

STAND. COM. REP. NO.

1052

Honolulu, Hawaii

MAR 27 2009

RE: H.B. No. 1525
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committees on Human Services and Judiciary and Government Operations, to which was referred H.B. No. 1525, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MEDICAID,"

beg leave to report as follows:

The purpose of this measure is to require the Department of Human Services to award medicaid contracts to nonprofit insurance entities only.

Testimony in support of this measure was submitted by the Hawaii Government Employees Association and the Hawaii Primary Care Association. The State Council on Developmental Disabilities and the Waianae Coast Comprehensive Health Center supported the intent, and Evercare Hawaii provided comments. Testimony in opposition of this measure was submitted by the Department of Human Services, the Hawaii Medical Service Association, and Goodwill Industries of Hawaii, Inc. Written testimony presented to your Committees may be reviewed on the Legislature's website.

Your Committees find that recent events in other states have led to a growing concern that for-profit medicaid health care insurance entities may not be the most suitable providers for Hawaii's medicaid recipients. The fear is that for-profit entities may cease operations in the State of Hawaii unexpectedly if the profit margin is too low. However, your Committees note that whether the entity is nonprofit or for-profit, there is a



great need for transparency for these providers. The disclosure of information in the health care marketplace will help improve access and the delivery of affordable, quality health care services for consumers.

Your Committees have amended this measure by replacing its contents with the contents of the proposed draft of H.B. 1525, H.D. 1, S.D. 1, which was circulated prior to this hearing. Due to concerns raised during the hearing, your Committees have amended the measure. The proposed draft, as amended, requires all future medicaid health care insurance contracts to be awarded only to qualified nonprofit and for-profit entities that comply with annual reporting requirements, as follows:


- (1) Submit certified audit reports for the contracted services; and
- (2) Provide the medical loss ratio, administrative costs, profit margin, return to investors, number of employees in the State with category of work, description of any on-going proceedings or investigations to the extent as may be allowed by law, total compensation for highest paid employees in the State and nationwide, and a list of all management and administrative service contracts.

In addition, the amended measure includes an effective date of January 1, 2016.

As affirmed by the records of votes of the members of your Committees on Human Services and Judiciary and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1525, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1525, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Judiciary and Government
Operations,


BRIAN T. TANIGUCHI, Chair


SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:*	Committee Referral:	Date:
HB 1525 HDI	HMS/JGO, WAM	3/24/09

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
GREEN, M.D., Josh	✓			
HEMMINGS, Fred				✓
TOTAL	3	0	0	1

Recommendation: Adopted Not Adopted

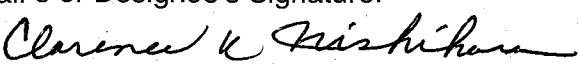
Chair's or Designee's Signature: 

Distribution: Original Yellow Pink Goldenrod
 File with Committee Report Clerk's Office Drafting Agency Committee File Copy

*Only one measure per Record of Votes

The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Judiciary and Government Operations
JGO

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1525, HD1	HMS/JGO	3/24/2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
TAKAMINE, Dwight Y. (VC)				✓
BUNDA, Robert	✓			
GABBARD, Mike				✓
NISHIHARA, Clarence K.	✓			
SLOM, Sam			✓	
TOTAL	3		1	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
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