AlohaCare
Aloha is the difference

LATE
Testimony

February 12, 2009
10:00am
Conference room 329

To: Rep. John Mizuno, Chair
Rep. Tom Brower, Vice Chair
House Human Services Committee

Rep. Ryan Yamane, Chair
Rep. Scott Nishimoto, Vice Chair
House Health Committee

From: Paula Arcena
Legislative and Community Liaison

Re: HB1454 Relating to Health Care
(Requires DHS to include in its request for proposals for QUEST providers various provisions to safeguard against disruption of services that may be caused by positive enrollment)

My name is Paula Arcena, I am the Legislative and Community Liaison for AlohaCare.

AlohaCare is a non-profit health insurance company, founded by community health centers, to serve the most medically fragile populations in Hawaii. These groups include low-income families, the aged, the disabled and many other groups. Serving the healthcare needs of the people of Hawaii with aloha is our mission. AlohaCare has more than 60,000 health plan members, 1,200 of which are Medicare members.

Thank you for the opportunity to testify in support of the intent of HB1454.

AlohaCare supports the intent of HB1454, which is intended to safeguard against the disruption of services related to positive enrollment. While we support the intent of the

bill, we do not believe it is adequate to safeguard against the disruption of services to Hawaii's Medicaid population caused by positive enrollment. In our opinion, the only way to achieve this goal is to eliminate the potential for positive enrollment all together. We have come to this conclusion because positive enrollment has caused unnecessary confusion among beneficiaries and providers, delays in necessary medical care, disruption to case management and loss of contact with QUEST recipients and their primary care providers and unnecessary expense for all involved.

We feel it is important that the committees understand that AlohaCare does not financially gain from the reduction or elimination of positive enrollment. In 2006, AlohaCare benefited from the auto assignment of approximately 20,000 enrollees who did not select a health plan as a result of positive enrollment because we were the lowest bidder.

As the result of our low bid, AlohaCare will save the State of Hawaii approximately $23 million over the current four year contracted period. Our concern about positive enrollment is that it jeopardizes the care of some of our State's most vulnerable and medically fragile population.

We do believe that offering QUEST enrollees choice is important. If an enrollee does not initially choose a health plan, one should be auto assigned. If an enrollee does not initiate a change, they should stay with the plan they initial selected. Enrollee choice is currently assured in the QUEST program because beneficiaries are all given an annual opportunity to change health plan. This is identical to the once-a-year open enrollment opportunity provided to members of employer purchased health plans.

We appreciate the opportunity to share our concerns with you and we appreciate the Committee's continued attention to this important matter.

Thank you for this opportunity to testify.

LINDA LINGLE
GOVERNOR

LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

LATE Testimony

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

February 12, 2009

MEMORANDUM

TO: Honorable John M. Mizuno, Chair
House Committee on Human Services

Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 1454 – RELATING TO HEALTHCARE**
Hearing: Thursday, February 12, 2009, 10:00 A.M.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to require the Department of Human Services to include in its request for proposals for QUEST providers, various provisions to safeguard against disruption of services that may be caused by positive enrollment.

DEPARTMENT'S POSITION: The Department of Human (DHS) strongly opposes this bill because it provides no value over current practice and instead differentially treats QUEST clients.

Positive enrollment is a 60 day period during which clients can select a health plan. During the last positive enrollment, 83% of clients selected a plan. Those who do not

select a plan are automatically assigned to one following the assignment algorithm published in the RFP and incorporated into the contract with the health plans.

The bill places limits on the number of members who did not select a health plan during the enrollment period who can be auto-assigned. Under this bill, those auto-assigned would be a random sample up to only 5% of the total QUEST enrollment, so patients are treated differently based on whether they are selected for auto-assignment or not. We believe that patients should be treated equally and equitably.

Because there is a transition period during which patients can change health plans, all will have an additional opportunity to select the plan of their choosing even those who were auto-assigned. Following the 60 day selection period, clients are allowed 90 days to change plans, whether they chose or were assigned to a plan. During this transition period, the new plan will pay for care delivered by the patient's usual provider, even if the provider is not participating in the new plans.

The bill specifies that the State shall pay providers who give care to a member who "mistakenly goes to a previous plans provider for an appointment." However, the plan to which the member belongs is responsible for paying for care during the transition period, whether the member goes to an "in-network" provider or to the provider of another plan. The bill's provision would actually cost the State as the State would have paid for the care through the capitation rates to the health plans, but would need to pay again. Because of this duplicate paying, the State payment would have to be entirely State funded.

The process already used by DHS for the last two QUEST procurements substantially meets the goal of this bill, protects the transition of care for the members, treats members equally and equitably, and safeguards the State resources that support the program. This bill is unnecessary and treats patients unfairly.

Finally, the bill's 5% cap on auto-assignment is tantamount to a 5% cap on competition which is not in the State's best interest. The opportunity for the "lowest bidder" to "win" the auto-assignment, enrolling those Medicaid clients who have not selected a health plan during the initial 60 day open enrollment period, is an incentive for bidders to give the State their best bid. In fact, auto-assignment has been the primary source of enrolling Medicaid clients in the third largest insurer in Hawaii, namely AlohaCare. DHS strongly opposes any artificial statutory cap or limitation on fair competition which has worked well.

Thank you for this opportunity to testify.