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**TESTIMONY *IN SUPPORT* OF SCR 124: REQUESTING THE AUDITOR TO  
CONDUCT A FINANCIAL AND MANAGEMENT AUDIT OF THE DEPARTMENT  
OF HUMAN SERVICES MEDICAID-SPONSORED PROGRAMS**

**SUBMITTED TO: COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING  
HEARING DATE: MARCH 20, 2008**

**SUBMITTED BY: Richard Bettini, Chief Executive Officer**

The Waianae Coast Comprehensive Health Center is in full support of Senate Concurrent Resolution No. 124 (Requesting the Auditor to Conduct a Financial and Management Audit of the Department of Human Services Medicaid Sponsored Programs).

Medicaid in Hawaii now is supported by a billion dollar annual outlay of State and Federal funds. Periodic review of the management and financial systems used to administer these funds and programs should be undertaken by our legislative branch.

We are particularly concerned about the impact that the revolving door of QUEST administrators has had in the continuity of program policies and procedures. QUEST has not been able to establish a federally mandated Prospective Payment System for community health centers despite a federal court action identifying a deadline to do so. Procedures agreed to with one QUEST administrator are not maintained as their replacement assumes another disjointed tenure in this position. Record keeping is inadequate and contributes to this lack of continuity. There is an extreme level of frustrations at health centers with this inconsistency.

The inability of the QUEST Program to maintain adequate management depth is also a concern. Considering the dollars involved, a study of appropriate management staffing should be made.

The recent handling of the QUEST Adult Coverage Expansion raises questions as to whether due diligence is adequately performed on potential QUEST contractors and whether the best interests of the State are being pursued.

The Department of Human Services has completed some very positive objectives including the expansion of QUEST coverage to more individuals, however, management resources and systems appear underdeveloped. An audit may prove constructive

Mahalo.

**To the Honorable Senator Suzanne Chun Oakland  
Chair of the Senate Human Services Committee**

**Testimony in Support of SCR No. 124**

Requesting a Financial and Management Audit of the  
Department of Human Services Medicaid Sponsored Programs

Submitted by Susan B. Hunt, MHA  
Executive Director, Hamakua Health Center, Inc

I am writing in strong support of SCR 124. The Department of Human Services oversees a number of programs that impact the financial viability of the Health Center and our ability to provide services to the low income and underserved population in North Hawaii. Because DHS plays such a vital role in reducing barriers to access for the most vulnerable people in our communities it is essential that the Division operate in all of our best interests.

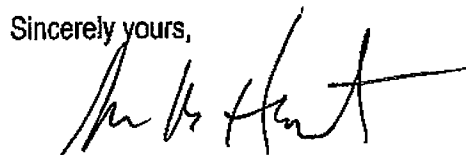
The recent QUEST Exp award to mainland companies that have been nationally exposed for unethical practices, and the fact that our health center was required to sign an intent to contract with any of the mainland companies who submitted bids, unless a written explanation was provided to DHS stating our reasons for not doing so, calls into question the intent behind the bid and the award.

In addition, since 2001 Community Health Centers have sought to reach agreement with DHS on administrative rules that provide guidelines for rate setting, prospective payment settlements and scope of service changes as we add clinics and services to serve the vulnerable population. This, to date, has still not been accomplished in spite of a federal settlement with AlohaCare stating that the administrative rules were to have been completed by August of 2006. The high rate of staff turnover and lack of consistent record keeping regarding what has transpired from one employee to the next around the administrative rule issue is also a concern.

It is important that government be held accountable regarding its responsibility to the people of our State – both the tax payers who support public assistance programs and those who receive them. The results of this audit will alert the Legislature, DHS, Medicaid providers and the public of compliance risks pertaining to Federal and State laws, program deficiencies and conflicts of interest.

It is much appreciated that the Legislature is considering a financial and management audit of the Department of Human Services Medicaid-sponsored programs to identify any areas of concern regarding but not limited to fee schedules, rates of reimbursement, financial shortfalls, program delivery and implementation.

Sincerely yours,



Susan B. Hunt

March 19, 2008

The Honorable Suzanne Chun-Oakland  
Chair, Senate Committee on Human Services

In **Support** of SCR 124

Thank you for the opportunity to testify **in strong support** of SCR 124.

AlohaCare is a non-profit, Hawaii health plan for Medicaid and Medicare beneficiaries. AlohaCare's members/owners are community health centers which are on the frontlines of health care in Hawaii. AlohaCare is contracted with the Department of Human Services and the Centers for Medicare and Medicaid (CMS) to provide QUEST and Medicare health insurance to more than 58,000 of Hawaii's citizens.

SCR 124 is critical to provide appropriate oversight, evaluation, and feedback to a State department that manages a colossal state budget of more than \$1.3 Billion dollars each year and is responsible for the health of 200,000 of our society's most vulnerable citizens.

We believe SCR 124 is essential in three important ways:

First, it establishes a consistent mechanism to ensure accountability by DHS for such an important program. Second, it alerts the legislature, DHS, Medicaid providers, and the public of any areas of risks relating to failure to abide by Federal and State laws, program errors, and conflicts of interest. Third, it would provide public and Federal government confidence that the interests of Hawaii's Medicaid members and providers continue to be of paramount priority.

If SCR 124 had been adopted a year ago, it is likely that the recent QUEST Expanded Access for the aged, blind, and disabled Request for Proposal (RFP) for Medicaid members would have been drafted differently. It is unlikely; DHS would have circumvented the legislature's power and exempted for-profit health plans from paying the insurance premium tax by promising a \$65 million tax rebate on a state contract over the three-year term of the contract.

We also propose that an amendment to this resolution be included that places particular focus on the Medicaid QUEST and Aged, Blind, and Disabled program for the audit.

Since our start in 1994, AlohaCare has been driven by a mission to care for Hawaii's most fragile and vulnerable citizens. We feel a strong obligation to urge you to pass and adopt SCR 124 to ensure that Hawaii's Medicaid beneficiaries, physicians and providers who care for them and our community are protected.

Sincerely,

Ed Kemper, Esq.

## testimony

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**From:** Hardy Spoehr [hspoehr@papaolalokahi.org]  
**Sent:** Wednesday, March 19, 2008 3:17 PM  
**To:** testimony  
**Subject:** SCR 124; Thursday, March 20, 2008; 1:15pm; Conference Room 016

Aloha,

Papa Ola Lokahi supports SCR 124, requesting the auditor to conduct a financial and management audit of the Department of Human Services Medicaid-sponsored programs. Our interest is to insure that all Native Hawaiians who are eligible for services through the state's Medicaid-sponsored programs; more specifically all of the various Med-Quest programs and the SCHIP program; are, in fact informed and enrolled in these programs. Because of past state policies requiring re-enrollment and changing eligibility requirements, there has been confusion in the Native Hawaiian community which could be addressed through such a study. Thank you for the opportunity to present testimony on this matter.

Hardy Spoehr, Executive Director  
Papa Ola Lokahi