

THE SENATE
THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

COMMITTEE ON HUMAN SERVICES

Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

COMMITTEE ON HEALTH

Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice Chair

NOTICE OF INFORMATIONAL BRIEFING

DATE: Tuesday, December 9, 2008
TIME: 9:00 a.m. – 3:00 p.m.
PLACE: Conference Room 229
State Capitol
415 South Beretania Street

A G E N D A

TESTIMONY

The purpose of this informational briefing is to review and gain legislative and public insight into the recent awarding of a \$1.5 billion Medicaid contract covering 37,000 Aged, Blind and Disabled (ADB) population to two for-profit companies. The Department of Human Services (DHS) will switch health services for 37,000 elderly, disabled and blind residents to UnitedHealth Group Inc., of Minneapolis, Minnesota and WellCare Health Plans Inc., of Tampa, Florida, both publicly-traded companies. Concerns and questions have been raised by the public, patients, healthcare providers and consumer groups, regarding the process of moving this vulnerable healthcare population from a current State run fee-for-services program to a managed/coordinated care contract awarded to two for-profit insurance companies that may not have significant cultural understanding and operations in Hawaii. Concerns have also been raised by the public regarding recent investigations of these for-profits by numerous states including but not limited to, Florida and California, and the Federal authorities about possible government overpayments, underpayments to providers, denial of benefits, management shortcomings, waste, and fraud. With the current turbulent stock market, the financial integrity and solvency of the two for-profit entities may also become an issue.

REFLECTION AND COMMUNITY CONCERNS presented by the Clergy Caucus of **FACE** (Faith Action for Community Equity)

QUESTIONS AND ISSUES:

1. Status of provider network, statewide, including specialty physicians, pharmacies, community centers, long term care facilities, hospitals, and other providers.
2. Status of compliance, proper licensure, and accreditation of UnitedHealth Group, Inc. and WellCare Health Plans, Inc. with Hawaii Revised Statutes (HRS) 432D Health Maintenance Organization Act.
3. Explanation of lack of participation or awards to existing non-profit insurers serving Hawaii.
4. Guidelines/evaluations used in procurement selection process of only two managed care organizations. Discussion of objective and rigorous procurement process that was later reviewed and approved by the independent Chief Procurement Officer.

5. Explanation of the constitutionality and legality of a DHS approved State tax rebate of \$62 million which represents the premium tax of 4.265% incurred by these for-profits. Could a precedent be set for other for-profit insurance companies to require tax rebates for providing government sponsored insurance? What would be the fiscal impact of this precedent in the budget process?
6. Physician reimbursement agreements and the impact on access to care by patients.
7. Analysis of provider agreements for consistency and compliance with State laws and also with regard to providing complete medical care.
8. Explanation of one of two plans operation in Hawaii for longer than half of the QUEST Plans.
9. Financial Integrity:
 - i. What is the exposure to the two companies to mortgaged-backed investments and corporate debt, including potential holdings in Fannie Mae, Freddie Mac, Lehman Brothers, AIG, and others;
 - ii. How much of the two for-profit companies' cash and investments balances are financed by the floating of premiums paid by the State of Hawaii months in advance;
 - iii. What is the impact to the financial integrity and solvency of these for-profits as a result of their exposure to unknown civil or criminal fines, penalties, or sanctions and unpaid reimbursements to providers that could be assessed by the state or federal governments as a result of the ongoing investigations?
10. Corporate ethics, understanding of Hawaii cultural, medical needs of the ADB population.
11. What is the plan for coverage if one or both insurers pullout of Hawaii or fail financially, as has been experienced in Connecticut and Ohio.

The following State departments and organizations have been invited to participate and provide insight and analysis of the questions and concerns listed above.

1. Department of Human Services
2. Department of Consumer & Commerce Affairs (Insurance Commissioner)
3. Department of Taxation
4. Budget & Finance
5. Chief Procurement Officer
6. Attorney General
7. UnitedHealth Group, Inc
8. WellCare Health Plans, Inc

PUBLIC AND COMMUNITY TESTIMONY

Persons wishing to testify should submit testimony in one of the following ways by 12:00 p.m. , Monday, December 8, 2008:

- In person: 1 copy of their testimony to the committee clerk, Room 215, State Capitol.

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- By fax: Testimony may be faxed if less than 5 pages in length, to the Senate Sergeant-At-Arms Office at 586-6659 or 1-800-586-6659 (toll free for neighbor islands), at least 24 hours prior to the hearing. When faxing, please indicate to which committee the testimony is being submitted and the date and time of the hearing.
- By Email: Testimony may be emailed if less than 5 pages in length, to HTHTestimony@capitol.hawaii.gov. Please indicate to which committee the testimony is being submitted and the date and time of the hearing. Email sent to individual offices or any other Senate office will not be accepted.

Please note: If you submit your written testimony after 12:00 p.m., Monday, December 8, 2008, and wish to testify orally on the day of the hearing, please sign-in at the staff table. Written copies of your testimony will not be distributed during the hearing but will be posted online for the public after the hearing.

If you require special assistance or auxiliary aids or services to participate in the public hearing process (i.e., sign or foreign language interpreter or wheelchair accessibility), please contact the committee clerk 24 hours prior to the hearing so arrangements can be made.

Please note: Documents made available through the Testimony hyperlink(s) above may not be posted until the start of the hearing.

Public Folder. A folder labeled "Public Folder" containing the measures and testimonies for the hearing will be available for shared use by members of the public.

FOR FURTHER INFORMATION, PLEASE CALL THE COMMITTEE CLERK AT 586-6230.

Senator David Y. Ige
Chair

Senator Suzanne Chun Oakland
Chair