emergency medical transportation.

Since 1994, the Department of Human Services (DHS) has contracted with private health plans to manage the care of low-income adults under 65 and children in the QUEST Medicaid program. DHS expanded QUEST last year to include needy adults 65 and over and people of all ages with disabilities.

While it is not a federal requirement, DHS allows health plans to coordinate patient care through case management services. Health plans can hire staff for this purpose or contract with licensed companies. As such, contracts between the health plans and a provider they may contract with are private between the health plan and that provider.

Contracts between health plans and certain provider types are private and independent of contracts between health plans and other provider types. Although, a case management agency may arrange these services for Medicaid clients, it does not pay for them. There is no basis whatsoever of requiring payment terms of one provider in the contract of another provider.

DHS obviously expects Medicaid health plans to deliver cost-effective services. That way, Hawaii residents know their tax dollars are spent wisely.

Thank you for this opportunity to provide testimony.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State House of Representatives

Committee on Finance

Testimony by
Hawaii Government Employees Association
March 29, 2010

S.B. 2650, S.D.2, H.D. 1 - RELATING TO THE
DEPARTMENT OF HUMAN SERVICES

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of S.B. 2650, S.D. 2, H.D. 1.

We are in strong support of Part II of this legislation which would 1) prohibit the use of private contracts and vendors for intake and eligibility of welfare and public assistance services in Hawaii, and 2) require that a task force be convened to determine the feasibility of transferring services to the Eligibility Processing Operations Division (EPOD) prior to the proposed reorganization of the Department of Human Services.

The HGEA fully supports the concerns of the DHS employees who oppose the proposed DHS EPOD reorganization and take their jobs of serving Hawaii's most vulnerable population very seriously. It is clear and disappointing that our members were not involved in any discussions involving initiatives to transform the department into a more efficient, effective government operation. The convening of a task force will ensure that DHS staff at all levels have input in any proposed changes.

Of great concern to HGEA is that as a result of this proposed reorganization, over 225 positions will be cut from DHS, one of the state departments hardest hit by hundreds of layoffs late last year. While the remaining staff is doing the best they can, the current staffing level is not sufficient to keep up with the demand for the vital services provided to the public.

In addition, the department continues their use of private contracts to handle duties and responsibilities that can be performed by state employees. It is disturbing that the department would propose to cut over 200 positions without first considering the elimination of private contracts and vendors.



Hawaii State House of Representatives, Committee on Finance
Testimony re: S.B. 2650, S.D.2, H.D. 1 - Relating to the Department of Human Services
March 29, 2010
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To their credit, of even greater concern to HGEA members and employees of the department is the negative impact this reorganization and proposed cuts will have on the public they serve. This reorganization is a major shift in how the DHS will provide service to the public. By their own admission, the DHS acknowledges that the demand for services have increased tremendously with the current economic downturn. It is inconceivable that the DHS would propose to close welfare offices in response and impose such a dramatic change in the delivery of services at this time. If implemented as proposed, we believe these changes will have a tremendous negative impact on our state.

Thank you for the opportunity to provide testimony and we ask for your support of S.D. 2650, S.D. 2, H.D. 1.

Respectfully submitted,



Nora A. Nomura
Deputy Executive Director



CATHOLIC CHARITIES HAWAII

TO: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
Committee on Finance

FROM: Diane M. Terada, Division Administrator

DATE: Monday, March 29, 2010 (2:30 p.m., Room 308)

SUBJECT: **SB 2650, SD2, HD1, Relating to the Department of Human Services**

Catholic Charities Hawai'i (CCH) is a private, 501(c)(3) organization that has provided social services for people in need in the State of Hawaii since 1947. **CCH supports SB 2650, SD2, HD1, as it pertains to reimbursement rates to home and community-based case management agencies and with recommendations**

CCH operates as a licensed case management agency on the island of Hawai'i through its program, Quality Living Choices. Since 1997, this program has provided case management for nursing home level residents placed in community care foster family homes.

CCH supports this bill because:

1. Part I pertaining to **protection of reimbursement rates does not require additional State funds.**
2. **Protection of reimbursement rates for case management is important for the following reasons:**
 - a. **Vital role of licensed Case Management Agencies** – Case Management is required to assure that nursing home level patients who reside in foster homes are able to remain in the community safely. Case management services, provided by licensed case management agencies, requires a case management team of Registered Nurses and licensed Social Workers. It also requires RN/Case Managers to delegate nursing functions to foster home caregivers, thereby placing their professional nursing licenses on the line.
 - b. **Fragile community-based network on neighbor islands** - The recent attempt to reduce case management rate by one of the two QUEST Expanded Access (QExA) health plans, by nearly 48% created tremendous turmoil within the network of licensed case management agencies, most of which are small businesses. Due to public protest by the case management agencies and their supporters, the health plan agreed to a 17% reduction, which is still an extreme hardship for licensed case management agencies, given the continuing problems with transition to managed care, including increased responsibilities and lack of timely payment.



There is no differential rate for neighbor islands and Catholic Charities Hawai'i is concerned that this may result in lack of choice for Ohana patients on the neighbor islands, where access to health care is already a challenge.

- c. **Avoid compromising quality of care by establishing a minimum rate.** Currently, the complexities of providing case management for residents of community care foster family homes requires complying with the requirements of two different health plans, while also being accountable to Federal Medicaid and State regulations, as well as a separate licensing entity – and while continuing to be client-centered and providing quality services that respect the dignity and self determination of the client. Needless to say, this has been a Herculean task.

Catholic Charities Hawai'i is concerned that a reduction in case management rates by more than 10% will compromise the ability of licensed case management agencies to ensure the safety and well-being of foster home residents. Establishing a reasonable minimum rate would ensure that this service remains a stable, viable alternative to more costly institutional care for frail and vulnerable individuals.

Recommendations

1. Require that health plans cannot reduce the case management rate more than 10% from the original rate of \$16.25.
2. Delete or change Section 1, (3), which states “The Medicaid healthcare insurance plan contractor shall not enter into, or renew, any policy with a home and community-based case management agency unless the policy contains maximum reimbursement levels for chore services and non-emergency medical transportation.”

Reason: Case Management agencies do not have any control over Medicaid reimbursement rates paid for chore or “non-emergency medical transportation”. These rates are set by the health plans.

Catholic Charities Hawai'i asks for your support of SB 2650, SD2, HD1, in order to help ensure the safety and health of frail and vulnerable adults residing in community care foster family homes. If I can provide any further information, please feel free to contact me via phone at 808-527-4702 or via email at diane.terada@catholiccharitieshawaii.org. Thank you for this opportunity to provide testimony.

Date: March 27, 2010

To: Representative Marcus R. Oshiro, Chair
Committee on Finance

Representative Marilyn B. Lee, Vice Chair
Committee on Finance

From: Sarah Suzuki, MBA, BSN, RN
President, Case Management Council
Managing Partner, Blue Water Resources

Hearing Date: Monday, March 29, 2010,

Hearing Time: 2:30 P.M.

Hearing Place: Conference Room 308, State Capitol

Subject: SB 2650, SD2, HD1 (HSCR 868-10)

Regarding the Notice of Hearing relating to the Department of Human Services:
Requires Medicaid contracts between the Department of Human Services and Medicaid healthcare insurance plan contractors to contain provisions affecting the reimbursement obligations in the policies between the Medicaid healthcare insurance plan contractors and the home and community-based case management agencies. Prohibits reductions of reimbursements of more than 10%.

Position:

I, respectfully, ask the Committee on Finance to pass section 1, part 1, Chapter 103F of SB 2650 to ensure the viability of case management agencies who are important to the State's and the QExA health plans' ability to provide better and more cost-effective care to the aged, blind, and disabled population. There are no appropriations asked for in this bill and no additional costs will be incurred by its passage.

Thank you for allowing me to provide this testimony.



Case Management Professionals, Inc.

TO: COMMITTEE ON FINANCE

Hon. Chair: Rep. Marcus Oshiro

Vice-Chair - Rep. Marilyn Lee

Members: Rep. H. Aquino

Rep. I. Choy

Rep. G. Keith-Agaran

Rep. R. Sagum III

Rep. K. Yamashita

Rep. K. Awana

Rep. D. Coffman

Rep. C. Lee

Rep. J. Tokioka

Rep. L. Finnegan

Rep. T. Brower

Rep. S. Har

Rep. S. Nishimoto

Rep. J. Wooley

Rep. G. Ward

FROM: CASE MANAGEMENT PROFESSIONALS, INC

Agnes Reyes, RN – Clinical Administrator and Case Management Council Vice-President

RE: SB 2650, SD2, HD1 (HSCR868-10) RELATING TO THE DEPARTMENT OF HUMAN SERVICES. Requires Medicaid contracts between the department of human services and Medicaid healthcare insurance plan contractors to contain provisions affecting the reimbursement obligations in the policies between the Medicaid healthcare insurance plan contractors and the home and community-based case management agencies. Convenes a task force to determine the feasibility of the Department of Human Services proposed reorganization. Effective January 1, 2050.

Case Management Professionals, Inc. supports Bill 2650 with the following recommended amendments:

- a) prohibiting unrealistic reductions of established contracted reimbursement rates of more than 10% to the various providers (especially small businesses like myself);
- b) establishing a clear defined time frame or limit on the frequency if ever there is a justified rate reduction, not less than every 3 years.
- c) establishing a realistic immediate effective date and not January 2050

Case Management Professionals, Inc. is one of the pioneer licensed home and community-based case management agencies in the State of Hawaii currently serving the islands of Oahu and Kauai. Collaboratively with all the other case management agencies we have significantly assisted the State in building the infrastructure to allow care for thousands of elderly, blind and disabled in a home and community setting.

Beginning February 1, 2010, case management rates were almost drastically cut by Ohana Health Plan which potentially would have put more than half of the case management agencies who have built this industry out of business. It is through legislators like you who have mediated and averted a 48% cut down to 17%. Although still substantial, the reduced cut has given us an opportunity to survive longer. Barely two months after, Evercare has also notified us of a rate reduction effective May 1, 2010. As a registered nurse, together with the other business owners who are healthcare professionals, we are sincerely committed to this care industry. I therefore humbly seek assistance from the Finance Committee to put in place mechanisms to assure that contracts between the State Department of Human Services and each State contracted Medicaid insurance plan protection for providers and assure appropriate reimbursements of contracted services

Passage of this bill will not seek any monetary appropriation or incur additional cost in any way for the State; instead, this provision will only assure much needed continuous, non-fragmented quality service and care for the elderly and disabled. It will also prevent a negative aftermath to the care by reducing the probability of putting providers out of business brought about by drastic inappropriate reduction of rates by State contracted health plans.

Our services are provided by qualified professional registered nurses and master's level social workers. They are the core of the service we provide. They are the vital component of each agency's viability. Drastically cutting rates means a critical compromise to the service we provide. Although we did not have a raise yet since this industry started in 1999, we continue to remain steadfast to our bottom line and that is quality care. There is no generic alternative to quality service.

Please consider hearing and passage of SB 2650 so we may continue to serve the compromised group of the elderly, blind and disabled who reside in a home and community setting.

Looking forward for your favorable support! Thank you and Aloha.

March 26, 2010

Representative Mark Ohsiro, Chair
Members of the House Finance Committee

House Finance Committee hearing 3/29/10 @2:30pm

Re: Testimony in favor of SB 2650 SD2, HD 1 to require the Department of Human Services to convene a task force to determine the feasibility of the EPOD reorganization prior to implementation. This task force would report to the 2011 legislature.

I am Gretchen Lawson, President/CEO for the Arc of Kona, a private, not-for profit, charitable organization supporting people limited by disability: most notably people with intellectual disabilities. The people we support have cognitive limitations, are usually living at or below the poverty level because of their inability to work at jobs that pay well enough to support themselves and most of this population require the assistance of a direct service worker to live in the community. Requiring this population to obtain basic survival needs through the use of fax, telephone, or computer is not a good plan. They often times cannot use a computer, even if they had access to one which is uncommon. If the State has approximately 350, 00 recipients of Public assistance, food stamps, and Med-Quest or expanded med-quest all competing to get to 2 call centers state wide, the time it takes to get a person to assist them will totally overwhelm the system ability to allow timely eligibility determination thus preventing a large segment of our State population from finding the support they need to survive. These people will just end up having to utilize much more expensive means of survival or simply perish.

This is simply not a good plan and very unwise as it would result in the State spending more money than it is intended to save. DHS own experts in the field of fraud investigation and food stamps do not agree with the plan, the model DHS used to design the program came from Florida where the plan took years to design, and was gradually implemented and even now has serious ramifications for the population needing service.

We are all aware of the serious budget crisis and are all in favor of instituting cost saving measures when they make sense, why not try a pilot project for people who can utilize the internet, use the phone with skill and have access to electronic means of communication; but please do not shut down all 50 offices where live people can assist those who need it and turn employed State workers into unemployment recipients thus just shifting the expense from DHS to the Department of Labor and Industrial Relations.

Thanks you for passing this out of committee so it can progress towards becoming law.

Sincerely,

Gretchen Lawson



94-450 Mokuola Street, Suite 106, Waipahu, HI 96767
808.675.7300 | www.ohanahealthplan.com

March 29, 2010

To: The Honorable Marcus R. Oshiro
Chair, House Committee on Finance

From: 'Ohana Health Plan

Re: Senate Bill 2650, Senate Draft 2, House Draft 1-Relating to Human Services

Hearing: Monday, March 29, 2010, 2:30 p.m.
Hawai'i State Capitol, Room 308

Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana is managed by a local team of experienced care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.3 million Medicaid and Medicare members nationwide. 'Ohana is able to take the national experience in providing an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to submit our comments in opposition to Part I of the bill. We take no position on Part II of this measure.

This measure would undermine a contracted health care plan's ability to privately and independently negotiate their own contracted rates with subcontractors, ensuring the efficient operation of the health system. We are concerned that this bill will directly lead to increased cost for the State since this is a Medicaid program.

At a time where the State is in a deep financial crisis and the Department of Human Services (DHS) is unable to guarantee timely payment towards the end of the fiscal year to the five health care plans contracted under the QUEST program, it would be fiscally detrimental to codify rates that are a plan's responsibility to negotiate.

Managed health care is beneficial not only because it provides a more coordinated care for a patient, leading to better health outcomes, but also because it is a mechanism for curbing some of the continually rising costs that is associated with health care. One example of the managed health care plans' impact on saving the State money vs. the previously utilized fee-for-services (FFS) program is transportation. (See attached Honolulu Advertiser news article, *Hawaii-funded Medicaid travel assistance abuses curbed*, Sunday, March 14, 2010. <http://the.honoluluadvertiser.com/article/2010/Mar/14/ln/hawaii3140356.html>)

Part I of this measure would counteract the positive financial impacts that the contracted managed health care plans have made for the State over the past two years. Without the retaining the ability, or being given limited ability, to privately and independently negotiate our own contracted rates with subcontractors, managed health care plans contracted with the State to provide services will have little opportunity to utilize new and innovative methods to save the State money, especially during this financially challenging period.

We at 'Ohana trust that the Legislature has been able to see the value that we as a managed health care plan provide and hope that we will be able to continue contributing to the State's efforts to spend government dollars in an efficient and meaningful way with your full support.

For these reasons, we respectfully request that this measure be amended to delete the entire Part I. Thank you for the opportunity to submit these comments.

TO: House Finance Committee
RE: SB2650
Position: SUPPORT

From: Timothy Wingate
PO Box 1427 Keaau 96749
808-937-6490

I attended the informational meeting held by Rep John Mizuno at the Hilo ADRC on 03/25/10. I would like to thank both Representative Cabanilla and Mizuno for their concern. I am writing this in opposition to the Governor's plan to re-organize the Dept of Human Services.

My experience with DHS goes back 25 years and in this time I was an eligibility worker, a child protective Service (CPS) worker, and currently I am working as a social worker for APCS (Adult Protective & Community Services). I think that I have somewhat of a unique view because of my employment situation. I visit various private and State agencies on a regular basis. I see what is going on with the MQD and BESSD offices and I can truly appreciate the chaos and stress of the outrageous work demands. You heard from eligibility workers in the meeting and I can say that what I have seen is a result of worker attrition, an increased workload and a declining economy. The worker attrition is a result of lower pay and increased demands. The health of my clientele is dependent on the health of the very offices that the Governor is proposing to close.

My job as a social worker with APCS has been privatized. I used to handle approximately 120 chore cases, assist with adult day care placements and place clientele in ARCH homes. My job was vital to those that I served. I now have around 22 chore cases and those are clients that do not qualify for Aged, Blind or Disabled (ABD) Medicaid. I no longer do adult day care or ARCH placements. Those responsibilities have been given over to the Medicaid Health Plans. My main asset in my work is that I have the 25 years of experience with BESSD, Medicaid and SSD and I have developed a broad knowledge base.

I also license adult day care and have had opportunity to talk to adult day care management in regards to their loss of revenue because of the delayed Medicaid payments. I was told that at some point, their doors would be closed to clients who were dependent on Medicaid payments and these clients would no longer be allowed to attend adult day care. This would trickle down to their having to lay off staff. During your meeting, a contingent of ARCH operators expressed their concerns about the lack of compensation. I completely understand the fear of the ARCH operators in regards to the delay of Medicaid payments. Everyone needs operating money and promises of payments two to three months later do not provide operating money. In the two to three months wait, ARCH homes will close their doors and other agencies will curtail services.

Every time there is a revised economic forecast, the governor announces a new wave of draconian measures that are aimed at the State Employee and the needy. At the same time, she calls for FIVE (5) million dollars in improvements to the Alawai Boat Harbor as necessary infrastructure improvement.

Twice during the meeting Rep Mizuno mentioned how it was like playing chess with the Governor in order to pass a bill. After hearing the testimony last night, I definitely had the feeling the Governor has been playing a chess game from the beginning. She started out with furloughs, followed by RIF's, then reduction of benefits and recently she announced another 5.5% wage cut.

At every one of these junctions there was a reduction of labor. My wife retired because it made no economic sense for her to continue working. I don't know how many others, statewide, quit or

retired as a result of the pay reductions brought on by furloughs or RIF's, but my guess is that the retirement rate has spiked over the last year. During the RIF, employees were placed in situations that were near impossible to work.

I personally know of two circumstances where a RIF forced the employees to be placed in a job that had a one way commute in excess of 100 miles or 2.5 hours drive one way. One of the employees was placed in a job she was ill trained for, and no training was provided. She worked the job for no more than two months before quitting. As I understand it, the position is now vacant, frozen and unattended. The other employee that is making the trip is making do, but the salary less furlough days hardly makes up for the gas and maintenance of his vehicle, and will not cover living expenses to move to that location. I have also heard of CPS supervisors quitting because of outrageously excessive work loads.

These are my thoughts: We heard from the BESSD and MQD eligibility workers at the hearing. It was made abundantly clear that their work loads were excessive and in a realistic sense "not workable." The frustration is real. The employee dedication is real. Adverse result on the clientele is real. I walk through a multitude of offices and I view the chaos. Papers are stacked high: incomplete, unfinished and undone. Both the client and the worker suffer. I have seen employees rosters drop from eight to three in one office. I have to think that this is probably true state wide.

My feeling is that everyone benefits from the activities of the State. That would mean that everyone who lives in the state should be responsible for the economic health of the state. That means **EVERYBODY!** I would suggest that a variable excise tax increase that would rise and fall inversely proportional to the deficit should be considered. The Legislature and Governor should continue to look for ways to cut duplication of services and cut unnecessary spending in every Department. We can tax the rich and/or reduce the benefits for the poor. We can fire employees and/or we can stop upgrading boat harbors. No matter where the money is taken from, the economic outcome remains the same and now, we are only talking about fairness.

Now back to the chess game. There is no denying that the state is suffering from the economic chaos that is occurring in the rest of the country and world. There is no denying that the state needs to enhance revenues and lower costs. My feeling is that the Governor's opening move in this chess game was to announce furloughs; her next move was the RIF's followed up by another announcement of a pay cut. She has caused people to retire who might have remained employed and caused employees to quit because of the extreme employment conditions. She has managed to gut the system. She has managed to privatize the work of the State Employee. She has gutted the system to the point where it is no longer functional. Your position is that the State needs to preserve the over 200 jobs that would be lost by establishing the EPOD. Her response will be that the EPOD has to be established because current DHS staffing can no longer provide for the needs of the indigent. Check! The input of the very people you are trying to protect is providing her fodder for the logic of establishing EPOD.

I don't believe you can maintain the status quo. I believe that you need to take a stance of rebuilding. I believe that the private contracts to companies, especially based outside of Hawaii, need to be revisited and cancelled. Funds need to remain in our state to enhance our economy. I believe that the state should rely on its own people to provide help to those in need. The people of Hawaii provided the help in the past and are able to do it again. I believe that the money that is spent on the indigent should remain in the state and not shipped, en masse, to stockholders elsewhere. Checkmate!!

March 26, 2010

**Representative Mark Oshiro, Chair
Members of the House Finance Committee**

Re: Testimony in favor of SB 2650 SD2, HD 1 to require the Department of Human Services to convene a task force to determine the feasibility of the EPOD reorganization prior to implementation. This task force would report to the 2011 legislature.

I am William Cliff, private citizen, but also a volunteer member and Vice-President of the Board of Directors of the Arc of Kona. The ARC of Kona is a private, not-for profit, charitable organization supporting people limited by disability: most notably people with intellectual disabilities.

I am a retiree and a recipient of social security and medicare benefits. However, neither I nor any member of my family receives or is anticipated to receive benefits covered by the EPOD reorganization.

I am well aware of the Hawaii's fiscal burden due, in large part, to the high number of state employees compared to the general population. I am sympathetic with efforts to control the numbers and improve the efficiency of state employees. However, EPOD, as proposed, is a hastily conceived plan intended to be implemented with little or no planning. The extremely short time frame for implementation indicates no consideration of the impact on the most vulnerable citizens of the State of Hawaii.

A proposal to reduce and consolidate the number of offices, along with a pilot program to test electronic filing of applications, might make sense. A well conceived plan could reduce costs while minimizing adverse affects on those least able to fend for themselves. That is NOT what the Governor has proposed.

The governor's plan combines all categories of recipients together and does not recognize the limitations of separate groups. I would like to briefly address the impact of EPOD on the one group most potentially impacted by the proposed plan and the group with which I am the most familiar, people with Developmental Disabilities.

Those with Developmental/Intellectual Disabilities need the assistance of a social worker to help them through the complexities of the system and provide access to other means of support. The process is emotionally stressful, on both the recipient of benefits, and his or her family members. In the simplest of terms, if a citizen of Hawaii with Developmental Disabilities was able to complete and file complex documents electronically, they would, by definition, NOT be Developmentally Disabled.

For this reason alone, and in the interests of a just and compassionate society, I support not only SB 2650 SD2, HD 1, but also any efforts to sensibly control administrative costs. This is a potential benefit to both tax payers and recipients of desperately needed services.

Sincerely

**William Cliff
Captain Cook, Hawaii**

Testimony in Support of SB 2650: Relating to the Department of Human Services

Hearing Monday, March 29 at 2:30 p.m., Conference Room 308

I strongly support SB 2650, relating to the Department of Human Services, requiring Medicaid contracts to contain provisions affecting reimbursement obligations, and convening a task force to determine the feasibility of the Department of Human Services proposed reorganization.

While cost cutting measures need to be found at any and all opportunities, the current proposal by the Director of Human Services to close all eligibility units and open two large processing facilities to provide all benefit determinations and other services currently provided by the statewide network of public assistance offices is, at the very best, premature. The Director touts the Florida system as her shining star, yet Florida studied and trialed their system for three years before they implemented it, and still the state sunk to 46th in the nation after implementation. Such major changes require changes in policies, which can only be done after consultation with the federal agencies that fund state benefits, and only have policies are changed, which requires a lengthy process of reviews and public hearings. No studies have been done, no requests for waivers from federal policies have been submitted, no 'proposed amendments to administrative rules' have been circulated, no official public hearings have been held. Since a large percentage of salaries and office expenses is paid by the federal government, and such a large percentage of the state's population benefits from the funds provided by the federal government (reportedly 38% of the Big Island's residents receive SNAP aka food stamps benefits), it is right and prudent to follow all established procedures to change a system that has been functioning well in basically the same way for 30 years.

Every system has room for improvement; some systems need to be totally changed due to changes in technology. The current benefit determination and delivery system undoubtedly could be streamlined and made more user-friendly and efficient. Such changes should come through consultation with the affected parties - the clients, the employees, the federal overseers - then trialed, fine-tuned, before statewide adoption. The Director's current proposal does not address the needs of the clients or the communities, and if implemented as proposed could have devastating results on timeliness, accuracy, and ultimately, the well being of our island's needy.

Mahalo,

**Mary Crispi
78-7019 Mana Opehu Ln
Hoʻualoa, HI 96725**

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 27, 2010 9:13 PM
To: FINTestimony
Cc: karenkmuraoka@hotmail.com
Subject: Testimony for SB2650 on 3/29/2010 2:30:00 PM

Testimony for FIN 3/29/2010 2:30:00 PM SB2650

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Karen Muraoka
Organization: Individual
Address: 3730 Kikee Road Kalaheo, HI
Phone: 8086517913
E-mail: karenkmuraoka@hotmail.com
Submitted on: 3/27/2010

Comments:

Dear Members of the Finance Committee:

Thank you for conducting this hearing on SB2650, SD 2, HD1, with particular reference to Part II, Sections 2 and 3 to insure DHS employees continue with the intake and eligibility process and a Task Force be created to determine the feasibility of the proposed EPOD. It will provide DHS time to do a detailed plan to eliminate duplication of services, properly consolidate programs, compare costs of contract staff versus employees, provide a reasonable timeline for a smooth transition with the infrastructure and trained staff in place prior to a reorganization. This is the right thing to do and it is sad that it took legislative intervention to have the right thing done. As a DHS/BESSD employee, HGEA BU 03 Member and Resident of Hawaii, your support of our clients, community and dedicated staff is greatly appreciated.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 26, 2010 9:43 AM
To: FINTestimony
Cc: jshitanaka@hotmail.com
Subject: Testimony for SB2650 on 3/29/2010 2:30:00 PM

Categories: monday 3/29

Testimony for FIN 3/29/2010 2:30:00 PM SB2650

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: janice shitanaka
Organization: Individual
Address: 2550 apapane street lihue, hi
Phone: 808-651-9541
E-mail: jshitanaka@hotmail.com
Submitted on: 3/26/2010

Comments:

Support this bill because it is highly critical to have a task force for the EPOD proposal prior to implementation as all BESSD clients along with BESSD & MQD staff shall be detrimentally impacted.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 26, 2010 9:47 AM
To: FINTestimony
Cc: joynwayne@hotmail.com
Subject: Testimony for SB2650 on 3/29/2010 2:30:00 PM

Categories: monday 3/29

Testimony for FIN 3/29/2010 2:30:00 PM SB2650

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: joy wakumoto
Organization: Individual
Address: 3367 elima street lihue, hi
Phone: 808-651-8188
E-mail: joynwayne@hotmail.com
Submitted on: 3/26/2010

Comments:

Support this bill because a task force study about the EPOD proposal should be done prior to implementation of this new system. Suggest that an EPOD be created on Kauai & Maui to provide face to face services with clients as required. Thank you.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 28, 2010 8:11 AM
To: FINTestimony
Cc: lcarmanjr@hotmail.com
Subject: Testimony for SB2650 on 3/29/2010 2:30:00 PM

Testimony for FIN 3/29/2010 2:30:00 PM SB2650

Conference room: 308
Testifier position: support
Testifier will be present: Yes
Submitted by: Leonard C. Carman Jr.
Organization: Individual
Address: 435 Seaside Ave., Apt. 504 Honolulu, HI 96815
Phone: 808-342-6924
E-mail: lcarmanjr@hotmail.com
Submitted on: 3/28/2010

Comments:

I am in favor of this bill passing to put a temporary stop to the reorganization of DHS into an EPOD situation. This involves a major under taking that has not been given enough study and planning to implement. By passing this bill it will set up a needed task force to take a long hard look at this proposal and what affects to would have on the 300,000 plus public that use these services daily and how they would be accomadated effectively with the closing of 30 something offices state wide and the termination of another 230 something state employees that are presently servicing these clients each day.

The passage of this bill will also prohibit the use of private contracts and vendors for intake and eligibility of welfare and public assistance services which again is needed to not only protect the jobs of state workers but to protect the well being of any one needing these services or who presently have them.

The present administration has one goal in mind and only one and that is to down size state government no matter what on the backs of it's employees and needy public.

They have not thought this out or planned it wisely and it should not be allowed to happen until such time that it has.

Thank you,
Leonard C. Carman Jr.
State Employee and Concerned Citizen