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TESTIMONY *IN SUPPORT* OF SCR 124 SD1: 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 HOUSING AND COMMITTEE ON HEALTH

HEARING DATE: APRIL 18, 2008

SUBMITTED BY: Richard Bettini, Chief Executive Officer

The Waianae Coast Comprehensive Health Center is in full support of Senate Concurrent Resolution No. 124 SD 1 (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.

The inability of the QUEST Program to maintain adequate management depth is 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. Billion dollar contracts are being offered to mainland managed care organizations that have very mixed performance in other States.

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.



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The Twenty-Fourth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Human Services and Housing
Committee on Health

Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
April 18, 2008

S.C.R. 124, S.D. 1 – REQUESTING THE
AUDITOR TO CONDUCT A FINANCIAL
AND MANAGEMENT AUDIT OF THE
DEPARTMENT OF HUMAN SERVICES
MEDICAID-SPONSORED PROGRAMS.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of S.C.R. 124, S.D. 1, which is to request that the Auditor conduct a management and financial audit of Medicaid-sponsored programs.

The Med-QUEST Division is responsible for managing a range of programs that provide medical, mental health, dental services, and adults, including Medicaid Fee-For-Service, Hawaii QUEST, QUEST-Net, and QUEST Expanded Access to about 200,000 people at a cost of more than \$1.3 billion annually.

We are especially concerned about the implementation of the QUEST Expanded Access (QExA) program for the aged, blind and disabled population in November 2008. This expansion will involve potentially significant changes in the work of employees we represent. The HGEA is about to enter the consultation process with the Department of Human Services on this program expansion. If there were problems with QExA program delivery and implementation, the audit would be helpful in identifying their cause and developing solutions.

Thank you for the opportunity to speak in support of S.C.R. 124, S.D. 1.

Respectfully submitted,


Nora A. Nomura
Deputy Executive Director

April 17, 2008

The Honorable Josh Green, M.D.
Chair, House Committee on Health

The Honorable Maile Shimabukuro
Chair, House Committee on Human Services
and Housing

The Honorable John Mizuno
Vice Chair, House Committee on Health

The Honorable Karl Rhoads
Vice Chair, House Committee on Human Services
and Housing

In **Support** of SCR 124 SD1

Thank you for the opportunity to testify **in strong support** of SCR 124 SD1.

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 SD1 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 SD1 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 SD1 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.

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 SD1 to ensure that Hawaii's Medicaid beneficiaries, physicians and providers who care for them and our community are protected.

Sincerely,

John McComas
Chief Executive Officer



Hawai'i Primary Care Association

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To: **House committee on Human Services & Housing**
The Hon. Maile S. L. Shimabukuro, Chair
The Hon. Karl Rhoads, Vice Chair

House Committee on Health
The Hon. Josh Green, M.D., Chair
The Hon. John Mizuno, Vice Chair

Testimony in Support of SCR 124, SD 1
REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND
MANAGEMENT AUDIT OF THE DEPARTMENT OF HUMAN SERVICES
MEDICAID-SPONSORED PROGRAMS.

Submitted by Beth Giesting, CEO

April 18, 4:00 p.m. agenda

The Hawai'i Primary Care Association supports this measure because we support the vitally important mission and work of the Med-QUEST Division (MQD). The Department of Human Services deserves accolades for making steady progress in expanding access to public health insurance through Med-QUEST programs. They are now responsible for health care for more than 200,000 of Hawai'i's most vulnerable residents, a budget that exceeds a billion dollars annually, and make up a large part of the financial sustenance of the health care safety-net including community health centers and hospitals.

Over the past four years while MQD has been grappling with program expansion, a new waiver program, the imposition of onerous federal documentation requirements, and the need to improve program access, it has had three directors, a change in CFOs, and turn-over and vacancies in key staff. The Hawai'i Primary Care Association has been frustrated and bewildered by the lack of communication and seeming lack of basic systems at Med-QUEST during this time as we've tried for years without success to conclude negotiations on prospective payment rules for federally qualified health centers and had several contracts go missing, lapse, or take a very long time to be paid.

Thank you for the opportunity to support this measure which is very timely and should provide extremely useful information for the Department of Human Services and its next Med-QUEST Division Director.