

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Review of the Progress Report on Maximizing Federal Medicaid Funds for Hawaii

Summary

The Legislature asked the auditor to report to the 1991 Legislature on the progress made by the Department of Health and the Department of Human Services in implementing the recommendations of the *Study and Plan for Maximizing Federal Medicaid Funds for Hawaii*, prepared for the Office of the Auditor by Lewin/ICF and Fox Policy Consultants in 1990. We asked these consultants to review and assess the *Progress Report On Maximizing Federal Medicaid Funds For Hawaii* submitted by the two departments.

The consultants reported that in most respects both departments have responded quickly to the legislative directives in the 1990 study. A new interagency task force serves as a forum for issues of concern to both departments and seems to be operating effectively. Better communication has helped the departments move on such matters as determining eligibility and processing enrollment in the new state health insurance program and Medicaid.

More children are now eligible for Medicaid, and enrollment is up. Progress has also been made in billing for mental health services, covering case management services, and in identifying and addressing common issues between the new state health insurance program and Medicaid.

In some areas the departments have not made comparable progress. Billing for the services of other health programs (besides mental health) has been slow, and the Department of Human Services has rejected the legislative directive to raise clinic reimbursement rates to cover providers' actual costs. The departments have not yet established a formal way to communicate with outside groups in developing Medicaid programs, creating a special form for Medicaid applicants, expanding eligibility to 133 percent of the payment standard, and expanding coverage in such areas as occupational and physical therapy in the schools.

Recommendations

The consultants believe that there is a continuing need for an action plan that sets forth what must be done to accomplish each recommendation. The action plan would guide the task force in establishing goals, specific steps, responsibilities, time lines, and target dates for efforts to maximize federal revenues.

Background

Medicaid is a federal and state program of health care coverage for certain low-income groups. It provides federal matching funds to states that qualify. For services covered in Hawaii, the federal match comes to about 54 percent of total costs. Hawaii's program is administered by the Department of Human Services.

Because the Medicaid program has some flexibility, the Legislature thought it possible that Hawaii may be funding services that could be eligible for federal matching funds. The Legislature in 1989 requested the auditor to study this issue and to recommend a plan for maximizing what the State could gain in federal funds. The study, prepared by two consulting firms, Lewin/ICF and Fox Health Policy Consultants, examined how the state could expand coverage and services and how the Departments of Health and Human Services could better administer the Medicaid program.

The consultants found that the State could realize \$2 million or more in additional federal Medicaid funds by broadening coverage and improving policies and procedures for reimbursements. Although the state program included most eligibility categories, it could adopt still others. Finally, both departments could make administrative improvements, particularly in interdepartmental coordination and data management. The consultants incorporated their recommendations in a strategic plan that set forth, with suggested time frames, the actions that had to be taken to implement the recommendations. Both departments agreed in general with the recommendations made by the consultants.

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