
A BILL FOR AN ACT

RELATING TO MEDICAID.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Recently, the state department of human
2 services contracted for the administration of a new managed care
3 program, QUEST Expanded Access, for the aged, blind, and
4 disabled population. Of the awarded contracts, two went to for-
5 profit insurance companies to provide medicaid coverage for
6 Hawaii's thirty-seven thousand aged, blind, and disabled
7 residents. Several states have found a number of serious
8 violations of law and instances of medicaid fraud in
9 administering similar medicaid programs through for-profit
10 insurance companies. Medicaid fraud squanders limited funds,
11 threatens safety, and cheats American taxpayers, which inhibits
12 government efforts to obtain needed healthcare and services for
13 aged, blind, and disabled residents. As a result, legislation
14 has been proposed throughout the United States that permits only
15 nonprofit and government-related entities to bid on medicaid
16 contracts.



1 The department of human services has determined that the
2 State may contract with for-profit entities to provide medicaid
3 health insurance plans under the QUEST Expanded Access program.
4 However, it is important to the taxpayers of the State of Hawaii
5 that state laws and rules give state agencies latitude to
6 determine the reasonableness of administrative spending for for-
7 profit health insurance plans. It is also important to the
8 taxpayers that for-profit corporations providing health
9 insurance for Hawaii's medicaid clients understand Hawaii's
10 cultural history of caring for those who are less fortunate.

11 For-profit entities that are willing to do business in the
12 State of Hawaii with the cultural understanding and compassion
13 that Hawaii as the "Health State" has fostered, should be
14 willing to disclose all financial activities of its Hawaii
15 subsidiaries and its national corporate entities as a gesture of
16 good faith and local corporate integrity.

17 The purpose of this Act is to require all future Medicaid
18 health insurance procurement contracts to be awarded only to
19 qualified nonprofit and for-profit entities that comply with
20 specified reporting requirements.



1 SECTION 2. Chapter 103F, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§103F- Medicaid contracts; nonprofits and for-profits;
5 reporting requirements. (a) All nonprofit or for-profit
6 medicaid healthcare insurance contractors, within one hundred
7 and eighty days following the close of each fiscal year, shall
8 submit an annual report to the department of human services, the
9 insurance division of the department of commerce and consumer
10 affairs, and the legislature. The report shall be attested to
11 by a plan executive located within the state and shall be made
12 accessible to the public.

13 The report shall be based on contracts administered in the
14 state and shall include:

15 (1) An accounting of expenditures of MedQuest contract
16 payments for the contracted services, including the
17 percentage of payments:

18 (A) For medical services;

19 (B) For administrative costs;

20 (C) Held in reserve; and

21 (D) Paid to shareholders;



- 1 (2) Employment information including:
- 2 (A) Total number of full-time employees hired for the
- 3 contracted services;
- 4 (B) Total number of employees located in the state
- 5 and the category of work performed; and
- 6 (C) The compensation provided to each of the five
- 7 highest paid Hawaii employees and to each of the
- 8 five highest paid employees nationwide, and a
- 9 description of each position;
- 10 (3) Descriptions of any on-going state or federal sanction
- 11 proceedings, prohibitions, restrictions, on-going
- 12 civil or criminal investigations, and descriptions of
- 13 past sanctions or resolved civil or criminal cases,
- 14 within the past five years and related to the
- 15 provision of medicare or medicaid services by the
- 16 contracting entity, to the extent allowed by law;
- 17 (4) Descriptions of contributions to the community,
- 18 including the percentage of revenue devoted to Hawaii
- 19 community development projects and health
- 20 enhancements; provided that contracted services shall
- 21 not be included in the percentage calculation; and



1 (5) A list of any management and administrative service
2 contracts for MedQuest services made in Hawaii and
3 outside of the state, including a description of the
4 purpose and cost of those contracts.

5 (b) The department of human services shall include in all
6 medicaid healthcare insurance plan contracts, the annual
7 reporting requirements of subsection (a).

8 (c) Any contract under this section shall be governed by
9 the laws of the State of Hawaii.

10 (d) Within ninety days of receipt of the reports required
11 by this section, the department of human services shall provide
12 a written analysis and comparative report to the legislature."

13 SECTION 3. This Act does not affect rights and duties that
14 matured, penalties that were incurred, and proceedings that were
15 begun, before its effective date.

16 SECTION 4. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2009.



H.B. NO. 1525
H.D. 1
S.D. 2
C.D. 1

Report Title:

Medicaid; Contracts; Health and Human Services

Description:

Requires the department of human services to include specified reporting requirements in all medicaid healthcare insurance plan contracts. (HB1525 CD1)

HB1525 CD1 HMS 2009-4038

