



## **Hawai'i Primary Care Association**

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To: **Senate Committee on Ways & Means**  
The Hon. Rosalyn H. Baker, Chair  
The Hon. Shan S. Tsutsui, 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 4, 10:05 a.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.



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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 WAYS AND MEAN  
HEARING DATE: APRIL 4, 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.

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. 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.

April 4, 2008

The Honorable Rosalyn Baker  
Chair, Senate Committee on Ways and Means

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

LINDA LINGLE  
GOVERNOR



LILLIAN B. KOLLER, ESQ.  
DIRECTOR

HENRY OLIVA  
DEPUTY DIRECTOR

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

April 4, 2008

MEMORANDUM

TO: Honorable Rosalyn H. Baker, Chair  
Senate Committee on Ways and Means

FROM: Lillian B. Koller, Director

SUBJECT: 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

Hearing: Friday, April 4, 2008, 10:45 a.m.  
Conference Room 211, State Capitol

PURPOSE: The purpose of this resolution is to conduct a financial and management audit of Department of Human Services Medicaid-sponsored programs to identify any areas of concern regarding, but not limited to, fee schedule, rates of federal reimbursement, financial shortfalls, and program delivery and implementation.

DEPARTMENT'S POSITION: The Department of Human Services has no objections to the proposed audit and will fully cooperate and assist the Auditor and provide information, if available, to facilitate an analysis of the Department of Human Services Medicaid-sponsored programs within the State of Hawaii as intended by the Legislature.

Thank you for the opportunity to comment on this resolution.



# Kalihi-Palama Health Center

*Hale Ho'ola Hou~House of New Life*

915 North King Street  
Honolulu, Hawaii 96817

To: **Senate Committee on Ways & Means**  
The Hon. Rosalyn H. Baker, Chair  
The Hon. Shan S. Tsutsui, 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 Emmanuel Kintu, Executive Director  
April 4, 10:05 a.m. agenda

Kalihi-Palama Health Center supports the measure because we are partners in an effort to provide quality integrated health care and social services to the residents of Hawaii, especially those who face barriers when trying to access healthcare services. We understand that the measure will compliment the good work of the staff of the Med-QUEST Division and perhaps enable the Division to secure the resources and tools they need to operate more effectively.

The Department of Human Services (DHS) has done a commendable job in expanding access to public health insurance through Med-QUEST programs. DHS has worked with us and other community health centers as a partner in strengthening the financial soundness of the health care safety-net. We are grateful for the work they have done.

We understand that the significant growth in the health care program coupled with a high turnover rate in the senior administration positions at DHS might have contributed to some gaps in oversight and delays in the resolution of reimbursements to community health centers – including Kalihi-Palama Health Center. This caused hardships for us and for the community we seek to serve.

We are confident that the findings of the audit, particularly the management audit, will provide constructive assistance and guidance to the Department of Human Services. Improvements in the operations of the Department will enhance our ability deliver quality health care to 20,000 residents that we serve annually.

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.

## testimony

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**From:** Hardy Spoehr [hspoehr@papaolalokahi.org]  
**Sent:** Thursday, April 03, 2008 1:54 PM  
**To:** testimony  
**Subject:** Testimony: SCR 124: Senate Committee on Ways and Means; Friday, April 4, 2008; 10:05am; Conference Room 211

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. A somewhat related issue to the recent Aloha Airlines situation, we are also concerned about the continuing policy of the Lingle administration to encourage outside bidders from the continental US to come into Hawaii markets without a thorough commitment to Hawai'i and its residents. Thank you for the opportunity to present testimony on this matter.

Hardy Spoehr, Executive Director  
Papa Ola Lokahi