THE SENATE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON HUMAN SERVICES
Senator Susanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Josh Green, Vice Chair

INFORMATIONAL BRIEFING

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

TESTIMONY

Honorable Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green, and Members of the Senate Committee on Human Services and Health:

I am Rev. Sam Domingo, Pastor of Keolumana United Methodist Church in Kailua, Vice President for Clergy Relations for FACE, and the incoming chair of the Health Care Committee of FACE.

The members of the Clergy Caucus of FACE have been engaging in conversations with fellow clergy, members of congregations, business owners, healthcare professionals, hospital administrators, health care providers, community advocates, and legislators. We have spent time in our regular Clergy Caucus meetings to assess whether or not our Hawaii's diverse faith communities do share moral beliefs about the design of our nation's and state's health coverage system. It has not taken us long to reach a consensus and agreeing that our economic and political institutions, by and large, have not been good stewards of the resources that our society allocates to

health care. Disparities in health care coverage raise serious questions about the overall justice of our present system.

We also agree that religious communities have a special obligation to address health care access issues. We believe that our traditions call us to speak aggressively on behalf of our communities – indeed, on behalf of our own congregations – where many people have experienced life-threatening barriers to securing adequate healthcare coverage.

My own denomination, The United Methodist Church, states in Our Social Principles in The Book of Discipline: "Health is a condition of physical, mental, social, and spiritual well-being, and we view it as a responsibility—public and private. Health care is a basic human right. Psalm 146 speaks of the God "who executes justice for the oppressed;/ who gives food to the hungry./ The LORD sets the prisoners free;/ the LORD opens the eyes of the blind." (We see the healing ministry of Jesus as not just being a "miracle worker" but challenging the institutions of his day, so that healing and wholeness is brought to each person.) The right to health care includes care for persons with brain diseases, neurological conditions or physical disabilities, who must be afforded the same access to health care as all other persons in our communities. It is unjust to construct or perpetuate barriers to physical or mental wholeness or full participation in community."

Today, the Clergy Caucaus of FACE is concerned about the care for 37,000 of our most vulnerable citizens of Hawaii. We are not sure whether the State Department of Human Services' decision to contract with two mainland healthcare providers is in the best interest of these clients. Given the news of these companies disturbing business practice as well as their financial stability raises many questions. We also question the wisdom of the State administration to offer what amounts to tax breaks for these outside companies to do business in Hawaii when the State cannot afford it. We are also concerned about the issue of transparency. Questions again arise in the contracting process.

Thus, we are called to action. We thank you for agreeing to hold this informational hearing so that all may be brought to the table for all to see whether our citizens will benefit or not.

Respectfully Submitted,

Rev. Sam Domingo
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Honorable Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green, and Members of the Senate Committee on Human Services and Health:

Good Morning. My name is Abbot Do Hyn Gwon from the Mu Ryang Sa Temple. We are a member of FACE, and have been located in Palolo Valley for over 33 years. Thank you for giving me the opportunity to speak to you on the importance of responsible healthcare providers for our more vulnerable in our community, our disabled, blind and aged. I can speak as a member of the Korean American community, as a Buddhist, and as a Buddhist clergyman. Koreans have a cultural tradition of respecting and taking care of their aged and elderly seniors. The principle of filial piety is prominent in our culture, as well as many other Asian cultures.

As an example of our Buddhist belief, I have a quote from a renowned Buddhist teacher, Sogyal Master.

"The fate of the gods reminds me of the way the elderly, the sick and the dying are treated today. Our society is obsessed with youth, sex and power and we shun old age and decay. Isn't it terrible that we discard old people when their working life is finished and they are no longer useful? Isn't it disturbing that we cast them into old people's homes, where they die lonely and abandoned?"

We as members of Hawaii's unique society, we must keep the best interest of our seniors and disabled. I am not here to support or to go against these two healthcare service providers. But I am here to make aware that these mainland providers must be sensitive to the cultural practices and needs of Hawaii's people.

As a religious leader here in Honolulu, I must charge you, as public leaders, to be ever vigilant in protecting the rights of access to good and affordable healthcare to our aged and disabled. We have a history of nonprofit healthcare; healthcare that has its focus on the patient, and not on the profits of the company.

Thank you for your time today.

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TESTIMONY

Honorable Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green, and Members of the Senate Committee on Human Services and Health:

I am Rev Alan Mark and I am the senior pastor of the Kilohana United Methodist Church in Niu Valley and the State President of FACE – Faith in Action for Community Equity. I speak for our new state organization that now includes FACE Maui. We have now 54 churches, temples, associations, and organizations island-wide. Our mission and purpose continues to promote social justice and for the quality of life issues such as public safety, education, housing, and economic justice.

Dr. Clem Ceria-Ulep, Rev Bob Nakata, Drew Astolfi and I last week with 600 of our affiliated members of our faith based community organization and representing 30 states, went to the corporate offices of UnitedHealth Care in Washington D.C. to demonstrate and to strongly oppose

UnitedHealth Care's attempt to block access to quality health care and for putting profits ahead of people. We gathered with others from all over the country to hear horror stories of overcharges, denial of claims and slow payment to providers from these for-profit insurance companies. We also went to our respective congressional representative to voice our objections and concerns for these insurance companies and their way of doing business.

We were there as FACE, representing our membership and others in our community to voice our objections to the inequality, the injustice and inhumane treatment of a health care system and industry that place profit over people.

As people of faith we believe that health care is a basic human right and not a right of the privileged. In the words of Martin Luther King, Jr. "Of all the forms of inequality, injustice in health care is the most shocking and inhumane."

Thank you for your time and support for our residents in allowing us to share our concerns in this hearing.

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TESTIMONY

Honorable Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green, and Members of the Senate Committee on Human Services and Health:

I am Rev. Mike Young, minister of the First Unitarian Church of Honolulu. The Unitarian Universalist Association has spoken out in numerous resolutions and statements of conscience in support of quality, affordable healthcare. Many hold that quality, affordable healthcare is a right that any enlightened society must provide for its people; especially its most vulnerable. But, even if it is not held to be a right, it is certainly in our own self interest as a society to assure its availability. In travel and commerce throughout our communities we live in close and intimate relationship. Disease and illness that threatens one threatens us all.

So it is that we have supported the expanded Quest program enthusiastically.

Now we find that the contract to care for 37,000 of our most vulnerable citizens has been let to two mainland health plans that have disturbing histories of problems and irregularities. Not only do they have questionable corporate and financial integrity, but they have no relationships with doctors or hospitals in Hawaii.

Surely, any request for proposal on a $1.5 billion dollar contract would have included a track record of quality service! The State would never consider investing in any bonds that did not have high ratings. Due diligence would suggest that this kind of assurance would be part of any contracting process.

To invest our resources on behalf of our most vulnerable citizens in corporations this questionable is deeply disturbing. Some kind of accountability in this matter seems called for.

I urge that this situation be reviewed as soon as possible and the appropriate steps taken to assure the integrity of the expanded Quest program.

Respectfully Submitted,
Rev. Mike Young, Minister
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TESTIMONY

Honorable Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green, and Members of the Senate Committee on Human Services and Health:

I am Rev. Bob Nakata, President of FACE, Oahu (Faith Action for Community Equity), a grassroots, and faith-based community organizing entity, devoted to the quality of life of the people of Oahu. While we know that contracts have already been signed between the state and the two large for-profit HMO's for the Quest Extended Access Program, (QExA) we speak out in protest, and to stop anymore such contracts from being implemented.

The creators of Hawaii's non-profit health insurance system that dominates Hawaii's health care system believed as we do that the health care of our people was not, and is not for profit. Especially it is not for profit from our most vulnerable people. Why are we creating a for profit system

for this ABD population when we do not have a for profit system for healthier segments of our population? To do so runs counter to the traditions of our faiths and the traditions of our State. We are taught and trained to take care of the most vulnerable, not to make profits from caring for them. The health system should care for the aged, blind and disabled, not profit from their misfortunes. No one's health should be the occasion for another's profit, let alone these vulnerable ones.

Both for-profits have bad reputations for delivery of services and paying providers on time. They are being sued and investigated in many states across our nation. It behooves our State to be very careful in whom it contracts to care for our most vulnerable citizens, especially if it contracts with for-profits, which it should not have done, and should not do again.

There are at least two ways, by which these contracts could be negated. One of them is that WellCare may go bankrupt because of investments in the subprime loans, and defaulting on a $183 million loan, leaving only one insurer, where two are required. The second is if there is a failure to sign up an adequate network of providers, which may happen because providers, we understand, are not signing up in sufficient numbers. If either of these happens, the State should drop QExA and never consider such a program again. If neither happens, after the end of these contracts, the State should never enter into any contracts like them.

We thank you for this opportunity to testify.

LATE

QExA: QUEST Expanded Access for Healthy Long-Term Living

Kenneth S. Fink, MD, MGA, MPH, FAAFP, FACPM
Administrator
Med-QUEST Division

Patricia M. Bazin, MPH, MBA, RD, NHA
Health Care Services Branch Administrator
Med-QUEST Division

QUEST Then...

- Concern of converting Medicaid from fee-for-service (FFS) to managed care plans
- Provider contract difficulties
- Network adequacy problems
- Unclear economic stability of the plans

QUEST Now...

- Provides coordinated care that benefits patients
- 4 health plans, one of which is the fifth-best Medicaid plan in the nation
- 174,700 enrollees age <65 who are not blind or disabled
- Providers get reimbursed above Medicaid FFS rates

Summary

- Medically fragile and complex patients are those most likely to benefit from care coordination
- In QExA, patients will receive at least the same covered services as in Medicaid FFS, and may receive more
- In QExA, providers will be paid at least as much as otherwise under Medicaid FFS, and may be paid more
- QExA plans cannot make more than the QUEST plans
- Med-QUEST Division responsible for very close oversight

Hawaii Healthcare Context

- Hawaii has the highest percentage in nation of residents with health insurance (92%)
- Medicaid pays less than the cost of care
- Private sector healthcare payment in Hawaii is less than in most other states
- The slowing economy is adding burdens to providers
- Healthcare providers accept Medicaid out of professionalism and commitment to community service

Med-QUEST Division (MQD) Mission

- To ensure that those eligible for Med-QUEST programs have access to and receive coordinated and comprehensive high-quality healthcare

Quality = safe, timely, effective, efficient, equitable and patient-centered

MQD Responsibilities

- Hawaii taxpayers
- Clients
- Providers – THANK YOU!
- Federal Centers for Medicare & Medicaid Services (CMS)

FFS versus Managed Care

- FFS is fragmented and inadequately covers care coordination
- Medically complex patients are at risk of falling in the gaps of our FFS program
- Managed care offers care coordination to help relieve families and providers

DHS Pursuit of Care Coordination

- DHS recognizes those age >65, blind and/or disabled of any age (ABD) will benefit from care coordination
- This group should have access to benefits of managed care, like those in QUEST have
- DHS has been seeking managed care for this group since QUEST started

Benefits of QUEST Expanded Access

- Patients:
  - Care coordination
  - Disease management and prevention programs
  - Enhanced home and community-based services (HCBS)
- Providers:
  - More timely payment and expectation of rates exceeding FFS
  - Improved prior authorization processes
  - Improvement of waitlist problem
- State:
  - Decrease in wasteful spending
  - Ability to sustain Medicaid and other State programs

Crosswalk of QExA Services

- There is no decrease in scope of available services
- All State Plan services are included
- QExA expands the “waiver” services to more clients
- All current “waiver” services are included in QExA
  - Refer to Attachment A

Service Coordination

- In FFS, only community-based clients at Nursing Facility Level of Care have a service coordinator
- In QExA, every client will have a service coordinator
  - RFP requires minimum ratios:

Non-NF LOC	NF LOC in facility	NF LOC in community	Self-Direction
1:750	1:120	1:50	1:40

Coordinated Care Costs Less and Improves Quality Compared to Medicaid FFS

- Health plans operate more efficiently than MQD so have lower administrative costs
- Coordinated care decreases hospital and nursing home admissions
  - Prevention and chronic disease management programs
  - Increased home and community-based services
- Coordinated care not only reduces costs, but more importantly, improves patient quality of life

Budget Question Dilemma

- If QExA budgeted "too high," critics will accuse:
  - Money goes to plans rather than patients
  - Program not achieving savings
- If QExA budgeted "too low," critics will accuse:
  - Not enough money for patient services
  - Achieved savings going to plans not patients
- Amount spent on direct patient services is required by QExA contract and is more than in QUEST
- In QExA there are no reductions in services available to patients

Is QExA budgeted "too high" or "too low"?*

	SFY 2008		SFY 2010**	
QUEST	$367	31%	$467	34%
QExA	$0	0%	$520	37%
FFS	$530	44%	$226	16%
Non-Claims	$303	25%	$174	13%
TOTAL	$1,201	100%	$1,386	100%

*All amounts in millions
**Proposed for SFY 2010

Community Input on QExA

- DHS held numerous stakeholder meetings over three years prior to program development
- DHS created a 15-member community representative QExA Advisory Group
  - Not-for-profits, family members, providers, Legislators and other advocates
  - Guided QExA program development and implementation

Med-QUEST Division

DHS Outreach in Procurement Process

- Two Requests for Information seeking public input on the RFP (April 2007 and August 2007)
- Three written Q&A sessions that resulted in over 100 amendments to the RFP
  - Questions also came from agencies other than health plans (i.e. providers and advocates)
- Two in-person orientations with DHS during the active RFP
- **DHS did not receive comments opposing QExA implementation**

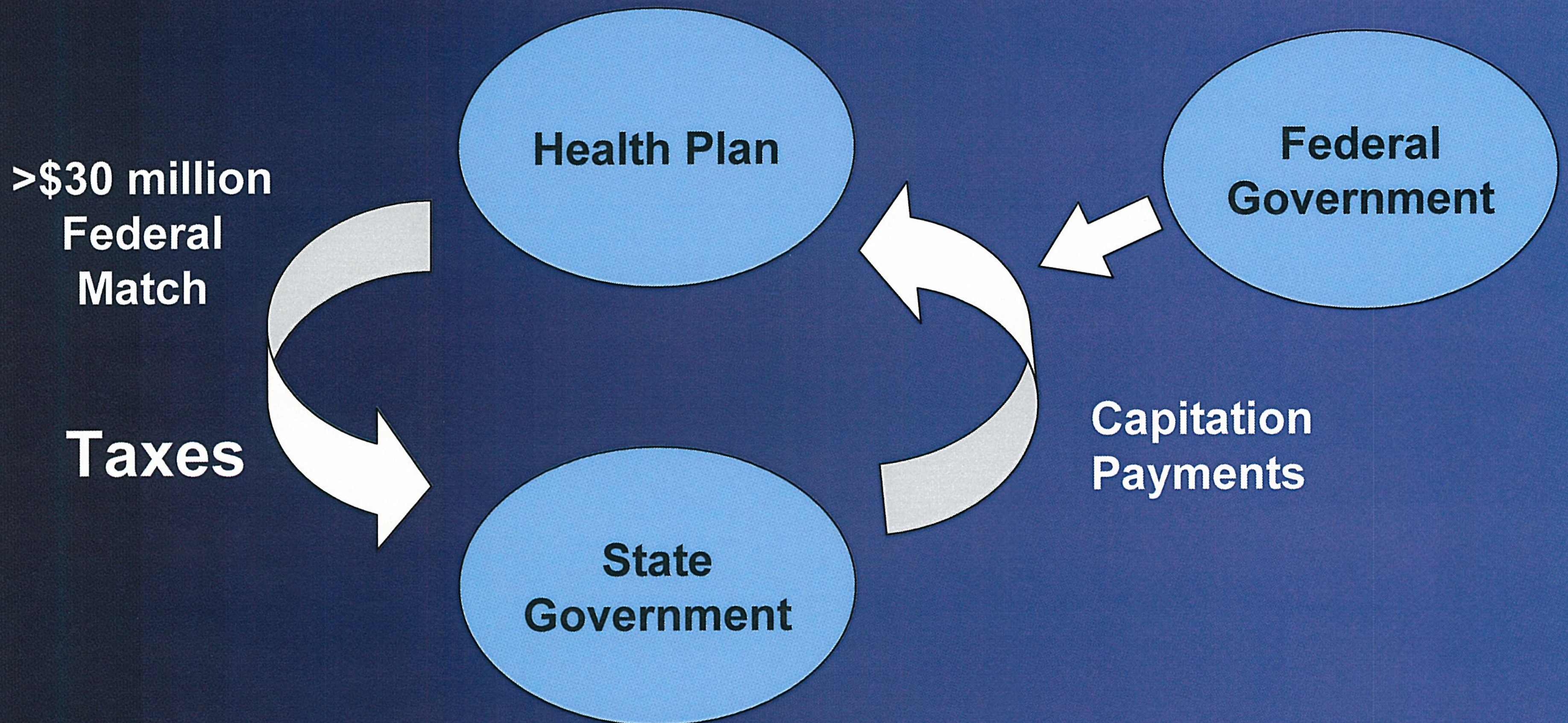
Basis for Scoring Proposals

- Planned to award to the top two bidders
- Needed to meet technical requirements in 14 sections
  - Sections include: Experience and References, Provider Network and Services, Covered Benefits and Services, Service Coordination, Assessments and Care Plans, Quality Assessment and Performance Improvement and General Administration
  - Complete list in QExA RFP Sections 80.300 or 100.400 available at: http://hawaii.gov/spo2/health/rfp103f/detail.php?rfpID=532
- Predetermined score for meeting technical requirements was listed in Section 100.400 of the QExA RFP
  - DHS scoring criteria available at: http://www.hawaii.gov/dhs
- Those technically capable also needed to meet business requirements
  - Weighted technical 30% in QUEST but 50% in QExA
- 21 DHS staff each independently scored the proposals and then through consensus determined final score

State Taxes

- What's important to keep in mind is the amount of net State payment that goes to direct patient services
- Evaluating proposals without consideration of taxes is similar to the procedure allowed by HRS §103D-1008
- Taxes in QExA are handled identically as in QUEST
- Overhead costs, including taxes, are routinely included in reimbursement
- In FFS now, taxes are included as overhead costs
- If the practice stopped, hospitals, nursing homes, physicians and others would see pay cuts

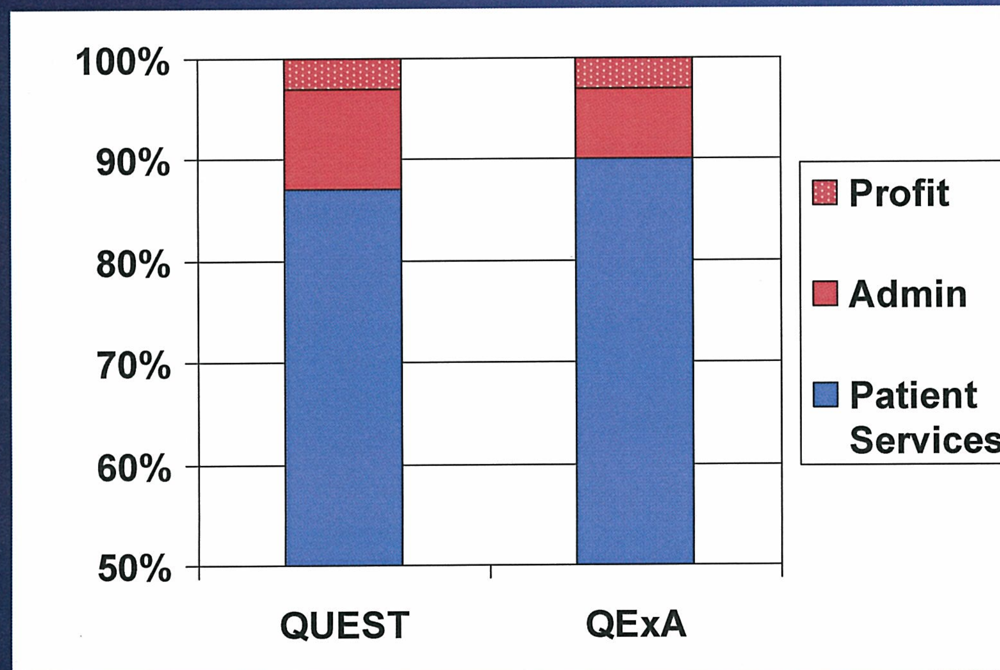
Insurance Premium Tax



Med-QUEST Division

More Direct Services in QExA

- Amount that revenue can exceed expenditures is capped at 3% in both QUEST and QExA
- In QExA, 90% of payment must go to direct patient services compared to 87% in QUEST



5 Proposals Received

- 4 from for-profit insurers; 1 from not-for-profit
  - The 2 experienced local plans HMSA and Kaiser did not apply
- 3 proposals met the technical requirements
- One of the losing bidders, that did not meet the technical requirements, unsuccessfully protested the awards
- Procurement fully complied with the RFP and Hawaii procurement law
  - As concluded by both the head of the purchasing agency and the independent State Chief Procurement Officer

Selected QExA Plans

- Both appropriately licensed to operate in Hawaii
- One plan has been operating in Hawaii longer than half of the QUEST plans
- This plan had an existing provider network prior to bidding on QExA
- Any health plan that won would need new provider contracts since QExA is a new line of business
  - All proposals included provider letters of intent

Contract Payment Requirements

- In-network providers cannot be paid less than FFS rates
- In-network and some out-of-network special provider types must receive payment based on current method
  - FQHC, RHC, CAH, Hospice and Nursing Facilities
- Providers must be paid timely
  - 90% of clean claims within 30 days; 99% within 90 days
- Providers must continue to use current billing forms
  - CMS 1500 and CMS UB-04

Health Plan Oversight

- MQD will have very close oversight of QExA plans
- Will approve all policies and procedures of over 45 different areas of health plan management
  - Member Services
  - Cultural Competency
  - Quality Assessment and Performance Improvement
- MQD plans to recompete QUEST to add rigor of oversight to match that in QExA

Patient Protection

- Health Plans
  - Required to have accessible and responsive processes for addressing member and provider concerns
  - Required to report on member and provider complaints, grievances and appeals
- Med-QUEST Division
  - Customer Service Center
  - New Member and Provider Relations Section
- New QExA Ombudsman Program

Legal Action Against DHS Regarding QExA: All Decisions To Date Are Dismissals

- AlohaCare
  - *AlohaCare v. Dept. of Human Services*, DCCA No. PCH-2008-7 (Dismissed and appealed to Circuit Court)
  - *AlohaCare v. State of Hawaii, Dept. of Human Services*, U.S. District Court Civil No. 08-00212 (Dismissed and appealed to 9th Circuit Court of Appeals)
  - *AlohaCare v. J.P. Schmidt, Insurance Commissioner* , DCCA No. IC-08-142 (Pending)
- Hawaii Coalition for Health
  - *Hawaii Coalition for Health v. Dept. of Human Services*, U.S. District Court Civil No. CV 08-00277 JMS-BMK (Dismissed and appealed to 9th Circuit Court of Appeals)
  - *Hawaii Coalition for Health v. WellCare of Arizona, Inc. dba `Ohana Health Plan and Affiliates*, DCCA Insurance Commissioner, No. IC-08-106 (Dismissed and appealed to Circuit Court)
  - *Hawaii Coalition for Health v. Evercare United Healthcare Insurance Company and MDX Hawaii*, DCCA Insurance Commissioner, No. IC-08-112 (Pending)

Network Adequacy

- Any provider can join the networks
- Networks are not as robust as expected
- Development of networks has become a Catch-22
  - Influential community groups could have contributed positively
- Will need to meet RFP requirements for CMS approval
- Network is expected to grow further over time as occurred in QUEST

Financial Solvency

- MQD's role is to ensure selected plans successfully complete the contract
- Demonstration of financial solvency was a requirement of the proposal
- MQD has requested updated health plan financial information
- MQD has asked the Insurance Commissioner if concerns of financial solvency warrant action

Contingency Plan

- If one plan fails,
  - Affected enrollees will have choice to switch to other health plan or to FFS
  - Will select a substitute provider as allowed by the procurement rules (HAR §3-143-505)
- If both plans fail, will need to reprocure
- Will coordinate with Chief Procurement Officer to minimize impact to clients

Consequences Without QExA

- >200 Hawaii jobs lost
- >$32 million shortfall that increases in out years
- Reduction in FFS provider payments
- Possible decrease in eligibility and benefits
  - At risk of discontinuing services previously provided under 1915c waivers
- Will remain FFS

Summary

- Medically fragile and complex patients are those most likely to benefit from care coordination
- In QExA, patients will receive at least the same covered services as in Medicaid FFS and may receive more
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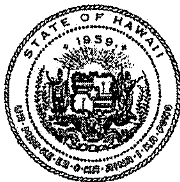
LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



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Senator Suzanne Chun Oakland, Chair
Senate Committee on Human Services
Room 226

Senator Les Ihara, Vice Chair
Senate Committee on Human Services
Room 220

Senator David Ige, Chair
Senate Committee on Health
Room 215

Senator Josh Green, MD, Vice Chair
Senate Committee on Health
Room 223

STATE CAPITOL
Honolulu, Hawaii

December 1, 2008

RE: INFORMATIONAL BRIEFING ON MEDICAID CONTRACT

Dear Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green:

This letter serves as the Department of Taxation's (Department) public comments regarding your Committees' informational briefing on December 9, 2008, discussing the recent awarding of the State's Medicaid contract to UnitedHealth Group, Inc. and WellCare Health Plans, Inc.

Based upon the briefing's notice, it appears the Committees are interested in the taxation of insurance premiums and for-profit insurance companies, generally. For your information, Hawaii's taxation of insurance companies falls outside Title 14, Hawaii Revised Statutes (HRS), over which the Department has authority. Insurance premiums and insurance company taxes are authorized under Chapter 431, HRS, which are administered solely by the Insurance Commissioner within the Department of Commerce & Consumer Affairs.

The Department does not anticipate attending your informational briefing because the Department does not administer Hawaii insurance premium taxes and would not be able to offer any insight into the policies and procedures of this industry's taxation. With regard to policy matters and any questions or concerns you may have involving taxation of this industry, the Department defers to the Insurance Commissioner.

If you have any questions regarding this letter, please do not hesitate to contact me directly at 587-1513 (office) or at 620-5393 (cell).

Sincerely,

KURT KAWAFUCHI
Director of Taxation

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

LAWRENCE M. REIFURTH
DIRECTOR

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INSURANCE COMMISSIONER

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LATE

December 8, 2008

The Honorable Suzanne Chun Oakland
Chair, Senate Committee on Human Services
State Capitol, Room 226
Honolulu, HI 96813
FAX 586-6131

The Honorable David Ige
Chair, Senate Committee on Health
State Capitol, Room 215
Honolulu, HI 96813
FAX 586-6231

Re: HSP-HTH Informational Briefing on 12/9/08

Dear Chairs Chun Oakland and Ige:

Thank you for the invitation to participate in the informational briefing before your Committees on December 9, 2008, at 9 a.m.

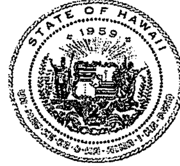
Please be advised that there are pending administrative actions before the Insurance Commissioner involving the same issues that are reflected in the hearing notice. If I were to testify or even attend the briefing and hear comments regarding these matters, it would corrupt the administrative hearing process. By law, I am required to make decisions in an administrative hearing solely based on evidence presented at the administrative hearing. Therefore, I cannot appear at tomorrow's briefing.

Very truly yours,

J. P. SCHMIDT
Insurance Commissioner

LINDA LINGLE
GOVERNOR

AARON S. FUJIOKA
ADMINISTRATOR



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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEES

ON
HUMAN SERVICES
AND
HEALTH

December 9, 2009

INFORMATIONAL BRIEFING 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.

Chair Chun Oakland, Chair Ige, Vice Chair Ihara, Vice Chair Green and committee members, thank you for the opportunity to submit testimony.

Procurement in the State of Hawaii is governed by two chapters of the Hawaii Revised Statutes (HRS); Chapter 103D for goods, services (other than health and human services), and construction, and Chapter 103F, for health and human services. Unlike Chapter 103D, which procures for government operations, Chapter 103F, which became effective July 1, 1998, was created as a separate chapter for procuring, as competitively as possible, direct services for the health and social well-being of the public. Chapter 103F was established separately from Chapter 103D because 103F requires a delicate balance of open competition with the expedient delivery of a vast array of health and human services.

Questions and Issues:

1. **Status of provider network, statewide, including specialty physicians, pharmacies, community centers, long term care facilities, hospitals, and other providers.**

   SPO defers to the Department of Human Services (DHS) as contract administration and program determinations resides with the user agency.

2. **Status of compliance, proper licensure, and accreditation of United Health Group, Inc. and WellCare Health Plans Inc. with Hawaii Revised Statutes (HRS) 432D Health Maintenance Organization Act.**

   SPO defers to the DHS as compliance, proper licensure, and accreditation in accordance with applicable law, reside with the user agency. Service specifications and provider requirements/qualifications are determined by the user agency.

3. **Explanation of lack of participation or awards to existing non-profit insurers serving Hawaii.**

   HAR §3-141-407, Public notice, subsection (c) states in part:

   "(c) Required internet publication. All public notices shall be posted on the internet website in a location or locations designated by the administrator. Notices shall remain posted until the submittal deadline for responses, if any.
   (1) Public notices for requests for proposals shall be posted until the proposal submittal deadline, but not less than twenty-eight days..."

   The public notice for RFP –MQD-2008-006 was posted on the web based SPO Procurement Notices System (PNS) for a period of 58 days from October 10, 2007 to the submittal deadline of December 7, 2007.

   DHS received 5 proposals in response to the RFP. The RFP required proposals to be submitted in two parts – a technical proposal and a business (pricing) proposals. The RFP required applicants to submit a technical proposal that responded to 14 categories of requirements. An applicant had to receive a passing score in each of the 14 categories in order to be technically qualified and advance to the next stage to have its business (pricing) proposal evaluated.

   For instance, AlohaCare did not receive a passing score in two of the 14 categories, and pursuant to the RFP, its business proposal was not opened. AlohaCare's technical proposal did not meet the minimum 75% score for two sections of the RFP. Summerlin also did not receive a 75% passing score for 11 of the 14 sections of the technical proposal; therefore, its business proposal was not opened.

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.**

   a. The evaluation criteria established and used in the solicitation process, resides with the user agency.

   b. RFP-MQD-2008-006, Section 100.600, Selection of Applicants established the number of managed care organizations awarded:

"Upon completion of the Technical and Business Proposals evaluations, the DHS shall sum the scores from both evaluations to determine the applicants that will receive contracts from the State. The DHS will select the following number of applicants/health plans per island:

Oahu, Hawaii, Maui, Kauai	2 applicants/health plans per island
Molokai and Lanai	1 applicant/health plan per island (the health plan that receives the most points)

The applicant with the most points will be eligible to receive up to sixty percent (60%) of the island enrollment on Oahu. Enrollment on Hawaii, Maui and Kauai will be split at fifty percent (50%) per applicant."

c. HAR §3-143-201, Preparing a request for proposals, states in part:

"The request for proposals is used to initiate a competitive purchase of service procurement and shall include:...(11) The criteria by which the performance under the contract will be monitored and evaluated; (12) Any specific requirements or qualifications that an applicant must meet in order to submit a proposal including, but not limited to, licensure and accreditation;..."

d. HAR §3-143-205, Evaluation of proposals and notice of award, subsection (d) states in part:

"The evaluation of proposals shall be based solely upon the evaluation criteria and their relative priorities as established in the request for proposals..."

e. AlohaCare's Request for Reconsideration.

Pursuant to HAR §3-148-103, Allowable protests, subsection (a) states:

"(a) Only awards of contracts made under the competitive or restrictive purchase of service methods of procurement may be protested. In connection with such awards, only the following matters may be protested:

(1) A purchasing agency's failure to follow procedures established by chapter 103F, HRS;

(2) A purchasing agency's failure to follow these rules; and

(3) In the case of a competitive purchase of service, a purchasing agency's failure to follow any procedure, requirement, or evaluation criterion in a request for proposals issued by the purchasing agency."

SPO became involved with this RFP upon the receipt of the request for reconsideration, pursuant to HRS §103F-502, Right to request reconsideration.

The request for reconsideration process is an appeal of the decision of the head of the purchasing agency to the purchasing agency's chief procurement officer. The chief procurement officer's review is limited to the facts and evidence presented during the protest and to arguments raised during the protest.

The chief procurement officer issued the decision in a letter to AlohaCare on May 19, 2008 based on the request for reconsideration, the initial protest and the documents submitted.

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?**

The following is an excerpt from the chief procurement officer's decision dated May 19, 2008.

"Application of tax for evaluation purposes is not a rebate of Hawaii's General Excise Tax (GET). In AlohaCare's initial protest, the GET was cited under the argument that AlohaCare's competitors are ineligible for Medicaid Managed Care Contracts.

Addendum 9, dated December 26, 2007, added the following paragraph to Section 100.500, "Business Proposal Evaluation" of the RFP.

"The Department of Human Services (DHS) will disregard the amount of any applicable insurance premium tax and/or Hawaii general excise tax (GET), and will use the pre-tax capitation rate from the bid forms when scoring the proposals in order to make a fair comparison of prices for the contracted services only. This mechanism for evaluating bid rates does not in any way exempt an applicant from its obligation, if any, to pay the insurance premium tax and/or GET."

The above provision is a means to treat and evaluate all submitted proposals equitably. If the applicant's business proposal visibly included the GET, the GET was disregarded in the calculation of the base or pre-tax capitation rate. This was done for evaluation purposes only so all proposals from GET exempt and non-exempt providers would be evaluated fairly on a level basis. Award of any contract were at the prices set forth in the proposals. The Department of Taxation's Tax Facts 96-1, July 2000, states that the GET is a tax levied on gross income derived from business activity in Hawaii. If not exempt, a business is subject to the GET, which "is considered to be an expense which businesses incur in the normal course of doing business in Hawaii..."

6. **Physician reimbursement agreements and the impact on access to care by patients.**

   SPO defers to the DHS as contract administration and program determinations reside with the user agency.

7. **Analysis of provider agreements for consistency and compliance with State laws and also with regard to providing complete medical care.**

   SPO defers to the DHS as contract administration and program determinations reside with the user agency.

8. **Explanation of one of two plans operation in Hawaii for longer than half of the QUEST Plans.**

   SPO defers to the DHS, as the administration of the QUEST Plans resides with the user agency.

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?

   SPO defers to DHS as provider requirements, contract administration and program determinations reside with the user agency.

10. **Corporate ethics, understanding of Hawaii cultural, medical needs of the ADB population.**

    SPO defers to DHS as expertise on the cultural and medical needs of the ABD population resides with the user agency.

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.**

    In the event that one or both insurers pullout of Hawaii or fail financially, the following procurement options are available:

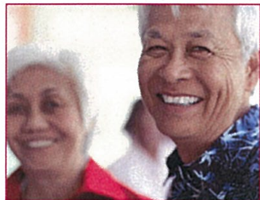
    a. The HAR allows for selection of a substitute provider upon early termination of a contract.

"**§3-143-505 <u>Selection of substitute provider after early termination of contract</u>.** (a) In the event that a contract for health and human services awarded under this chapter is terminated before the contract expiration date, the purchasing agency shall follow the procedures in this section to select a substitute provider.

(b) Initiation of new competitive purchase of service. To select a substitute provider, a purchasing agency may initiate a new competitive purchase of service procurement by issuing a new request for proposals.

(c) Expedited procedure for selection of substitute provider. If the selection of a substitute provider through the initiation of a new competitive purchase of service procurement is not practicable, then the purchasing agency may, if applicable, negotiate a contract with the next highest evaluated ranked applicant. If the purchasing agency and applicant are unable to negotiate a contract, the purchasing agency may negotiate with the next highest ranking applicant, and so on. In the event that there are no other proposals, or none of the proposals and applicants is sufficiently advantageous, the purchasing agency may select any provider that will be an advantageous substitute. Any contract awarded to a substitute provider selected under this subsection shall terminate either at the same time that the original contract would have, or at the close of the following fiscal year, whichever occurs sooner."

b. If HAR §3-143-505 cannot be utilized, SPO is available to assist DHS in their efforts to minimize impact to clients.



Senate Committee on Human Services
and
Senate Committee on Health

Quest Expanded Access (QExA)
Informational Briefing

December 9, 2008

Good morning Senator Chun Oakland, Senator Ige and members of the Committees. Thank you for the opportunity to testify today. I am Dave Heywood, United Healthcare's Executive Director for Hawaii. United HealthCare Insurance Company has been a licensed insurer and providing health care benefits to the people of Hawaii for many years.

Evercare, by United Healthcare, serves the frail, disabled, aged and those with chronic conditions across the country through contracts with the Centers for Medicare and Medicaid Services (Medicare) and State Medicaid agencies. I will refer to our QUEST Expanded Access program simply as "Evercare" for the balance of today as this is the brand name and program that our members and providers associate with.

Evercare is one of two health plans selected by the Department of Human Services through a competitive procurement process to provide services to Hawaii's aged, blind and disabled population under the State's new QUEST Expanded Access (QExA) Program.

We are honored to be awarded this contract and are fully committed to working in partnership with the State, providers, key stakeholders and the community to implement this innovative program that allows individuals to remain living in the least restrictive setting possible, improve access and quality outcomes, and effectively manage resources under the State Medicaid Program.

Evercare

Organizational Overview

Evercare by United HealthCare Insurance Company 2

As a company, United HealthCare is deeply committed to providing timely and compassionate care to the people we are entrusted to serve, and take every individual member's concerns very seriously. We are committed to providing our members and providers with the kind of consistent, high-quality service that is exemplified by the following:

- 82 percent (over 10 points higher than the industry average) of our 20 million monthly claims are processed automatically
- 95 percent of all claims are paid within 10 days
- Our customer satisfaction on post-customer service call surveys continues to be above 90 percent

Our parent UnitedHealth Group is a financially strong company. Despite the downturn in the economy, we remain on financially strong ground as we manage our resources conservatively. We continue to avoid material exposures to significant negative market events.

Next, I want to move to Evercare's mission and expertise, what we bring to help make the QExA program a success for its members, and our local presence and experience in Hawaii -- the primary focus of today's hearing.

Evercare

Evercare's Mission

To optimize the health and well being of people who have long term or advanced illness, are older or have disabilities.

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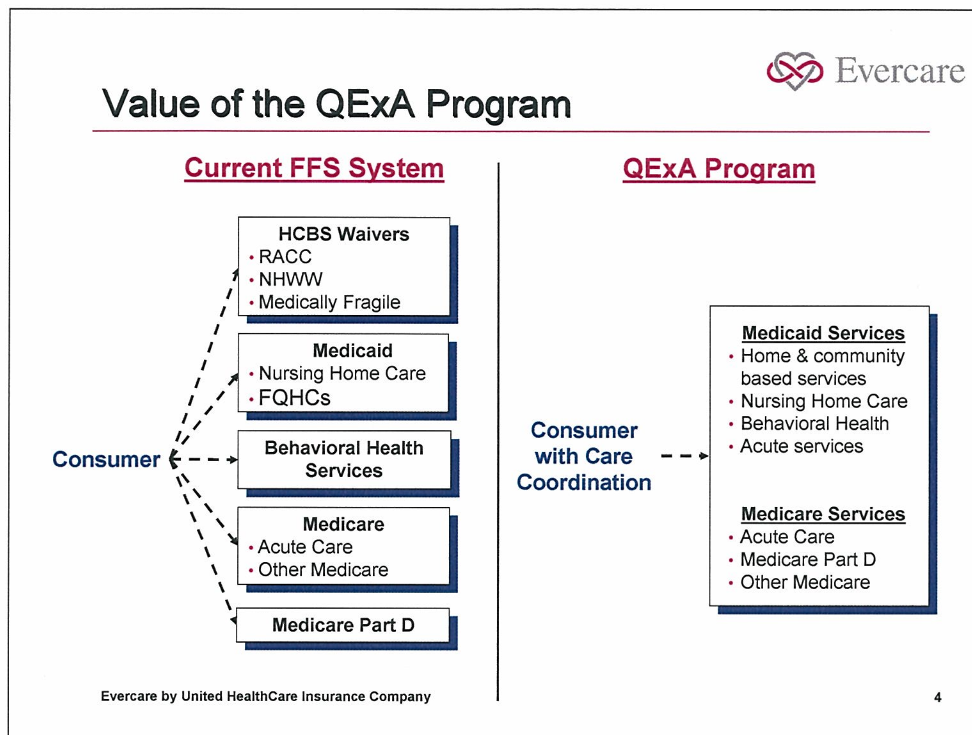
Evercare is one of the nation's largest and most experienced health care coordination programs for people who have long term care or advanced illness, are older or have disabilities. This is our core competency and the sole focus of our business. As a result, we are deeply cognizant of the vulnerability of this population, which is why we feel a special responsibility to provide timely and compassionate care to all those we serve.

The aged, blind and disabled members who are enrolling in QExA have very different health care needs compared to the population in the current QUEST program (which is predominantly "moms and kids"). Two-thirds of the QExA population are "dual eligibles", meaning they have both Medicare and Medicaid. About 20 percent of the QExA members need long-term care services in the community or in a nursing facility.

Like the QExA population, more than 65 percent of Evercare's members nationally are dually eligible for Medicare and Medicaid benefits. We specialize in serving people who have multiple chronic illnesses, require long term care, and are frail and elderly.



Under traditional Medicare and Medicaid fee for service, the health care delivery of services for these individuals is often fragmented, which makes it difficult for people with complex health care needs to receive the care they need, when they need it and in the appropriate setting. Typically there is no systematic approach to prevention and early identification of changes in condition or poor coordination of transitions across care settings. These factors often lead to negative health outcomes and inefficient use of resources.

The QExA program is necessary to address the fragmentation in the health care system that chronically ill, disabled and dual eligibles currently face. The key goals of the QExA program are to:

- Provide seamless access to care across the healthcare delivery system, from home and community based services to complex specialty and tertiary care and behavioral health services
- Coordinate Medicare and Medicaid benefits for dual eligible individuals
- Help members stay at home or in community settings, the long-term care setting of choice for many consumers

Evercare has developed specialized Medicare and Medicaid health plans and innovative integrated delivery models that address the complex needs of people who are eligible for Medicare, Medicaid, or both, living in institutional and community settings. Founded in 1987 by two nurse practitioners who were committed to improving the quality of care for nursing home residents, our origins are, and continue to be, as a clinically focused solutions program.

Evercare

Our Local Operations in Hawaii

We bring a wealth of knowledge and understanding of the specific health and cultural needs of Hawaii's population and local delivery system

- United HealthCare employer group health presence in Hawaii
- Hawaii Medicare Plans offered by United HealthCare Insurance Company
  - Evercare branded Medicare Advantage Dual Eligible Special Needs Plan
    - Statewide health plan specifically designed to meet the needs of frail and vulnerable individuals enrolled in both Medicaid and Medicare
    - Serving over 1,300 dual eligible individuals
    - Launched in 2006 - one of only two Dual Eligible SNPs in Hawaii
  - Evercare branded Medicare Advantage Chronic Illness Special Needs Plan
    - Statewide health plan designed to serve individuals with select chronic illnesses
    - Serving over 400 chronically ill individuals
    - Launched in 2008 - only plan in Hawaii that offers a unique Chronic Illness SNP
  - SecureHorizons branded Medicare Advantage Plan serving over 6,500 Medicare beneficiaries since 2005
    - the first zero premium Medicare health plan premium program in Hawaii
- Success of our Medicare programs is because of our local presence, service and value to our Medicare seniors and disabled.
  - Over 8,200 have individually chosen us for their Medicare coverage
  - 3rd largest Medicare plan in Hawaii, behind HMSA and Kaiser
- AARP-branded Medicare Part D plans serving over 14,000 members in Hawaii- largest Part D plan in Hawaii

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United HealthCare Insurance Company has been a licensed health insurer and providing health plan benefits in Hawaii for many years. Although very small relative to HMSA and Kaiser's employer group business, we provide healthcare plans to employers such as Hawaiian Telcom, AT&T, Home Depot and IBM.

In 2005, United HealthCare launched our Medicare plans on Oahu and Kauai with expansion to all islands on January 1, 2006. We were the first, and for several years, the only $0 health plan premium Medicare program in Hawaii offering significant value to our Medicare seniors and disabled, many of whom have limited fixed incomes.

We are the only plan in Hawaii that offers Medicare Special Needs Plans for the dual eligibles and for those with chronic illnesses. These plans are part of the Evercare program and are available on all islands. For 2008, CMS (Medicare) rated our Chronic Illness Plan as the best value Medicare plan in Hawaii.

The success of our Medicare programs is because of our local presence, service and value to our Medicare seniors and disabled. Across the entire state, over 8,200 have individually chosen us as their Medicare Advantage plan. We are now the 3rd largest Medicare plan in Hawaii, behind HMSA and Kaiser.

Most importantly, we are already serving over 1,300 dual eligible individuals in our Evercare Medicare plans across all islands. This is the very same population that will be in the QExA program. As a result we have an understanding of the complex health care needs, access issues, and cultural diversity of the population that will be served by the QExA program.

We are committed to the State of Hawaii and will continue to build upon our current operations, experience and knowledge of the people and the local health care community to implement the QExA program.

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Next, I would like to discuss further our local presence, the reasons why we are well positioned to serve the QExA members, and our provider network.

QExA Local Infrastructure

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- Evercare
  - Seasoned Hawaii management team and staff in place with many years of experience in health care in Hawaii
  - The majority of our hires will be clinical professionals and the vast majority will be local hires
  - Staff are based in our offices in Honolulu with field base clinical staff on the islands of Maui, Kauai and Hawaii
- MDX Hawaii
  - Provide local customer service, care coordination and assist with the development of an integrated delivery network that meets the scope of benefits and services offered under the QExA Program
- Majority of approximately 100 new Evercare and MDX Hawaii employees for QExA will be hired locally—resulting in the creation of new jobs in Hawaii

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Evercare's local staff members understand Hawaii's health care system and its Medicaid and Medicare population. They are critical to assuring a successful program for this population, our providers and the overall success of the QExA program.

I am especially proud of the strong management team and staff that we have in place -- most of whom have many years of Hawaii health care experience. Our Health Services Director has many years of experience in Hawaii, working for Kapiolani's health plan and most recently responsible for patient quality and safety and Kapiolani Medical Center for Women and Children. Our Director of Operations has many years of health care administration in Hawaii including long term care facilities and several hospitals including Molokai General. Our Compliance Officer has worked for many years in her field of expertise and has local experience working for another health plan. Our field based clinical care coordinators have many years of experience in Hawaii including working for hospitals, home health agencies and nursing facilities. They also have expertise in working with the frail, geriatric, disabled, those chronic illnesses, and the medically fragile children.

Second, our model of care is proactive and field-based. We are hiring clinical professionals to interact face to face with this frail population and to work with providers, caregivers, family and friends to help coordinate their care, ensure access and improve quality. All of the nurses and social workers we have hired on Oahu, Kauai, Maui and Hawaii have local experience; know their communities and many have been in Hawaii for most or all of their careers.

Additionally, we have a very important partner for the QExA program – MDX Hawaii. MDX Hawaii is the successor organization to the Queen's Health Plans and continues to provide health care administrative services to self-insured employers and insurers such as United Healthcare. I was the COO and CFO for Queen's Health Plans from 1990 to 1999 and I know the folks at MDX Hawaii very well. They have been providing excellent service for our Medicare members since 2005 and are increasing their staffing to support the QExA program. Many of the management and staff at MDX Hawaii also have experience with QUEST, as Queen's was one of the original QUEST plans.

To date, all but one of the staff hired by Evercare and MDX Hawaii are local residents. We expect that virtually all of the approximately 100 new employees will be hired locally—resulting in the creation of new jobs in Hawaii. However, due to the shortage of clinical staff, we may need to hire some employees from the mainland. We will support and train these individuals such that they understand the local health care delivery system and unique cultural and other nuances of Hawaii.

Local Partnerships

Evercare

Local partnerships and collaborative relationships are part of our approach.

- We are partnering with:
  - Community Case Management Agencies to provide case management services to QExA members living in foster care homes and other home and community based settings
  - Adult foster homes and home and community based providers to provide alternative long term care services for the QExA population
    - To date, over 500 foster homes have contracted with Evercare
- We are contracting and developing partnerships with nursing facilities, physicians, medical groups, hospitals, pharmacies, home health, and other providers to assure continuity and access to care for clients served by the QExA program
- Over time, our intent is to work in partnership with providers to expand home and community based options and alternatives in underserved areas of the state

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Second, the establishment of partnerships and collaborative relationships with providers and key stakeholders involved in the delivery of care for Hawaii's aged, blind and disabled population is another critical piece of our approach to the QExA Program. For instance, we are partnering with:

- Community Case Management Agencies to provide case management services to QExA members living in foster care homes and other home and community based settings. These agencies and their case managers have been serving this population for many years including unique populations such as the nursing home without walls program, HIV and medically fragile children populations.

- Adult foster homes and home and community based providers to provide alternative long term care services for the QExA population. To date, over 500 foster homes have contracted with Evercare.

- We are also contracting and developing partnerships with nursing facilities, physicians, medical groups, hospitals, pharmacies, home health, and other providers to assure continuity and access to care for clients served by the QExA program.

Over time, our intent is to work in collaboration with providers to expand home and community based options and alternatives for clients in underserved areas of the state.

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Integrated Provider Network

- Our current state-wide Medicare network has over 2,000 providers and 95% of the acute care hospital beds in the State
- Under the QExA program we will offer an integrated provider network that:
  - Provides a full range of primary care, behavioral health and long term care services
  - Addresses the unique and complex needs of the target population
  - Relies on existing traditional providers and home and community based long term care and social support services
  - Meets the scope of benefits and services under the program
  - Reimburses providers at the current Medicaid fee schedule
- Evercare's QExA provider network in Hawaii currently includes over 1,600 providers who have historically served the Medicare and Medicaid population
- We are actively contracting with providers and vendors who serve the QExA population

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For several years we have had a contracted state-wide Medicare network of over 2,000 providers that includes primary and specialty care physicians, pharmacies, ancillary providers and over 95% of the acute care hospital beds in the State. Our well established network has been the foundation for our QExA network. Typically most Medicare and Medicaid health plans do not have in their existing network long term care providers needed for a program like QExA including nursing homes, foster homes, caregivers and other specialized providers.

Under the QExA program we will offer an integrated provider network that:

- Provides a full range of primary care, acute, behavioral health and long term care services
- Addresses the unique and complex needs of the target population
- Relies on existing traditional providers and home and community based long term care and social support services
- Meets the scope of benefits and services under the program
- Reimburses providers at the current Medicaid fee schedule and any subsequent increases as set forth by the State of Hawaii. Our intent is to increase reimbursement to providers as we gain experience in the QExA program – similar to how the QUEST plans were able to increase reimbursement to providers over time.

We are actively contracting with providers and vendors who serve the QExA population. As of today our QExA provider network consists of over 1,600 providers, including primary and specialty care physicians, pharmacies, nursing facilities, foster homes, ancillary providers, hospitals and other providers. We continue to expand our QExA provider network to ensure access to services for members, focusing on providers who participate in our Medicare programs and those who participate in the State's current Medicaid fee for service program.

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QExA's Advantages for Providers

- Providers will receive no less than the current payment rate under the current Medicaid fee for service system
- QExA plans will deliver care coordination that does not exist in the current FFS Medicaid program
  - Local field based care coordinators will support providers in delivering services to consumers
  - Care coordinators will help providers and members coordinate Medicaid and Medicare services
  - Proprietary case management system (CareOne)
- QExA plans will work with hospitals to reduce their waitlisted patients and help place those patients successfully in alternative settings
- QExA prior authorization process will be quicker than DHS' current process
- DHS requires that QExA plans reimburse providers within 30 days

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Evercare offers many advantages for providers relative to the current Medicaid fee for service program

• Providers will receive no less than the current payment rate under the current Medicaid fee for service system

• Evercare provides care coordination services that does not exist in the current fee for service Medicaid program

• Evercare's CareOne system will enable our field based clinical staff to provide real time care coordination – improving support to providers with faster authorizations, referrals, admit and discharge planning, and comprehensive data to help support effective delivery of care

• Local field-based clinical care coordinators will support providers in delivering services to the Evercare QExA members; this will reduce the administrative burden on hospitals, physicians and other providers

• Evercare will help providers and members coordinate Medicaid and Medicare services

• Evercare will work with hospitals to reduce their waitlisted patients and help place those patients into nursing facilities and alternative settings such as foster homes and home based self-directed care. This will have a direct financial positive impact to our hospitals.

• Evercare prior authorization process will be simpler and quicker than DHS' current process

• Evercare will reimburse providers within 30 days as required by DHS under the QExA plan and we expect results even faster than 30 days. We will encourage providers to submit claims electronically and assist them in learning our online services. We also are focusing on unique support for the small providers - such as nursing homes, E-ARCHs, foster homes, case management agencies and caregivers. We understand their cash flow issues and the fact that they operate as truly small businesses.

Evercare®

Navigating the complex health care delivery system

- Integrated and holistic approach to care
- Integration of Medicare and Medicaid benefits
- Individual care plan
- Consumer direction and involvement
- Coordination of care across the entire continuum and placement settings
- Integration of medical, long term care, behavioral services

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Lastly, at the heart of all of Evercare's programs and a central tenet of the QExA program is our evidence-based comprehensive care management model that:

- Integrates primary, acute, behavioral and long term care services into one consumer-driven, seamless system of care
- Provides members with timely health care services in the least restrictive and most appropriate setting
- Focuses on preventive, primary and secondary care that slows illness progression and disability
- Involves members, caregivers and supports physicians and providers in the care delivery process

Under the QExA program, each member will have access to their own personal care manager. The care manager will work in partnership with the family members, primary care provider and caregivers to develop a consumer-centered individual plan of care.

In partnership with providers and caregivers we work to provide the necessary support and services to slow functional decline and allow individuals to remain living as independently as possible in the setting of their choice. Through our care management model and partnerships with providers we are able to detect changes in condition and intervene in a timely manner to avoid unnecessary hospitalizations and ER visits.

Our Hawaii Results

Evercare

Our Medicare Results in Hawaii

- Member Experience
  - Strong local customer service
  - Voluntary disenrollment rate is 2 percent, less than the industry standard
- Provider Experience
  - For our Hawaii operations, 99 percent of clean claims are paid within 30 days
  - Providers who participate in our health plan find it administratively easy to do business with us

We take seriously any member or provider issues and work to resolve those issues working locally with the member and or provider

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In closing, our success is reflected and measured by the positive experiences of the members and providers that we serve. Today, over 8,200 Medicare members and over 2,000 health care providers in Hawaii already know that we can and do deliver the programs and services they need.

For instance:

• Our voluntary disenrollment rate for our Medicare plans is less than 2 percent - below the industry standard

• Providers who participate in our health plan find it administratively easy to do business with us

• We take seriously any member or provider issues and work to resolve those issues working locally with the member and or provider.

• We have a proven record of paying our providers in Hawaii in a timely manner, paying 99 percent of clean claims within 30 days

Looking forward, I am certain we will continue to deliver quality services and meet the needs of our members and providers and the State's expectations of us. We believe through our partnership with the State and working in collaboration with key stakeholders that together we will make a positive difference and improve access and quality outcomes for Hawaii's aged, blind and disabled population.

Medicaid Long Term Care Experience

Evercare

- Evercare currently serves 140,000 elderly and disabled Medicaid beneficiaries through 10 programs in 8 states
  - Arizona Long Term Care System (ALTCS)
  - Florida
    - Nursing Home Community Diversion Program
    - Frail / Elderly Program
  - Idaho Medicare/Medicaid Coordinated Plan (MMCP)
  - Massachusetts Senior Care Options (SCO)
  - Minnesota Senior Health Options (MSHO)
  - Texas
    - STAR+PLUS Program
    - Integrated Care Management (ICM) Program
  - New Mexico Coordination of Long Term Services (CoLTS)
  - Hawaii QUEST Expanded Access (QExA) – February 2009

Evercare by United HealthCare Insurance Company 13

Nationally, Evercare has been at the forefront of developing integrated acute and long term care programs since the late 1980s. Today we serve over 140,000 individuals in ten Medicaid managed long term care programs in eight states, including Hawaii. We have experience from all these programs in delivering care coordination to dual eligibles and members who need long term care services.

All these programs are similar to the QExA program and are designed to improve access and quality outcomes and allow individuals to live as independently as possible in the most appropriate setting of their choice.

While our experience is geographically broad, our focus is always local. Evercare has been a successful partner with states in the development and implementation of Medicaid long term care programs. We achieve this by customizing our health plans and taking into account the local health care delivery systems, community resources and the unique cultural and linguistic needs of the population we serve.

We believe our vast experience operating these types of programs, coupled with our history of local operations and our knowledge of Hawaii's health care delivery system and its people, makes us uniquely qualified to partner with the state and key stakeholders to successfully implement and operate this program. This - plus our deeply felt commitment to providing timely and compassionate care to the people we serve - is the value we bring to the state and the community.

Evercare

Our Members

"Vesta, the Evercare [Care Manager] is tremendous…Vesta is extremely important to my mother each week as she gives her the much needed interaction and undivided attention that I am at times unable to give her. Without the assistance of Evercare, I am sure we would have been forced to return my mother to a nursing facility. Thank you."

-- David W., an Evercare enrollee's son and caregiver

"My Mom's quality of life improved because someone is watching. My life has improved because I can call Linda. Sometimes I get upset, I call Linda and I can start crying and Linda helps me. She says things that I need to hear. She has really good training. Her manner with me and my mom is second to none. I feel like I have another family member. Evercare is a great thing."

-- Claudia T., daughter of an Evercare enrollee

Evercare by United HealthCare Insurance Company 14

Evercare's commitment to compassionate, coordinated care that puts people first, is reflected in the numerous thank you notes and phone calls we receive from member and their families who are grateful for the peace of mind that comes from having an Evercare case manager and health plan who guides them through their health care journey.

Thank You.

TO THE SENATE COMMITTEES
ON
HUMAN SERVICES AND HEALTH

THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

December 9, 2008
9:00am

To the honorable Suzanne Chun Oakland, the Honorable David Ige, and members of the committees on Human Services and Health:

Thank you for the opportunity to submit testimony for this very important matter. My name is Erhardt Preitauer, and I am the Executive Director for WellCare/'Ohana Health Plan, one of the health plans awarded a contract to care for the Aged, Blind, and Disabled populations for the Department of Human Services. Our primary focus is to improve healthcare for Hawaii's low income seniors and people with disabilities while investing in Hawaii and embracing the many cultures of Hawaii.

First, would like to give you an introduction of what drives me – this will give you a view of what is behind our organization and some of the views that drive our organization. Second, I would like to address some very key issues about the positive impact we will have on members, on Hawaii, and to talk about our understanding of Hawaii's low income seniors and people with disabilities. Finally, I would like to address some specific points on our financial and operational strength.

There are two key statements or elements that drive me, and I would like the opportunity to share those with you. First, a great mentor of mine once told me that "you judge a society based on how it cares for its young, its old, and for those that cannot entirely care for themselves." This program encompasses all three of these very important members of our society. The second key element that drives me is my love for Hawaii; I grew up on Kauai, I'm a proud Kapaa high school

graduate. I went to the mainland for college where I had a very successful career in managed care. And the opportunity to bring my experience back for the benefit of Hawaii, for the benefit of our seniors and people with disabilities is a dream for me. These things drive me every day. It is because of these two elements that I feel such a robust sense of responsibility.

As I examined the details of this specific program under the Quest Expanded Access program, I realized that, done right, this program is the wave of the future – this program is something that Hawaii will be proud of. So as I thought about my statement on how I look at a society, and my feelings for our society here in Hawaii, I knew I needed to partner with the right company to really bring this to fruition. The company needed the right experience working with complex members; the company needed the right resources, the right commitment, the right philosophies, and the right vision. I believed then and I believe now that WellCare is that company. I joined this company just for this opportunity.

Making Healthcare Better: WellCare/'Ohana's unique mix of experience, resources, and people will make healthcare better for Hawaii's most vulnerable population; low income seniors and people with disabilities. At its core, WellCare/'Ohana is a local company that has the resources and experience of a 'best in class' national company.

- We bring the experience of serving over 2.4 million members across all types of government funded programs (Medicaid, Medicare, including low income seniors and people with disabilities). More specifically, we have state of the art care management systems for members, state of the art systems and tools for healthcare providers, and robust reporting tools so the state can monitor our operations efficiently.
- We bring many new or enhanced services to members and healthcare providers. A few examples for our members are service coordinators (health professionals), personal care plans, and 24 hour nurse lines, health programs for Hawaii specific issues, like diabetes, obesity, and depression. For our providers, we will bring significantly enhanced claims

payment timing and accuracy, electronic prior authorization processes that can often be done in real time and increased assistance from our service coordinators.

- WellCare/'Ohana's local management team brings over 200 years of healthcare experience in serving Hawaii's seniors and people with disabilities. Key decisions are made here in Hawaii; we have senior operations, finance, and medical staff that have decision making authority.

Good for Hawaii: WellCare/'Ohana's resources are being invested in Hawaii's people and communities. At a time when jobs, investment, and people are leaving Hawaii, WellCare/'Ohana is bringing jobs, investment, and people back to Hawaii.

- We are currently investing over $1.2 million dollars *per month* in Hawaii. We have not and will not get paid by the state until we go live in February.
- We have 109 associates hired in Hawaii thus far. We have local staff the come from the islands and come from the different healthcare programs that serve our low income seniors and people with disabilities today.
- Our headquarters is in Waipahu, Oahu near the sugar mill. We believe that we can best serve our members, associates, and healthcare providers by being a part of the communities we serve.
- We will have dozens more associates on all islands, and regional offices in Hilo and Maui. WellCare/'Ohana is committed to being a part of the communities we serve.

Understanding Hawaii's Cultures: WellCare/'Ohana's understands and embraces the diverse cultures that exist across Hawaii. Management and decision making is done locally by local people.

- Our staff comes from and has served the different cultures of Hawaii; we understand Hawaii's people and cultures. We have associates that have worked for (or with) hospitals, doctor's offices, community case management agencies, nursing home without

walls and other waiver programs, state nursing programs, medically fragile children, local health plans, and the state mental health division.

- Our local management team makes decisions here in Hawaii *for* Hawaii. Our Medical Director has practiced on both Kauai and Oahu and understands the people of Hawaii. Medical decision making is done here in Hawaii by our local medical director.
- We also understand that each island is unique; this is why we have staff on each island to best fit the unique needs and cultures that exist across our state.

Current Status: We are on track for a February 1 go-live. A few highlights:

- We have recently completed two extensive, multi-day onsite readiness reviews with the state where every facet of our operation was examined closely.
- Our staffing is nearly complete with professionals that have worked in all facets of the healthcare system, including long term care and community based.

WellCare/'Ohana Financial Considerations:

- WellCare/'Ohana is licensed under WellCare of Arizona, Inc. and has filed 2007 annual audited statements. WellCare/Ohana is in compliance and exceeds Hawaii capital and surplus requirements. As of September 30, cash and investments held by WellCare Health Insurance of Arizona, Inc. was as follows: (i) $178,215,141 (Cash and Cash Equivalents); and (ii) $72,060, 177 (Capital and Surplus).

We are positioned to achieve our primary focus, which is to improve healthcare for Hawaii's low income seniors and people with disabilities while investing in Hawaii and embracing the many cultures of Hawaii. Thank you again for the opportunity to testify. I will be happy to take any questions at this time.

December 9, 2008

Informational Briefing

'Ohana Health Plan, A health plan offered by WellCare Health Insurance of Arizona, Inc.

Introduction

Overview	» Mission & Vision » Company and Organization » Program
Direct Benefits	» Hawaii » Healthcare Providers » Our Members
Current Position	» Capital » Financial Overview » Readiness Status

WellCare

Ohana Health Plan.

Overview

All three are necessary for success...

The Organization
- » Ideas behind the Mission
- » Locally Focused Vision
- » Passionate & Driven Associates

The Company
- » State of the Art
- » Extensive Experience
- » Significant Resources

The Program
- » Progressive Model
- » Member Centric
- » Holistic

WellCare

OHANA HEALTH PLAN.

Overview > **Direct Benefits**

We are good for Hawaii, its providers, and members...

Hawaii	» Current Investment >$1.2m/month » 109 Associates and Counting » Part of our Communities
Providers	» Administration (Claims, Prior Auth) » Local Provider Relations and Ops » Local Health Services
Our Members	» New Programs/Services » Cultural Understanding » Decisions Made Locally

WellCare

OHANA HEALTH PLAN.

Overview > Direct Benefits > **Current Position**

We are prepared to deliver against our commitments...

Capital	» Market Cap » Regulated Cap » Unregulated Cap
Financial Overview	» Exceed Min DOI Requirements » Cash position stable » Financially set to deliver
Readiness Status	» Capable of meeting requirements » Staffing on track » We are ready to go....

WellCare

OHANA HEALTH PLAN.

Introduction

Overview	» Mission & Vision » Company and Organization » Program
Direct Benefits	» Hawaii » Healthcare Providers » Our Members
Current Position	» Capital » Financial Overview » Readiness Status

WellCare

OHANA HEALTH PLAN.

LATE

SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON HEALTH
Senator David Ige, Chair

Conference Room 229
December 9, 2008 at 9:00 a.m.

Testimony on QuestExA

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to present testimony on Hawaii's Medicaid Quest Expanded Access program (QuestExA).

There are four key components that make up the infrastructure of QuestExA, namely the State (DHS), the health plans, the patients/consumers, and the providers. In the design of QuestExA, the State protects its losses and manages risk via the contractual agreements with the health plans. The health plans are allowed a profit of up to 3%. They also have some protection from losses. Consumers benefit by receiving coordination of care. The risk is borne by the providers, since the contracts between the plans and the providers offer no protection to providers for losses.

Under current rates, providers are not making any profit by serving Medicaid patients. In fact, for each additional Medicaid patient they care for, providers are assuming additional losses. The Healthcare Association would like payments to be increased so that they more nearly approach the actual costs of care. Also, providers should be included with the plans in the sharing of any surpluses.

The Healthcare Association is concerned that the under-funding of QuestExA will have an adverse financial effect on health care providers that may compromise their ability to provide services to their patients. Government programs such as Medicaid are already paying providers at rates that fall below the actual costs of care.

The effects of the under-funding have been demonstrated in two cases that were covered extensively by the media earlier this year. Kahuku Hospital was in bankruptcy proceedings and would have been dissolved had it not been acquired by the Hawaii Health Systems Corporation. More recently the Hawaii Medical Centers (the former St. Francis Medical Centers) have filed for Chapter 11 bankruptcy. Under-payment by government programs was cited as a primary cause of bankruptcy by both Kahuku Hospital and Hawaii Medical Centers. Although not in the news, other hospitals and health care providers in Hawaii are on fragile financial footing for the same reason.

The under-funding of government programs affects not only the portion of a provider's operation that serves the patients of these programs, but it also affects the provider's overall financial

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Affiliated with the American Hospital Association, the American Health Care Association,
the National Association for Home Care and the National Hospice & Palliative Care Organization

condition and all of its other patients as well. Until recently, providers have been able to manage their finances by "cost shifting." They have been covering the unpaid portion of Medicaid costs by, for example, shifting surpluses from payments received from private health insurance plans.

However, private plans are being pressured by businesses and other customers to contain the cost of premiums. As a result, the plans are cutting expenses by squeezing payments to providers, so the margins realized by providers are being reduced. Under-funding by Medicaid is making it more difficult for providers to finance their entire operations.

This financial problem can begin to be addressed when government recognizes that Medicaid is a partnership in which government pays for services and the private sector provides them. Government must take more responsibility for holding up its side of the partnership and be more willing to pay its fair share.

As it stands, QuestExA does not address the fairness issue. Further, some people may think that the situation under QuestExA will be no worse than it is now because it is budget neutral. But it is budget neutral only from the State's point of view.

From the provider's point of view, there are two factors that may reduce their revenue, and these reductions may reach into the millions of dollars. As stated previously, the plans that are contracted by DHS are allowed a 3% profit margin. That is money that will not go to providers. Second, the federal match to State funding is scheduled to be reduced by $15 million in the first year of QuestExA, and an additional $10 million in the second year. So while State funding will remain constant, the total funding for the Aged, Blind, and Disabled population under QuestExA will be reduced, representing further potential losses in revenue to providers.

It is true that the QuestExA contracts prohibit the plans from reducing payments to providers below current rates. However, experience indicates that plans in other states have used strategies that either reduce payments or have the effect of reducing payments. Specifically, plans may delay or deny payment for services provided, or systematically underpay for those services. In addition, plans may reduce the level of care for patients by, for example, placing patients at the ICF level who would be more appropriately placed at the more costly SNF level. Since the QuestExA plans are expected to experience losses in the first year of operation, and since they are both for-profit companies, it would not be surprising if they tried to minimize their losses through these kinds of strategies.

Despite the foregoing concerns, the Healthcare Association recognizes that certain advantages may be achieved through a managed care program for the Medicaid Aged, Blind, and Disabled population. However, as it stands now QuestExA is severely under-funded, placing providers in financially precarious positions, especially those that serve substantial proportions of Medicaid patients.

The creation of QuestExA presents an opportunity to ensure a fair level of payments to providers. The result would be a more stable financial foundation for Hawaii's health care system and a more robust array of health care services for all of Hawaii's residents.

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Hawaii Pacific Health

55 Merchant Street • Honolulu, Hawaii 96813 • hawaiipacifichealth.org

Tuesday, December 9, 1008

LATE

To: **The Senate Committee on Human Services**
The Honorable Suzanne Chun Oakland, Chair
The Senate Committee on Health
The Honorable David Ige, Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: Information Briefing on Quest Expanded Access Program

Honorable Committee Chairs and Members:

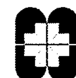
My name is Virginia Pressler, Executive Vice President for Hawaii Pacific Health. For more than a century, families in Hawaii and the Pacific Region have relied on the hospitals, clinics, physicians and staff of Hawaii Pacific Health as trusted healthcare providers. Our non-profit integrated healthcare system is the state's largest healthcare provider and is committed to improving the health and well-being of the people of Hawaii and the Pacific Region through its four hospitals -- Kapi`olani Medical Center for Women & Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital -- 18 outpatient centers and a team of 1,100 physicians on the islands of Oahu, Kauai and Lanai.

Hawaii Pacific Health is currently analyzing proposals from the insurers for the Quest Expanded Access (QExA) program to determine whether it is feasible for us to participate. Our greatest concern is that the plans are proposing reimbursements at rates that fall well below our cost for providing the service. As you may be aware, the latest Ernst & Young study found that the average Quest payment is only 92% of cost as it is, and the current Medicaid payments cover less than 70% of cost.

Moreover, we have concerns that the level of reimbursements may be further eroded when you consider the impact of payment denials, delays in payment or chronic underpayment of our claims. Our experience with one of the QExA insurers (Evercare) that administers a Medicare Advantage Plan in Hawaii supports our concerns regarding fair and timely payment. The other QExA insurer (Ohana Health Plan) does not have a track record in Hawaii; however, we understand the billing practices for its parent company is under both federal and state government investigations on the Mainland.

We fully support the goals of the QExA program. It has great potential to provide efficient and coordinated care. While we support those objectives, we cannot participate in any program that puts our financial stability at risk and jeopardizes our mission as a community health partner. The State of Hawaii has a responsibility to ensure that the QExA program provides an adequate network of providers to care for this very vulnerable patient population. Hawaii Pacific Health is committed to provide care for Medicaid eligible patients whether or not we participate in the QExA program.

Thank you for this opportunity to testify. I am available to answer any questions you may have.

KAPI'OLANI MEDICAL CENTER AT PALI MOMI
KAPI'OLANI MEDICAL CENTER FOR WOMEN & CHILDREN
Straub CLINIC & HOSPITAL
 Wilcox Health

EXCELLENCE IN HEALTHCARE INFORMATION TECHNOLOGY

December 8, 2008

The Honorable Susan Chun-Oakland
The Honorable David Ige

Re: Informational Briefing Tuesday, December 9, 2009

Dear Senator Chun-Oakland and Senator Ige:

My name is Rick Jackson and I am Chief Operating Officer of MDX Hawai'i, a local third party administrator of health insurance programs in Hawai'i for over 20 years.

MDX Hawai'i, formerly Queen's Health Plans, has offices located at the same address at Waterfront Plaza for over 20 years. Our management team is composed of former Queen's employees and is well known in the community. We provide administrative services to over a dozen different insurers in five time zones. Our health care provider network includes over 80% of the active practice physicians in Hawai'i. And we are, I must admit, a for-profit company that pays income taxes and Hawai'i General Excise Taxes to the State revenue office.

MDX Hawai'i has had a business relationship with United Heatlhcare and its predecessor companies in Hawai'i for the past 19 years, beginning with Travelers Insurance in 1989. Currently, we are contracted to support a number of United's Hawai'i insurance programs, including commercial insurance administration for local employers such as AT&T, Hawaiian Telcom, Home Depot, IBM and Verizon. We also help administer United's Medicare plans offered under the AARP, SecureHorizons and Evercare brand names. Finally, we are part of the team that is supporting start-up of the Evercare QUEST Expanded Access (QExA) program commencing on February 1, 2009.

United Healthcare, contrary to statements made in other testimony submitted to you, has been a local health care company in Hawai'i for almost two decades. Large local employers have relied on United's commercial insurance administration since 1989. Starting in 2005, United now has the third largest Medicare Advantage health insurance program in Hawai'i (only HMSA and Kaiser are larger). And, the Executive Director for United's government programs in Hawai'i is Dave Heywood, who is well known to all local health care organizations and has been employed by two of the largest, The Queen's Health Systems and Hawai'i Pacific Health. In my opinion, United is as "culturally competent" as other local health insurers, based on its long and successful track record in Hawai'i.

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Tel:808/522-7500 Fax:808/522-7561

Much has been said recently by a number of people in the community about the "fact" that there has been little opportunity for the public to provide input into Department of Human Services medical insurance programs covering the Aged, Blind and Disabled in Hawai'i. That "fact" is simply not correct; I well remember attending meetings hosted by the DHS ten years ago - in 1998 during the Cayetano Administration - to begin discussion of extending QUEST to this population. A serious effort was made by DHS in 2001-2 to develop and issue an RFP for and expanded QUEST program; I attended meetings at that time with DHS, actuaries Milliman and Robertson and a number community members present. The idea that the Lingle Administration hatched the QExA plan "overnight" is simply wrong. There has been a long consultation within the health care and community advocacy groups.

Finally, I would like to address the issue about whether United/Evercare possesses the necessary experience at delivering services to vulnerable populations such as QExA. In 1985 to 1987, I worked for United Healthcare and my immediate boss was a geriatric nurse named Jennine Bayard. In 1987, she started a pilot program in Minnesota to take care of nursing home residents – the frail elderly. The pilot started with under 100 members in the first year, and was hugely successful in improving quality of care by avoiding unnecessary hospitalizations. In the early 1990s, United approached the Health Care Financing Administration, now called CMS, for permission to do a demonstration program, which ultimately expanded to six sites in six states (Baltimore, Maryland, Florida, Atlanta, Georgia, Minnesota, Phoenix, Arizona and Denver, Colorado) by 1996. By all measures, United has been a pioneering company in taking care of Aged, Blind and Disabled patients and has the necessary clinical, capability and social and cultural expertise to run a successful program in Hawaii.

Thank you for the opportunity to submit testimony.

Best regards,

Rick Jackson
Chief Operating Officer

THE SENATE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON HUMAN SERVICES
Senator Susanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Josh Green, Vice Chair

INFORMATIONAL BRIEFING

DATE: Tuesday, December 9, 2008
TIME: 9:00 a.m. – 3:00 p.m.
PLACE: Conference Room 229

TESTIMONY OF EDWARD KEMPER

Honorable Chairs David Ige and Suzanne Chun Oakland and Members of the Senate Committee on Health and the Senate Committee on Human Services:

I am Ed Kemper, and I am one of the attorneys that have represented and currently do represent AlohaCare, a Hawaii nonprofit corporation. I am generally familiar with the issues which is the subject of this informational briefing.

AlohaCare, among other local companies, provides coverage under the present QUEST program and sought to become a successful bidder in the multi-billion dollar QUEST Expanded Access (QExA) bidding process initiated by the Department of Human Services to manage the health care needs of approximately 38,000 of the Aged, Blind and Disabled (ABD) population receiving Medicaid. As the Committees are aware, the QUEST Expanded contracts were only awarded to two entities, both of which are profit companies.

I am here to testify and answer any questions the committee may have regarding some of the legal concerns that have arisen in the RFP process including the issues with the pre-tax bid rate concept, but more importantly the insurance license issue that exists with the application and contract with Ohana Health Plans, Inc. (Ohana). I also want to disclose to

the committee that I have filed a petition on behalf of AlohaCare with the Insurance Commission pointing out the regulatory failures with regard this program.

In particular, it seems clear from a legal and regulatory position that one of the awardees, Ohana does not have a proper or legal contract with State. It is not properly licensed to carry out its intended role in servicing this very vulnerable population. Also, neither WellCare Heath Plans, Inc., the parent company of Ohana, nor Wellcare of Arizona, Inc. have an HMO license in Hawaii.

As part of the bidding process, an applicant had to certify and prove that it was properly licensed as a health plan.

In a rather amazing sequence of events, Ohana was awarded the contract for this billion dollar contract on Friday, February 1, 2008 and the **next business day (February 4, 2008)** Ohana and DHS (State) executed the contract. (This is unheard of in the State of Hawaii procurement process). In that contract, it was certified by Ohana that it holds all licenses required to provide the required services. Since Ohana clearly has never had an insurance license, I maintain that this contract is simply void and unenforceable.

The public documents indicate that Ohana did not have an HMO license at the time it filed its application to bid on this contract but it at least filed an application to obtain an HMO license. However, Ohana listed a net worth of zero in its application. Also, at the time Wellcare created Ohana as a subsidiary entity so it could apply to bid for the contract, it was clear that WellCare itself was experiencing serious financial and legal difficulties.

Your committees may already be aware that on Oct. 24, 2007, just two weeks after the issuance of the QUEST ExA RFP, WellCare headquarters was raided by federal and State enforcement agencies investigating various Medicaid fraud violations. If the federal or State ultimately disqualifies WellCare from Medicaid, that would create a monopoly of one awardee and end to entire program since Federal law requires at least two awardees. To add to WellCare's difficulties numerous class action lawsuits were filed shortly thereafter against WellCare. More recently WellCare may be in default of a $152 million loan.

As a result of these problems, WellCare has not been able to file clean financial statements that are required by the Securities and Exchange Commission. This financial reporting problem continues to the present day.

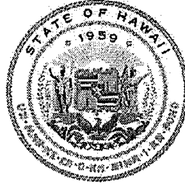
It appears to be certain that since Ohana had zero assets, it could not clearly meet the relatively high assets (2 million dollars net worth) requirements required by the Hawaii HMO laws. The Insurance Commission properly did not approve its application to be licensed as an HMO but raised some solvency questions and asked for more information. This was done in December, 2007. Ohana (Wellcare) did not respond until March 2008 more than a month after DHS signed the contract with Ohana.

To round out this regulatory problem, Ohana, the awardee under the contract, was subsequently merged with WellCare of Arizona. So legally, Ohana no longer exists as an entity and there is no indication that the Department of Human Services in awarding the contract to the specific awardee, Ohana, was given any prior notice of the merger or has consented to such a merger.

In summary, the end result of this is a billion dollar contract awarded to an entity that was not a qualified bidder and has no clear track record in this important field. Further, because of the lack of an HMO license and a misrepresentation about having a valid license, the contract should be deemed to be void and invalid. Most importantly, the Ohana/WellCare enterprise is now jeopardizing the entire QUEST ExA (ABD) program and subjecting this State to claim by the federal government for return of their funds because of the illegally of entire program.

Clearly, this entire procurement process should be thoroughly investigated by the Legislature, and the Legislature should suspend the process until such an investigation is completed.

Thank you for the opportunity to testify before you and I will be happy to answer any questions.



STATE OF HAWAII
STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
919 ALA MOANA BOULEVARD, ROOM 113
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LATE

December 9, 2008

The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services
and
The Honorable David Y. Ige, Chair
Senate Committee on Health
Twenty-Fourth Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

Dear Senators Chun Oakland and Ige and Members of the Committees:

Thank you for the opportunity to present testimony regarding the Quest Expanded Access (QExA) Program. The Council is a member of the QExA Advisory Group and from the very beginning has provided the Department of Human Services (DHS) with input regarding the transition of individuals with developmental disabilities (DD) from fee-for-service into managed care.

In July, representatives from Affiliated Computer Services (ACS) presented information to the Council about QExA and their role in providing enrollment counselor services. Issues and concerns about enrollment, health plan provider list, service coordination, dental, home and community-based waiver services, and caseload ratios were conveyed to ACS. In September, MDX Hawaii (contractor of Evercare) and Ohana Health Plan provided information about their services. Again, issues and concerns mentioned to ACS in July were also addressed with MDX Hawaii and Ohana Health Plan. Packets with information about QExA and enrollment were distributed in October to the aged, blind and disabled (ABD) population.

Since the enrollment period began on October 1, the Council has received calls from individuals with DD and family members. The Council shares the following concerns:

1. Adequacy of the Provider Network:
Individuals and family members have been fearful that their medical provider is not part of either health plans' provider network. There must be assurances that there will be an adequate number of providers to enable a comprehensive array of medical services from generic to specialized. Continuity of care and services is very important, especially for

those individuals receiving specialized medical care. For many individuals with DD they have had the same medical care provider since birth and that provider knows the person's comprehensive medical needs.

2 Physicians from Kaiser not participating with either of the two health plans.

3. Hospitals, such as Kaiser, Straub and Queen's, having no provider agreements with the health plans and no commitment to participate in QExA.

4. Physicians who serve only one or a very small number of Medicaid eligible individuals were not intending to participate with the health plans.

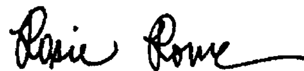
5. Service coordination for individuals who have multiple health care professionals: Managed care must provide for effective coordination of specialized DD services with other systems of care. Many individuals with DD have numerous providers from general practice to specialized services.

6. Overall coordination with the health plan service coordinator and Department of Health, DD Division's case managers. It important that the health plan representatives and DD Division's case managers are clear of their respective roles in transferring an individual's medical and any other pertinent information to each other taking into account privacy and confidentiality issues.

Our nation and State are facing major economic challenges. The availability of Federal and State funds will decrease significantly, thus resulting in implementation of managed care strategies to maintain and control costs. The Council recognizes the need and will to improve the quality and cost effectiveness of public-funded DD services. However, it is important that in our efforts and initiatives to provide appropriate, adequate, and comprehensive services to the ABD population, our goal must be to SUPPORT and not CONTROL this population.

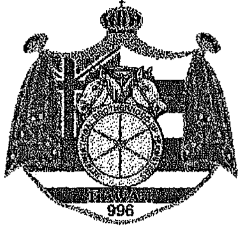
Thank you for the opportunity to share our concerns about the QExA program.

Sincerely,



Waynette K.Y. Cabral
Executive Administrator

Rosie Rowe
Chair



HAWAII TEAMSTERS AND ALLIED WORKERS, LOCAL 996
Affiliated with the International Brotherhood of Teamsters

1817 Hart Street
Honolulu, Hawaii 96819-3205

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Committee on Human Services

Sen. Suzanne Chun-Oakland, Chair

Sen. Les Ihara Jr., Vice-Chair

Committee on Health

Sen. David Ige, Chair

Sen. Josh Green, Vice-Chair

Date: Jan. 9, 2008, at 9 AM, in room 229

Re: Comments in Opposition to For-Profit Participation in the State of Hawaii Health Care System

The Hawaii Teamsters Local 996 negotiates and enforces over 50 contracts serving 6000 members here and Guam. One of our companies is Hawaii Medical Center or HMC formerly St. Francis Medical Centers.

Since being taken over by a For-Profit entity they have been in financial difficulties to the point of coming to the Legislature asking for relief. Along with re-organizing their non-bargaining unit personnel they have had to lay off our members. At this time they are into another round of lay offs. Our members are exercising bumping rights according to the contract, by seniority. This process is very hard and painful to everyone involved because of the years of service and friendships these workers have shared.

I believe that HMC has filed for Bankruptcy Protection.

An article in Sunday's Advertiser pointed out that HMC has scored the lowest in a survey of Customer satisfaction of Hawaii's Hospitals.

I express caution when dealing with For-Profits participating in our State's Medical System. Please do all the research necessary to assure the citizens that this will be in their best interest. For our Members, having to deal with a For-Profit Hospital Management has not worked.

Thank you for this opportunity to testify.

Mahalo,

Glenn Ida

Glenn Ida

Local 996 PAC Co-Chair

HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Fourth Legislature, State of Hawaii
Hawaii State Senate
Committee on Human Services
Committee on Health

LATE

Testimony by
Hawaii Government Employees Association
Informational Briefing
December 9, 2008

The Hawaii Government Employees Association has several concerns about the Quest Expanded Access Program (QExA) initiative. The purpose of the program is to integrate its 37,000 Medicaid aged, blind and disabled population into its managed care health plan, QUEST. The conversion to "managed care" provided by two "for-profit' health insurance companies (WellCare and United Health Group) will cost $1.5 billion over three years, one of the largest contracts ever awarded by the state.

Our first concern is the use of for-profit health insurance companies to serve a vulnerable population with complex medical needs. Hawaii is different from the Mainland, which has a number of for-profit health plans. Hawaii's population is served primarily through non-profit health insurance companies or mutual benefit societies. The use of for-profit health insurance companies poses risks because of a basic conflict of interest. The more these companies can ration care, the larger their profit margin.

Another problem is the small number of providers who have signed agreements with either plan. Moreover, there is no guarantee that those few participating physicians are willing or able to take new patients. It is also our understanding that none of the hospitals have agreed to participate with the plans. These problems directly affect our members who staff the Quest program, who have reported difficulties with the transition to managed care because of delays in securing providers and the lack of policies and procedures.

We also question the legality and constitutionality of the Department of Human Services approving a tax rebate of approximately $62 million, a 4.625% premium tax, from the two for-profit companies. In these difficult economic times, $62 million could reduce the need to impose major cuts in public services.

Thank you for the opportunity to present testimony on this important issue.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

Waianae Coast Comprehensive Health Center

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A-103-08

November 26, 2008

Senator David Y. Ige
Hawaii State Capitol
415 S. Beretania Street, Rm. 215
Honolulu, Hawaii 96813

Dear Senator Ige:

Mahalo for holding an informational briefing on the award of a $ 1.5 billion dollar QUEST Medicaid contract to two "mainland" for profit health plans. This program is of particular concern to us because we are the medical home for 1,500 Aged, Blind and Disabled patients.

We have reviewed the RFP document used to solicit bids for this program. We find the RFP undervalues Medicaid managed care experience with the actual families and patients being served under this program.

We cannot support the continuation of this program for the following reasons:

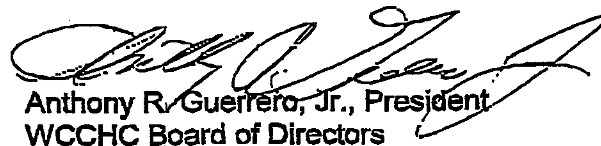
1. We believe the plans selected do not demonstrate an understanding of local culture and practices.

2. We believe the plans selected do not have a sufficient network of specialty and hospital providers to serve our patients.

3. We believe at least one of the plans selected does not show the financial strength that we can have confidence in.

Mahalo for allowing us to comment.

Sincerely,



Anthony R. Guerrero, Jr., President
WCCHC Board of Directors

cc: Senator Colleen Hanabusa
Representative Maile Shimabukuro
Representative Karen Awana

86-260 Farrington Highway, Waianae, Hawaii 96792 - Telephone: (808) 697-3300 - Fax: (808) 697-3687
Visit our website at: www.wcchc.com

WAIKIKI HEALTH CENTER

REACHING OUT FROM THE HEART OF WAIKIKI.

To: **Senate Committee on Human Services**
The Honorable Suzanne Chu Oakland, Chair

Senate Committee on Health
The Honorable David Ige, Chair

Re: **Comments on Implementation of Quest-Expanded Program**

From: Sheila Beckham, RD, MPH
Executive Director

Date: December 9, 2008

Thank you for providing this opportunity to express our concerns about the impending implementation of the Quest-Expanded Program.

Waikiki Health Center provides medical and case management services to over 200 HIV positive individuals. A large percentage of these individuals are currently covered by Medicaid ABD. Many have been receiving these specialized services from certified providers at Waikiki Health Center for many years.

Waikiki Health Center has been bombarded with phone calls and questions from this vulnerable population. They are frightened and anxious about potentially losing their medical home; they are bewildered by the web sites that list Waikiki Health Center as a participating provider when we have not signed a contract. These patients, so marginalized by our society, deserve the security and peace of mind offered to those in the private sector.

We have been "assured" by these companies that our patients will be *managed* by their corporate case managers, though they do not have experience, training, or certification in HIV medicine. We have been assured" that nl effort will be made to have a formulary that includes medications appropriate for these conditions—even if this requires a medication change which could potentially result in catastrophic health issues.

We are concerned about quality of life and continuity of care for these fragile individuals with multiple co-morbidities. We are concerned about ready access to treatment.

We recommend that the program be delayed until such time that adequate networks are in place and until such time that a seamless culturally appropriate managed care system is in place that will improve the lives of its participants.

Thank you again for the opportunity to present our concerns.

277 OHUA AVENUE HONOLULU, HI 96815 · 808-922-4787 · PROVIDING LOW-COST MEDICAL AND SOCIAL SERVICES

Kokua Council
20 South Vineyard Blvd.
Honolulu, HI 96813

December 6, 2008

Subj: Concerns in advance of December 9 informational hearings on Medicaid contracts

Dear Senator:

Kokua Council shares the concerns expressed by a growing number of organizations with respect to the recently awarded Medicaid contracts and the transition to mainland providers. We believe your constituents are also concerned, and ask that the Legislature take action to avert a likely crisis in service provision to the most vulnerable segments of Hawaii's population.

At risk is the well-being of 37,000 Medicaid-eligible Aged, Blind and Disabled (ADB) citizens of Hawaii whom the Department of Human Services will involuntarily switch to two for-profit Mainland-contracted HMOs in February 2009.

Unless the Legislature intervenes, these patients will be required to give up their current doctors and switch to physicians who agree to contract with either UnitedHealth Group Inc., of Minneapolis, Minnesota or WellCare Health Plans Inc., of Tampa, Florida. It is likely that many physicians may not contract with either. All current Kaiser patients will lose their physicians because Kaiser will not participate. The Waianae Coast Comprehensive Health Center has not yet agreed to participate. Many patients may not be able to find doctors near them at all.

A bidding process that results in cutting off services to some patients and disrupting care to others while transferring business to these two out-of-state vendors is fundamentally flawed. Many patients will find some of their doctors signed up with their plan but others with the other plan, or some doctors not participating with either. Particularly on Neighbor Islands, if physicians or hospitals decline to sign up with both of the two mainland HMOs, patients will be left without any care at all.

The problem could exacerbate the already critical shortage of specialists on Neighbor Islands, placing Hawaii's most vulnerable patients at risk.

Kokua Council is concerned that patients may be left without services if it turns out that these HMOs do not have proper authority to operate in Hawai'i. State law requires all HMOs to obtain a certificate of authority from the State insurance commissioner <u>before</u> they can operate in the State. Our understanding is that neither plan has obtained such a certificate.

In order to operate in Hawaii the two HMOs would have to provide medically necessary care as defined in the Hawai'i Patients' Bill of Rights and Responsibilities. Yet it's not clear that the HMOs' proposed agreements with physicians meet the legal requirements. DHS may also run afoul of the law if it returns State excise taxes to the HMOs as is planned. Hawai'i law expressly

exempts mutual benefit societies from paying such taxes but the exemption does not extend to these for-profit mainland companies.

Kokua Council wonders why the State agreed to huge multi-million dollar contracts to for-profit mainland corporations that do not have a clean record of dealings with the states in which they have operated. This is particularly questionable today when the State is facing enormous economic problems and when the money could much more wisely be spent in Hawai'i.

The hearing at the State Capitol on December 9 will gather information before the legislative session begins in January. We hope that the questions raised here will be answered clearly and positively or that the Legislature will quickly take steps to reverse the QExA program.

Kokua Council has deep concerns about the well-being of the ADB population for the following additional reasons:

- Although the majority of patients are senior citizens, very few geriatricians have signed up. Senior citizens cannot travel long distances to find participating doctors.
- We understand that no hospitals have signed agreements yet with either HMO.
- It's not clear that either mainland organization will meet the requirements to be licensed in Hawaii as an HMO.
- DHS has awarded a contract to WellCare Health Plans, Inc., despite a Forbes report that it "has been under a cloud since October 2007, when federal and state agents raided the company's Tampa headquarters" and despite the grade of F given to it by the independent rating organization, Morningstar, for stewardship.
- DHS awarded a contract to UnitedHealth Group although its subsidiaries have been reported to be assessed fines or agreed to settlements in Arizona, California, Florida, Georgia, Kansas, Missouri, Nebraska, New York, North Carolina, Oregon, Rhode Island, Texas, Washington and Wisconsin, according to the Northwest Federation of Community Organizations. In addition, multiple UNH subsidiaries entered an agreement with 39 states regarding handling of claims, complaints, explanation of benefits, accurate provider network information, and other issues. Shouldn't DHS have considered these actions before awarding contracts to these companies?

Kokua Council urges the Legislature to move quickly to preserve the quality of medical care for Hawaii's most vulnerable citizens.

Respectfully yours,

Larry Geller
President
Kokua Council

THE SENATE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON HUMAN SERVICES
Senator Susanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Josh Green, Vice Chair

INFORMATIONAL BRIEFING

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

TESTIMONY

Honorable Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green, and Members of the Senate Committee on Human Services and Health:

My name is Rafael del Castillo, and I represent the Hawaii Coalition for Health. Thank you for this opportunity to provide this Committee with important facts concerning the recent award of multi-billion dollar QUEST Expanded Access (QExA) contracts by the Department of Human Services to manage the health care needs of the approximately 39,000 of the Aged, Blind and Disabled (ABD) population receiving Medicaid.

The Coalition was founded in December 1996 to assist Hawaii consumers in overcoming managed care abuses. In the past twelve years, the Coalition has helped hundreds of consumers and dozens of doctors and other health care providers overcome denials of medically necessary benefits. In the process, the Coalition has become very knowledgeable and experienced in the wide range of managed care gatekeeping strategies for reducing costs by restricting access to medically necessary care. The Consumers in private health plans in Hawaii have experienced very serious problems with gatekeeping by managed care plans due in no small respect to the fact that competition in private health plans is virtually non-existent.

Based on the Coalition's experience, the members of regular QUEST managed care have fared much better because the Coalition has received an insignificant number complaints and requests for assistance with the QUEST plans. The Coalition thus believes that the MedQUEST Division fostered intelligent competition by contracting with the largest possible number of plans in the early 1990s. QUEST beneficiaries have benefitted significantly compared with their private plan counterparts, in large part because the plans either perished or competed successfully for members and provider networks on the merits of their customer service and

provider relations. Although fewer plans still compete for QUEST contracts, the information the Coalition regularly receives indicates that regular QUEST members move between the plans based on their satisfaction with the access to care, and the regular QUEST plans strive to keep their providers happy so that their members will remain satisfied.

The present Administration's break from the intelligent design of the regular QUEST program substantially threatens the welfare of the 39,000 individuals eligible for aged, blind, and disabled benefits, because it eliminates the most powerful mechanism for incentivizing them to make care accessible. The two plans DHS selected have been guaranteed they will each have approximately half of the aged, blind, and disabled population, so their incentive to keep their members happy is substantially diminished. The records of the two plans in other jurisdictions certainly renders naïve any hope or belief that they will make care accessible because they are compassionate good citizens.

When AlohaCare's bid protest and lawsuit publicized the flaws in the Administration's scheme, the Coalition began filing complaints in the Federal and State systems discussed below. (You may recall that the Administration had to retool its plan to jump start Summerlin Life & Health Insurance's QUEST program when the Coalition helped the Legislature understand that the flawed scheme promised to separate tens of thousands from their primary care physicians and treating specialists. DHS terminated the Coalition's membership on its QUEST Advisory Committee before it began the QExA initiative, by representing to the Coalition that the Advisory Committee had been disbanded. DHS did not invite the Coalition to participate in any of the QExA planning.) As explained below, the Coalition's complaints are presently active, but political intervention is the most expedient way to protect the aged, blind, and disabled and assure that when, and if, their medical needs are turned over to private managed care, their circumstances will at least be no worse than they are at the present time. The question is, what intervention(s) will serve. The Legislature has within its power a range of options for contending with usurpations of its function, the selection of which is most appropriately a matter for deliberation by the entire body based upon recommendations and findings resulting from this hearing.

The Coalition recommends that the following findings be reported back to the Legislature:

- In promising Wellcare, Ohana's parent, and Evercare tax rebates, the Administration has violated the separation of powers doctrine. The Hawaii Supreme Court and the Intermediate Court of Appeals, most recently in *Haw. Insurers Council v. Lingle*, 117 Haw. 454, 461 (Haw. Ct. App. 2008), have held that the separation of powers doctrine prohibits absolutely the performance by one branch of government of acts which, by their essential nature, belong to another. The court in *Haw. Insurers Council* held that fees the Executive Branch assessed were an invalid tax because the power to tax resides solely in the Legislature. It follows that the Administration cannot simply invalidate the premium tax by rebating it.
- In contracting for approximately $1.5 billion in HMO services with contractors which have not been certified by the Insurance Commissioner under HRS Chapter 432D, the Administration has effectively repealed the HMO Act, again invading the sole province of the Legislature.
- There should be an investigation and recommendation, possibly by an independent special counsel, whether the Administration has violated

procurement law by contracting with contractors which have not been, and apparently cannot be, certified by the Insurance Commissioner to operate HMOs in Hawaii.

STATUS OF COMPLAINTS

1. *Hawaii Coalition for Health v. State*: Federal complaint for declaratory and injunctive relief that contracts with Evercare and Ohana are void for violating Federal Medicaid Law and the Americans With Disabilities Act, and for an injunction.
   Status:
   Dismissed by the district court on the following grounds:
   - Not ripe (translation: this problem needs a political solution)
   - Aged, blind, and disabled have no enforceable right to an adequate provider network (because the reference to individuals in the statute was not sufficiently "unmistakably focused on the benefitted class").
     Appealed to 9th Circuit
   - The Secretary, DHHS, has authority to waive the exemption from managed care which Congress granted children and certain other disabled persons in the Balanced Budget Act of 1997 which specifically authorized states to have managed care (even though the statute granting the Secretary authority to waive certain sections of the law omits the exemption section).
     Appealed to 9th Circuit
   - The court made no rulings on the ADA on the ground that the complaint alleged no violations.
     Appealed to 9th Circuit

2. *Hawaii Coalition for Health v. State/Wellcare*: Complaint to State Insurance Commissioner seeking a declaration that the Ohana PPA is unenforceable because it imposes terms and conditions that are contrary to Hawaii law, especially the standards of the medical necessity statute of the Patients' Bill of Rights and Responsibilities Act, H.R.S. §432E-1.4; and how certain other provisions of the Ohana PPA must be interpreted to prevent their terms and conditions from being used to impose improper access barriers:
   Dismissed by the Insurance Commissioner because the complaint was allegedly based upon hypothetical or speculative facts
   Appealed to First Circuit Court

3. *Hawaii Coalition for Health v. State/Evercare*: Complaint to State Insurance Commissioner seeking a declaration that the Evercare PPA is unenforceable because Evercare is **renting** its provider network from MDX (raising the question, what happens *if the contract to rent the provider network is terminated?*), and MDX has conscripted providers to participate with Evercare by sending them a "passive amendment" to their existing provider agreements requiring them to opt out in writing, and Evercare/MDX are recruiting providers without disclosing provider agreement terms they apparently think are important.

Filed and pending

4. *G., parent and next friend of K., et al. v. State*: Federal complaint on behalf of seven Medicaid aged, blind, and disabled beneficiaries seeking an order declaring that the contracts with Evercare and Ohana are void, and enjoining DHS from proceeding to implement a managed care program using Evercare and Ohana because they are ineligible "contractors" based upon violations of Federal law; and for depriving plaintiffs of their freedom to choose providers.
Filed and pending

Thank you for your concern and consideration,

Rafael del Castillo

THE SENATE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON HUMAN SERVICES
Senator Susanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Josh Green, Vice Chair

INFORMATIONAL BRIEFING

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

TESTIMONY FROM ARLEEN JOUXSON-MEYERS, REPRESENTATIVE OF THE HAWAII COALITION FOR HEALTH

Honorable Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green, and Members of the Senate Committee on Human Services and Health:

My name is Arleen Jouxson-Meyers, and I represent the Hawaii Coalition for Health. Thank you for this opportunity to provide these Committees with important facts concerning the recent award of multi-billion dollar QUEST Expanded Access (QExA) contracts by the Department of Human Services (DHS) to manage the health care needs of the approximately 39,000 of the Aged, Blind and Disabled (ABD) population receiving Medicaid to Evercare and Ohana Health Plan (OHP).

The Coalition was founded in December 1996 to preserve and protect the rights of consumers to be able to access high quality healthcare in Hawaii. In the conduct of its work over the past twelve years, the Coalition has gained extensive knowledge about problems that plague the healthcare industry in Hawaii from both consumer and healthcare provider perspective.

Our Medicaid-eligible aged, blind, and disabled population and their families are in dire need of reassurance from you that on February 1, 2009 they will not be wrenched from their medical homes and even perhaps their physical homes, disrupting the continuity and quality of care they presently receive. The DHS' conduct has been astounding. The Coalition has received innumerable reports from patients that they have been contacted repeatedly (sometimes even daily), pressuring them to choose a plan or be auto-assigned despite that no hospitals have agreed to participate, and insufficient numbers of physicians and other providers have signed contracts

to provide even the most meager amount of health care. The DHS has destroyed the goodwill that took years to build between the State and providers, and unfortunately it is the patients who will suffer.

The DHS has failed miserably in its fiduciary duty to protect the welfare and safety of our citizens, and the Coalition is asking you, our elected officials, to do whatever your powers permit to halt the transfer of care to Evercare and Ohana Health Plan.

The Coalition is gravely concerned about many aspects of the poor planning and rushed implementation of the QExA program by the DHS, but will focus its comments for purposes of this hearing on two aspects:

- The dangerously inadequate provider networks to care for patients;

  and

- The failure of the DHS to provide ongoing oversight over Evercare's and OHP's conduct and performance and to appropriately intervene if they fail to maintain a satisfactory standard.

- Dangerously inadequate provider networks to care for patients

  Neither Evercare nor OHP have been able to muster even the most meager participating provider network let alone the type of provider network that is needed to satisfy the comprehensive and complex care needs of this vulnerable population. Even hospitals have declined to participate, and major community clinics which presently serve large numbers of the QExA population.

  - There is still only a disproportionately small number of providers who have signed a Provider Agreement with either Plan;
  - There is still no assurance that those physicians who the Plans allege have agreed to participate are taking new patients or will be willing to accept anyone who wishes to see them, or that they have actually agreed to participate;
  - Those physicians who the Plans allege have agreed to participate are located very far away from where the majority of the patients reside;
  - Waianae Comp. and Hawaii Pacific Health outpatient facilities both informed their patients in October 2008 that they had not signed a contract with either Plan;
  - The majority of patients are aged, yet very few gerontologists have signed up;
  - No hospitals have signed Participation Agreements yet with either Plan;
  - Hawaii Pacific Health, the parent company for Kapiolani Medical Centers for Women & Children and Pali Momi, Straub Hospital, and Wilcox Hospital also informed its patients that it may not be able to sign a contract because of the differing priorities of the for-profit Health Plans;
  - Kaiser Permanente has informed its Medicaid ABD members that it will not participate and that they should plan to seek alternate providers.

Speaking for practicing physicians, it is unlikely that they will ever willingly participate because the Participating Provider Agreement (PPA), especially that of OHP, imposes terms and conditions that are contrary to Hawaii law, especially the standards of the medical necessity statute of the Patients' Bill of Rights and Responsibilities Act, H.R.S. §432E-1.4; and how certain other provisions pit the physician against her patient by imposing improper access barriers. Despite adequate opportunity, neither Plan has addressed the flaws in their Provider Agreements to enable providers to agree to participate.

Physicians are also concerned that Evercare is **renting** its provider network from MDX (raising the question, what happens *if the contract to rent the provider network is terminated?*), and MDX has resorted to conscripting providers to participate with Evercare by sending them a "passive amendment" to their existing provider agreements requiring them to opt out in writing, and Evercare/MDX are recruiting providers without disclosing provider agreement terms they apparently think are important.

Furthermore, unreasonable burdens will be imposed upon those providers who agree to participate if the network lacks comprehensive supportive resources, such as laboratory and imaging and a robust network of specialists, and the few primary care providers who participate will be inundated with these patients. The likely result will be de-participation.

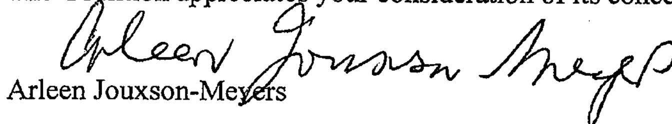
It does not help that primary care physicians who have allegedly agreed to participate are located miles away from where the majority of these patients reside.

- Failure of the DHS to provide ongoing oversight over Evercare's and OHP's conduct and performance and to appropriately intervene if they fail to maintain a satisfactory standard.

Rather than requiring Evercare and Ohana Health Plan to correct their deficiencies so that providers will be willing to participate, and itself showing a willingness to oversee the performance of these insurance giants, the DHS has resorted to pressuring patients to sign up for one of the two plans in their "as is" condition.

  - ABD patients have informed the Coalition that they have been called repeatedly by DHS pressuring them to sign up for a health plan and when informed that their physician has not decided whether to participate, they have been told to keep contacting their physician until they agree to participate;
  - Despite the catastrophic problems that DHS knows could result from starting the program on February 1, 2009 before there is an adequate provider network in each plan to provide the care, DHS is forging ahead nonetheless.
  - DHS has also failed to provide any assurances that it will provide oversight over the Plans' performance either now or in the future.

The Coalition appreciates your consideration of its concerns.



Arleen Jouxson-Meyers

THE SENATE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON HUMAN SERVICES
Senator Susanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Josh Green, Vice Chair

INFORMATIONAL BRIEFING

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

TESTIMONY FROM SCOTT MCCAFFREY, M.D. & DENNIS AYON, M.D., REPRESENTATIVES OF THE HAWAII CONGRESS OF PHYSICIANS AND OTHER HEALTH CARE PROVIDERS

Honorable Chairs Chun Oakland and Ige and Vice Chairs Ihara and Green, and Members of the Senate Committee on Human Services and Health:

We represent the Hawaii Congress of Physicians and Other health Care Providers. Thank you for this opportunity to provide these Committees with important facts concerning the recent award of multi-billion dollar QUEST Expanded Access (QExA) contracts by the Department of Human Services (DHS) to manage the health care needs of the approximately 39,000 of the Aged, Blind and Disabled (ABD) population receiving Medicaid to Evercare (EC) and Ohana Health Plan (OHP).

HCOP was formed in 2005 to assist Hawaii's physicians in their service to patients. In 2008, HCOP expanded its mission and membership to include other health care providers.

Hawaii's Patients' Bill of Rights, HRS § 432E-3(2) requires that a managed care plan of the type that both Evercare (EC) and Ohana Health Plan (OHP) are operating in the QExA program demonstrate to the Insurance Commissioner that it provides access to sufficient numbers and types of providers to ensure that all covered services will be accessible without unreasonable delay. (See attached)

HCOP believes that EC and OHP will never accomplish this for the following reasons:

- It is extraordinarily difficult to provide care to this patient population because of the complexity of their medical conditions and their socio-economic status. Any physician will tell you that a full complement of primary care physicians, specialists, and sub-specialists are needed. Essentially all providers limit the number they accept as patients or they could not continue to practice, and they certainly could not provide responsible care commensurate with their ethical and professional duties owed to patients. If the network lacks even one essential type of expertise, a physician would be unable to fulfill his duties.

- The few physicians who have agreed to participate will likely be inundated with patients for whom it is very difficult to provide care.

- It appears that no hospitals have agreed to participate in QExA. Without hospitals, a participating physician will be unable to obtain imaging, or other studies for these patients, nor would they be able to get a patient admitted for anything less than a life-threatening emergency and it will cost them hours of time to try.

- It also appears that insufficient numbers of specialists have agreed to participate. Despite the fact that the patient population is heavily comprised of aged, almost no gerontologists have signed up.

- When HCOP last checked a few weeks ago, there was a paucity of physicians in the areas in which these patients tend to reside. Waianae, believed to be a high Medicaid area had one family practitioner who had agreed to participate, and no other physicians. Waianae Coast Comprehensive Health Clinic has not yet agreed to participate.

- Because of the way that EC has created its provider network, meager as it may be, there is no assurance that physicians included on the list are actually willing to see these patients.

- Physicians are concerned about problems with both EC's and OHP's Participating Provider Agreement (PPA). There are petitions pending before the Insurance Division and Circuit Court brought by the Hawaii Coalition For Health on behalf of our patients. Providers believe we are entitled to a reliable opinion as to the legal acceptability of the proposed PPAs before entering into a legally binding contract with EC and /or OHP, a decision which we may have to foot the cost of defending.

- Providers have historically been willing to care for Medicaid patients as a contribution to community, despite deeply discounted reimbursement rates for their services. They cannot be expected to continue doing so under these more difficult and time-consuming circumstances, while EC and OHP pass the profits on to their shareholders.

- HCOP is also concerned that the DHS has chosen these two particular health plans and has rejected local health plans with whom providers have some established course of dealings for Medicaid patients.

HCOP joins the Hawaii Coalition For Health in recommending that the following findings be reported back to the Legislature:

- In promising Wellcare, Ohana's parent, and Evercare tax rebates, the Administration has violated the separation of powers doctrine. The Hawaii Supreme Court and the Intermediate Court of Appeals, most recently in *Haw. Insurers Council v. Lingle*, 117 Haw. 454, 461 (Haw. Ct. App. 2008), have held that the separation of powers doctrine prohibits absolutely the performance by one branch of government of acts which, by their essential nature, belong to another. The court in *Haw. Insurers Council* held that fees the Executive Branch assessed were an invalid tax because the power to tax resides solely in the Legislature. It follows that the Administration cannot simply invalidate the premium tax by rebating it.
- In contracting for approximately $1.5 billion in HMO services with contractors which have not been certified by the Insurance Commissioner under HRS Chapter 432D, the Administration has effectively repealed the HMO Act, again invading the sole province of the Legislature.
- There should be an investigation and recommendation, possibly by an independent special counsel, whether the Administration has violated procurement law by contracting with contractors which have not been, and apparently cannot be, certified by the Insurance Commissioner to operate HMOs in Hawaii.

HCOP appreciates your consideration of its testimony.

Scott McCaffrey, M.D.
Dennis Ayon, M.D.

MICHIE'S HAWAII REVISED STATUTES ANNOTATED
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*** THIS DOCUMENT IS CURRENT THROUGH ALL 2006 LEGISLATION ***
*** ANNOTATIONS CURRENT THROUGH JULY 1, 2006 ***

DIVISION 2. BUSINESS
TITLE 24 Insurance
[CHAPTER 432E] Patients' Bill of Rights and Responsibilities Act

GO TO CODE ARCHIVE DIRECTORY FOR THIS JURISDICTION

HRS § 432E-3 (2006)

§ 432E-3. Access to services.

A managed care plan shall demonstrate to the commissioner upon request that its plan:

(1) Makes benefits available and accessible to each enrollee electing the managed care plan in the defined service area with reasonable promptness and in a manner which promotes continuity in the provision of health care services;

(2) Provides access to sufficient numbers and types of providers to ensure that all covered services will be accessible without unreasonable delay;

(3) When medically necessary, provides health care services twenty-four hours a day, seven days a week;

(4) Provides a reasonable choice of qualified providers of women's health services such as gynecologists, obstetricians, certified nurse-midwives, and advanced practice nurses to provide preventive and routine women's health care services;

(5) Provides payment or reimbursement for adequately documented emergency services as provided in this chapter; and

(6) Allows standing referrals to specialists capable of providing and coordinating primary and specialty care for an enrollee's life-threatening, chronic, degenerative, or disabling disease or condition.

HISTORY: L 1998, c 178, § 2; am L 1999, c 137, § 4

HIERARCHY NOTES:

HAWAII INJURED WORKERS ALLIANCE
715 SOUTH KING STREET SUITE #410
HONOLULU, HAWAII 96813

December 6, 2008

LATE

To: Senator Suzanne Chun Oakland, Chairperson
Senator Les Ihara Jr., Vice Chairman
Committee on Human Services

Senator David Y. Ige, Chairman
Senator Josh Green, M.D., Vice Chairman
Committee on Health

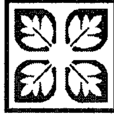
From: George Waialeale
Executive Director
Hawaii Injured Workers Alliance

Subject: Awarding of $1.5 billion dollar Medicaid contract

The Hawaii Injured Workers Alliance which is an advocate for Hawaii's injured workers is concerned regarding the switch of healthcare for 37,000 plus residents of the State of Hawaii covered under the Medicaid program. The recent investigations regarding for-profits healthcare providers in the areas of government overpayments, denial of benefits, management fiascos, waste, fraud and underpayments to providers has many patients, healthcare providers, consumer groups and the public concerned regarding for-profit health insurance companies.

I have personally been involved with organizations that provide customer services from distant locations. The sensitivity is very limited if any, regarding cultural understanding of the customers and the availability of "live bodies" at proper hours (6:00 a.m. to 6:00 p.m. at least) to provide information services for the 37,000 plus Hawaii residents is of great concern. Many of these elderly, disabled and blind will need someone who will go the extra mile for them. My experience in this area has shown me the best customer relation's is having customer call centers located locally.

The Hawaii Injured Workers Alliance has serious concerns regarding the change from fee-for-services program to a managed care program that is owned by two for-profit companies.



CATHOLIC CHARITIES HAWAI'I

LATE

TO: Senator Suzanne Chun Oakland, Chair
Senator Less Ihara, Jr., Vice Chair
Committee on Human Services

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

FROM: Sister Earnest Chung, M.M., Social Policy Director

DATE: Tuesday, December 9, 2008 (9:00 a.m., Conference Room 229)

RE: **Informational Briefing**

Thank you for this opportunity to provide testimony. My name is Sister Earnest Chung and I am Social Policy Director for Catholic Charities Hawaii. Catholic Charities Hawaii is a private, 501 (c)(3) organization that has provided social services in Hawaii since 1947. One of the core values of Catholic Charities Hawai`i is Social Justice and this testimony is provided as part of our advocacy efforts to ensure that those in greatest need are able to receive necessary services, including health care.

Catholic Charities Hawai`i currently provides services for elders and individuals with developmental disabilities who will be affected by the transition of Medicaid Aged, Blind & Disabled (ABD) recipients to the new Quest Expanded Access (QExA) program. Our staff have been working with Medicaid ABD recipients with the enrollment process. We would like to address the committees' attention to some of the following concerns that we have identified in our work with Medicaid ABD clients:

- Ensuring that client choice is not compromised:

    1) The December enrollment deadline has been a challenge since there were still doctors and hospitals/clinics that were not registered with either plan by 12/1/08 (or the extended deadline of 12/5/08).

       In an effort to assist clients, in particular those with communication challenges (limited English proficiency, hard of hearing, etc.), our staff have been contacting many physicians and medical facilities. It appears that there are still many physicians and several medical facilities that have not yet decided which plan(s) they will participate in. This has made it very difficult for our clients who wish to continue seamless coverage by their existing medical team and mostly frequented clinics/hospitals.

While there is a 90 day period in which a client can change enrollment, this is likely to require more paperwork that many of the Medicaid ABD recipients already have difficulty completing. In addition, we are concerned that changing plans will cause confusion similar to what happens when clients change Medicare D drug plans – and get denied coverage for prescription drugs.

We recommend that consideration be given to extending the enrollment period and delaying the auto enrollment. This would probably require also delaying the start of QExA implementation.

2) We are concerned that this transition is causing more physicians and clinics/hospitals to reduce the quantity of Medicaid clients they will serve. It has come to our attention that some physicians will only provide care for their existing patients on Medicaid and will not accept new Medicaid patients. This reduces access by low income individuals to needed medical services.

   We recommend that every effort be made by the State and QExA health plans to support the ability of physicians and medical care facilities to participate in Medicaid for the ABD population.

- Agencies/physicians/hospitals/clinics need to have adequate time to review draft contracts that they are being asked to sign with the health plans. Just as it has taken a significant amount of time for the health plans and the State to agree upon contracts, those being asked to provide service via the health plans must ensure that these new and complex contracts are doable and fair to all parties.

- Financial viability of the selected plans must be monitored by the State, to ensure that health care for Medicaid ABD recipients do not become at risk due to either plan's inability to fulfill contract. Also, financial viability relates to the plans' ability to pay for services to local providers.

Thank you for this opportunity to testify. If I can provide any further information, please feel free to contact me via phone at 808-527-4461, or via email at echung@catholiccharitieshawaii.org.

LATE

To: Senate Committee on Health: Chairman David Ige
Senate Committee on Human Services: Chairman Suzanne Chun Oakland

Testimony on QUEST Expanded Access (QExA)

Submitted by May Akamine, RN, MS, Executive Director, Waimanalo Health Center
December 9, 2008

Mahalo nui loa for scheduling this important briefing to help us to better understand the QExA program and to allow us to share our concerns especially about those who will have to depend on QExA for their health care, i.e. the Aged, Blind, and Disabled (ABD) – our most vulnerable populations. We have many unanswered questions and are most concerned about our patients' access to quality health care especially because of the very few providers who have signed contracts to participate with the QExA health plans.

Several of our ABD patients are very anxious about whether they will continue being cared for by their specialists since these physicians know them and their fragile medical conditions best. The QExA enrollment process requires that they choose a health plan before even knowing whether their own providers will be participating in the plan or not. The hospitals and many providers, including specialists have not signed the contracts. Our patients are being told to urge their providers to sign the QExA contracts with the health plans taking advantage of our patients' anxiousness. Their plea adds pressure to sign contracts that may not be in the best interest of both the patients and the providers.

We suggest that MedQUEST require that the QExA plans certify the adequacy of their provider networks before they require our ABD patients to choose a plan. In addition, this will also reduce confusion and unnecessary paperwork for our patients, the health plans, and MedQUEST. Forcing our patients to choose a plan now, then later changing it if their providers are part of the other plan causes frustration, rework, and is inefficient.

We are deeply concerned that QExA will begin without adequate provider networks in place. Since Kaiser will not be participating in QExA, we have already gotten calls from them to assume care of their ABD patients who live in Waimanalo and Ko'olaupoko. Being a patient advocate, we believe that this is not in the best interests of the patients who already have established relationships with their Kaiser providers. In addition, we are apprehensive because if we take these complex patients and sign the QExA contracts, we will be held accountable for the total care of these most vulnerable ABD patients. Because the specialists to whom we refer patients have not signed QExA contracts, the burden of their complex care will fall on us solely. We provide quality primary care services; these patients with complicated conditions need specialty care. We do not have the capacity to provide the comprehensive care these clients need.

We believe that QExA cannot succeed without an essential provider network. We recommend that the State Department of Human Services delay implementation of QExA until the health plans can demonstrate adequate provider networks with a broad and geographically appropriate range of specialty, ancillary, and inpatient care.

Mahalo for the opportunity to present our major concerns and recommendations on this important QExA issue.

From: Stephen Kemble [sbkemble@hawaii.rr.com]
Sent: Friday, December 05, 2008 4:30 PM
To: HTHTestimony
Subject: Medicaid QExA Plans

The following letter to the Editor was published in the Honolulu Advertiser on October 12, 2008:

QEXA CANNOT POSSIBLY DELIVER BETTER CARE

I am a physician working in private practice and at Queen Emma Clinic. I see many of the Medicaid patients soon to be pushed into the state's QExA program under one of two for-profit Mainland managed-care plans. I can't see how the program can possibly deliver better care. The plans must pay the same fees as current Hawai'i Medicaid, but will also expect to make a profit. This can only mean denial of care or avoidance of paying claims to doctors and hospitals. The Medicaid population is currently underserved, not over-treated. If the QExA plans actually try to deliver better care, they will lose money. For-profit plans won't tolerate that.

Hawai'i physicians have experienced severe claims processing problems and burdensome prior authorization requirements from for-profit Mainland managed-care companies. Unlike local plans, if there is a problem with a Mainland plan Hawai'i doctors often can't reach anyone who will resolve it. My Medicaid patients tell me they are being told their other doctors don't plan to participate with either QExA plan.

In my private practice, I would rather see my current Medicaid patients for free (and will refuse any new ones) than sign up with these plans.

Stephen B. Kemble M.D.
Honolulu

Since this letter was published, AMHD has drastically cut community based services to the chronically and severely mentally ill (effective 12/5/08), and the Medicare D plans that cover medications for the Medicaid population have announced a downgrading their plans effective 12/31/08. We currently have no information on what the "downgraded" formularies will cover, but rumor has it that most brand name drugs, including almost all the antipsychotics used to treat the chronically mentally ill, may no longer be covered without large co-pays that the Medicaid population cannot possibly afford.

All these coincidental events will push many of the most seriously mentally ill in our community out of treatment. Their doctors are not signing up with the QExA plans, their medications will be taken off formulary, and their case managers were just fired or had the time available to each patient drastically cut back. We will have a large population of seriously mentally patients in crisis simultaneously, with no option but the emergency rooms, which are in no way prepared to "manage" them, especially without their medications or out-patient follow-up options.

I urge the State of Hawaii to cancel the QExA contracts and continue the fee-for-service Medicaid

program for now, until a better solution can be found. Medicaid does not pay providers very well, but at least many participate, the program works in a pretty straightforward way, and if there are problems there are local resources to resolve them. Also, I urge the State of Hawaii to implement a stop-gap program to cover essential medications similar to the "Smooth Transitions" program when Medicare D was first implemented, to avoid a disastrous disruption in the care of the chronically mentally ill when the Medicare D plans abruptly downgrade on January 1. I also urge reconsideration of the budget cuts for AMHD out-patient case management and psychiatric services until there is assurance that community based alternatives are in place. The consequences of the current cuts will be greatly increased pressure on emergency rooms, in-patient psychiatric units, and the State Hospital to fill the gaps in community based care, which will be a lot more expensive than any savings from the cuts in the AMHD budget.

Thank you for your consideration.

Stephen B. Kemble, MD

600 Kapiolani Blvd, #402

Honolulu, HI 97813

(808) 537-2665

7 December 2008

TO THE HONORABLE SUZANNE CHUN-OAKLAND, THE HONORABLE DAVID IGE, AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH

Thank you for the opportunity to submit my testimony on this matter. My name is Michelle Emerson. I live in Mililani and have been blessed to live on Oahu for over twenty years. I made the decision in 1993 to seek my MSW from UH-Manoa and was among the first class to be eligible for licensure in 1995. Since that time I have served many clients in many positions as a licensed social worker. I have worked with both children and adults with mental health concerns, in hospitals, nursing homes and with several care management agencies supporting the aged, disabled and blind in adult foster care.

I fully support Lillian Koehler's initiative for Quest Expanded Access and believe it will be extremely beneficial to our vulnerable populations. Bringing managed care to Hawaii through WellCare/Ohana and UHC/Evercare affords a unique opportunity to provide service coordination, or one stop medical shopping to our consumers. I was hired by WellCare/Ohana last month and am excited to be part of this program. I believe WellCare/Ohana is the right health plan because we are local people, like myself, providing services to local people. I am excited to bring excellence service to Hawaii for our medically fragile children and disabled adults, no matter where they are living-at home, on the beach or in a nursing facility.

I have been welcomed as a Kama'aina into many homes and lives in my fifteen years as a licensed social worker. I was also a volunteer with Hospice Hawaii for over twelve years and provided direct patient care in the community. I was accepted for my

genuine desire to be of service and the color of my skin and ethnicity were not a hindrance to my love for the people.

In conclusion I would just like to say that it has been my privilege to live and work in Hawaii. No matter what agency or job I held, I gave my best to better the lives of the local peoples and am proud to be a Kama'aina. WellCare/Ohana is committed to bringing to best services to those most needy. Thank you for the opportunity to testify.

Sincerely,

Michelle A. Emerson, LSW

TO THE HAWAII STATE SENATE COMMITTEES ON
HUMAN SERVICES AND HEALTH
THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

December 9, 2008
9 a.m.

INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE AND WELLCARE/'OHANA

TESTIMONY OF CAROLINA GOSE-PASCUAL IN SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/'OHANA

TO THE HONORABLE SUZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH:

Thank you for this opportunity to testify regarding concerns raised with having WellCare/'Ohana and United/Evercare as the State of Hawaii's health plan options for the Quest Expanded Access (QExA) population. My name is Carolina Gose-Pascual and I was born and raised in Hawaii (Pearl City, Oahu). I have lived here for 40 years, graduating from Aiea High School and the UH School of Nursing. I have been a registered nurse for 16 years working in the areas of medical-surgical nursing, public health nursing, high risk antepartum, and health administration.

In the past 15 years, I lost all four grandparents. I've watched my parents face similar issues that people with aging parents deal with everyday... terminal illness, no one home to care for the elderly parent due to the necessity to work, the feeling of helplessness, unfamiliarity of resources (back then there was no consolidated list of elderly resources or internet), the confusion of the system, burn out, elderly parent with a debilitating stroke resulting in nursing facility

placement, dealing with living will/advance directive issues, etc. After experiencing all this, the inevitability of *my* parents aging is frightening.

I personally think QExA is a great idea serving the aged, blind, and disabled (ABD) and other special populations (HIV/AIDS and pregnant women meeting specific criteria). While working as a public health nurse (PHN), there were so many different, complex scenarios facing the ABD population. PHNs needed to be creative as there were no cookie cutter solutions. Often times a number of agencies may be delivering services to patient. There was no one representative to coordinate services and so, duplicity of services or lack of services may have been a problem.

Finally, the State has carved out the ABD and other special populations under QExA. With the expectation that our aging population will increase in the next few years, QExA offers a way to address the elderly medical/behavioral health needs and those of special populations.

I was hired as a Service Coordinator (SC) for WellCare/'Ohana. We just completed a comprehensive training of our job responsibilities, an overview of the company, and various roles of the WellCare/'Ohana staff.

Members in the WellCare/'Ohana health plan are assigned a SC that best suits his/her needs via culture, background experience, and geographical location. The SC will be coordinating services. I like the idea of one person overseeing all services. This will remove the guess work of who's doing what, decrease duplicity of services, and improve management and quality of member's care, resulting in cost savings for the State. In addition, members can

choose a PCP outside of primary care and internal medicine since there is a shortage in the State, allowing the member to remain with the provider they feel most comfortable with. Also, members can go directly to a specialist (and not wait for a referral) provided there is a need.

The self-direction program gives incentives to caregivers designated by the member and/or parent(s)/legal guardian of child member. This allows the primary caregiver to remain in the home with their loved one while still keeping the cost of care down.

Overall, I believe WellCare/'Ohana will serve the Hawaii community well. I was pleased to see the majority of the staff hired are locals of cultural diversity with experience in either of the following areas: working with the elderly population, behavioral health, the medically fragile, various nursing specialties, prior authorization, case management, etc. Many have worked in the community with other state or private agencies and are familiar with the State system and how it functions.

In summary, I am honored to work for a company with such integrity. We truly believe that we can make a difference in our communities and in our State and have invested a great deal of time and resources to ensure success. I'll admit that I wasn't always for HMOs, thinking that they're only *for profit* and are inflexible. On the contrary, WellCare/'Ohana does care about its members. Even if one thinks they are a big mainland company just here for the money...would it benefit WellCare/'Ohana to give anything less than quality care for the member since they are a for profit company (i.e. keeping members

healthy will prove to be cost-effective for the State and WellCare/'Ohana)? The former private pay fee for service was obviously not working for the State, especially for the ABD population and special populations. To continue on that path would seem fatalistic. It just makes sense to continue implementation of the QExA program and to keep WellCare/'Ohana as part of the QExA health plan options.

Once again, thank you for allowing me this opportunity to testify.

Donald Thomas
15-2718 Mahimahi St
Pahoa, Hi 96778-1442
808 965-6194

December 8, 2008

Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Vice Chair

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

This letter is written in support of both the QXeA as well as for the work of WellCare/`Ohana.Health Plan.

As a resident of the state for the past 27 years, I have been actively involved with the disability community of Hawai`i. Among my positions I have been the first state wide coordinator of all Psychosocial Rehabilitation Services under the Adult Mental Health Division, Executive Director of United Self Help as well as Board President and Disability Rights Advocate for the Hawaii Disability Rights Center.

My job has taken me to both `Oahu as well as the Big Island, where I currently serve as the Community Outreach Associate for `Ohana Health Plan.

Having worked with the entire Disabled Community of Hawaii for the past three decades has given me an opportunity to experience first hand the strengths and weaknesses of the Hawai`i health care delivery system. As an Advocate, I have had many cases where while the individual had the Right to a particular service, it was lacking in their geographic location.

As the COA for Ohana Health Plan, I have given several presentations to Case Managers and Social Workers, all of whom saw the immediate advantages of having in our state, a program like QXeA. Just recently in our newspapers, we were informed that one of the largest Purchase of Service providers for mental health issues on the Big Island (CARE HI) was going to be forced to lay off approximately 30 workers within the month of December. Historically, these social workers and case managers would be the individuals that supported disabled people with health care appointments, transportation in some cases as well as general reminders of health care appointments. It is common for some disabled people to miss their doctor's appointments and become ineligible for Welfare and other social services as a result.

Through QXeA, these clients as well as seniors will have coordinated health services that they would either not receive or be required to navigate through a very complex system to receive. As someone who brought my elderly parent to Hawai`i several years ago, due to her health condition, I regret that this plan was not in operation during her life time. Keeping our seniors within the home around family and friends is a very important part of our island culture. I am not aware of any other health plan here in Hawai`i that encourages and compensates family members for elder care when deemed medically appropriate. Keeping family members at home instead of placement in hospitals or Long Term Care facilities, also serves as a cost saving measure within the State health care budget.

On the Neighbor Islands where transportation is a major factor in fulfilling appointments, a program like QXeA and WellCare/`Ohana Health Plan, serves as a model to other states regarding health care delivery for its aged, blind and disabled populations.

Just as important, our plans encourages public health education and disease prevention through community education classes. If our state and our nation are ever to reduce the ever-increasing health care costs, it will require Preventative Health education as well as pro-active health care case management. Through the WellCare/`Ohana Plan, Service Coordinators are required for every person within the plan. These coordinators are in charge of assessing the client's current needs and working with that client and their family to insure that their health needs are taken care of expeditiously.

Lack of services for the elderly and disabled has never improved their medical condition , it has exacerbated it.

While the state has been in the process of developing QXeA for several years, the program has finally been rolled out. It comes at the most critical time within our island economy when Purchase of Service providers are having their budgets and therefore their ability to service the health needs of their clients reduced.

Ladies and gentlemen, the concepts within QXeA as well as WellCare/`Ohana Health Plan represent steps in the right direction towards a more efficient and effective health care delivery system for those within our community who have the greatest need.
As recent as Dec 3, 2008, it was reported in our local newspaper that Hawai`i ranked 2 in the nation for health. The report listed Hawaii's strengths as: **low rate of uninsured population (8.2%); low rate of preventable hospitalizations;** low levels of air pollution; **strong per capita public health funding**; and low rates of cancer deaths and

cardiovascular death. The report also cited significant decreases in the prevalence of smoking (as much as 38 percent since 1990) and the incidence of infectious disease (decreased by 27 percent). **Immunization coverage** also increased by about 10 percent over last year according to the report.

All of these factors are strengthened by the concepts within QXeA and WellCare/`Ohana Health Plan.

I urge you to continue to support the efforts of QXeA as we come into this very critical budgetary period.

Sincerely,

Donald Thomas

TO THE SENATE COMMITTEES
ON
HUMAN SERVICES AND HEALTH

THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

December 9, 2008
9 a.m.

TESTIMONY FOR INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE, AND WELLCARE/'OHANA

To The Honorable Suzanne Chun Oakland, The Honorable David Ige, and members of the Committees on Human Services and Health:

Thank you for the opportunity to submit my testimony on this matter. My name is Eliza Lipp, I reside in Maui, Hawaii for almost a year. I am a licensed social worker and an alumni of SUNY Stony Brook. During the past year I have been an active employee at Mental Health Kokua, providing support programs to their psychosocial rehabilitation program. I have volunteered my time to the community of Maui, coordinating fundraising events to local families fighting cancer, helping out at local soup kitchens and food banks. It is important to be part of the community, the family that Maui, and Hawaii has beautifully created.

I am a licensed Social Worker and have experience with the aged, blind, and disabled populations. My experience with this particular population has always touched my heart and been very personal to me. Since I began my path as a social worker I knew that this population was my calling. Growing up I had family members who suffered from strokes, heart attacks, diabetes, mental illness; their suffering and illness made me realize that no one needs to go through such horrible times alone and that there is a better health plan out there.

Moving to Hawaii I have been given the amazing opportunity to work with QExA. As a service coordinator for Wellcare/Ohana, I am given the opportunity to make it my responsibility along with every other employee to make our program member centric. With Wellcare/Ohana we make a point to follow the core values of partnership, accountability, integrity, and teamwork. This population deserves the right to professional, empathic care. With Wellcare/Ohana the members will interact with a team comprised of various expertises of different specialists and therapists.

In conclusion, I am confident that this QExA program is the future for this population. Our members will be given the opportunity to enhance the quality of life. We live in a complex confusing health care system, Wellcare/Ohana is the answer that will

open the doors and allow coordination of care and services. Thank you for your time and for giving me the opportunity to testify on this matter.

Sincerely,

Eliza Lipp, LSW
Service Coordinator, Maui County

TO THE HAWAII STATE SENATE COMMITTEES ON
HUMAN SERVICES AND HEALTH
THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

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INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE AND WELLCARE/'OHANA

TESTIMONY OF JAMES H.T. TAN, M.D. IN SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/'OHANA

TO THE HONORABLE SUZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH:

Thank you for the opportunity to submit my testimony on this matter. My name is James H.T. Tan and I reside in Honolulu, Hawaii. Twenty-four years ago, I launched my medical career in Hawaii and practiced in the islands for 6 years in Kauai and Oahu. I am a board certified family physician who cared for many families. During the past 10 years I have been focused on medical administration in multiple settings, including medical group, hospital and health plan but continue to perform clinical work during evenings and weekends.

My experience with this particular type of population is quite personal. My mother was an End Stage Renal Disease (ESRD) patient and was on hemodialysis for 5 years, having to live in a Care Home during her last few months of her life. My brother was a spinal cord injury victim being a quadriplegic (C6-7 level) for 4 years. He received 24 hours a day care at home with all the complexities of home and community-based services. The last 2 months of his life were spent between hospitals, skilled nursing facilities and intermediate care facilities. Currently, my brother-in-law is a stroke victim with residual neurological deficits. He is living at home with my sister and both of them do not have transportation capabilities.

Based on my clinical expertise and my personal experience with this population, the QUEST Expanded Access (QExA) program is extremely important and good because it is member-centric. For the first time the patient/member will receive a comprehensive assessment of his/her needs and appropriate services will be brought to enhance the quality of life of these individuals based on his/her unique needs. Health care delivery has historically been provided in silos and the various providers who care for these individuals do not communicate with each other. This population especially requires the

expertise of many different specialists and therapists. This new program will ensure that there is coordination of the care provided in a comprehensive, logical fashion.

When I was exploring the various opportunities in the next phase of my career, I am especially excited about this model because of the member-centric focus and my having the ability to influence the care delivered to this particular vulnerable population. I chose to be affiliated with Wellcare/'Ohana because of its mission and focus on this particular population. Wellcare/'Ohana's only business is Medicare and Medicaid managed care. For more than 10 years, we have managed this type of population in multiple states. The aggregate experience and expertise in the staff of our family of health plans provide the support and assurance needed to launch such a program successfully. Beyond having the strength of such backing, the company understands and embraces Hawaii's unique cultural diversity and is committed to ensuring that we remain a local company. As evidenced by the infrastructure built here in Hawaii, we have shown the commitment of being a "'ohana" caring for our people. To date, I have almost 70 healthcare professionals who are local and have the experience and training to implement this program. Many of them have had experience working with this population and some have family members who are affected by this program. In addition, all medical decision making is being performed at the local level.

In conclusion, I am confident that this QExA program is the future for this population. Instead of having our members struggle navigating our complex health care system, we bring coordination of care and services to enhance the quality of life of this population. Thank you for allowing me to testify on this matter.

TO THE HAWAII STATE SENATE COMMITTEES ON
HUMAN SERVICES AND HEALTH
THE TWENTY-FOURTH LEGISLATURE

INTERIM OF 2008
December 9, 2008
9 a.m.

INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE AND WELLCARE/'OHANA

TESTIMONY OF *Ms. Rida N. Ching* IN SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/'OHANA

TO THE HONORABLE SUZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH:

My name is Rida Nuneza Ching, and I am writing in strong support for the Quest Expanded Access Program.

I am a lifelong resident of Hawaii. I graduated from Moanalua High School, received a Bachelors Degree in Psychology from West Oahu College, Masters Degree in Social Work from University of Hawaii, and a Masters Degree in Business (Healthcare Concentration) from University of Phoenix , Hawaii Campus. I am a licensed clinical social worker.

For almost 20 years, I have worked in managed care health care in Hawaii care. I have worked primarily with the geriatric and other high-risk populations. I know, from years of experience, the benefits of having a system that is local, under one umbrella, and extends throughout the continuum of care. I am also a believer in many of the State programs (which are currently called

waiver programs) in that clients who need long term care can be managed in the community rather than institutionalized. For 8 years, I managed a RACC (Residential Alternatives Community Care) Program at Kaiser Permanente in a addition to a Senior Companion program, which is also a State program.

Currently, I am one of the Service Coordinator managers at 'Ohana Health Plan. Our department is responsible for this type of coordination. What I bring to this new and exciting program is years of professional experience with this population.

On a personal note, I have a teenage son with special needs, who is a client with Developmental Disabilities Division. As a parent, I am always worrying about the day when he is much older and potentially in need of a State agency to manage his care. Who will watch over him? What happens if his father and I are no longer here and relatives can't meet all his needs? Who will make sure he has a safe place to live, has someone to take care of him, that he goes to his appointments and takes his medications? Who will pay attention if all these things *don't* happen?

At 'Ohana Health Plan, we are currently training dozens of service coordinators to pay attention to these issues everyday when they are client's homes, the hospitals, care home, or if they are homeless. Our Service Coordinators are in teams, geographically assigned to work right in the community in which they live, and to partner with community agencies that already serve those communities. We will not be hiding in our offices, we will be visible in the community. And we are here to make a positive difference.

From: Leahmae Katrina [leahmaekatrina@hotmail.com]

Sent: Monday, December 08, 2008 9:12 AM

To: HTHTestimony

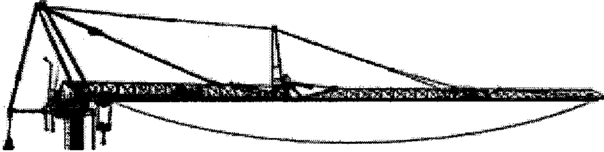
Subject: Hearing Testimony December 9, 2008 9a.m.

Honorable Chairs Chun Okaland and Ige; Vice Chairs Ihara and Green; Members of the Senate Committee on Human Services and Health:

My name is Leahmae Baldonado and I live in Ewa Beach. I am concerned about the Healthcare bill that will be discussed by the government, especially with recent events that have granted management of this care to a foreprofit Mainland company. Please investigate further that this is the right decision for the community. Thank You.

Sincerly,
Leahmae Baldonado

From: Robert Vernon [vernon017@ymail.com]
Sent: Monday, December 08, 2008 9:11 AM
To: HTHTestimony
Cc: C. Wong
Subject: HEARING TESTIMONY DECEMBER 9, 2008 @ 9:00AM



Honorable chairs Chun Oakland and Ige; Vice Chairs Ihara and Green; Members of the Senate Committee on Human services and Health:

My name is Robert D Vernon and I currently live in Kapolei Hawaii on Barbers Point @ the US Vets Transitional Housing and I am concerned about the Health care bill that is being discussed having to do with the management of the money and the quality of care that it's going to be providing for the Elderly, Blind and Disabled as I am disabled and very concerned on what effect it's going to have on me. Please investigate this matter and make sure it's the correct decision. Thank you for your time and consideration into this matter.

Respectfully,

Robert D. Vernon

From: Sani Tuasivi [st_devildog97@yahoo.com]
Sent: Monday, December 08, 2008 9:17 AM
To: HTHTestimony
Subject: Hearing on Dec.09,08

Honorable Chairs Chun Oakland and Ige; Vice Chairs Ihara and Green; Members of the Senate Committee on Human Services and Health:

My name is Sani Tuasivi and I'm currently living in Aiea. My main concerned is that we really need to put more time on investigating this matter. Especially when some company from main land is going to be in charge. Thank you very much.

Sincerely,
Tuasivi, S

From: Gallagher, Susan A [Susan.Gallagher@wellcare.com]
Sent: Monday, December 08, 2008 10:23 AM
To: HTHTestimony
Subject: SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/'OHANA

TO THE HAWAII STATE SENATE COMMITTEES ON
HUMAN SERVICES AND HEALTH
THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

December 9, 2008
9 a.m.

INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE AND WELLCARE/'OHANA

TO THE HONORABLE SUZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH:

I Susan Gallagher, RN AM IN SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/'OHANA

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recipient, please immediately contact the sender by telephone, or by email, and dest
message. If you are a regular recipient of our electronic mail, please notify us pro
your email address.

From: Harmony LAURITZEN [harmony1181@yahoo.com]
Sent: Monday, December 08, 2008 10:09 AM
To: HTHTestimony
Subject: Public Hearing, Tuesday Dec 9th, 9:00 am

Honorable Chairs Chun Oakland and Ige; Vice Chairs Iraha and Green; members of the Senate Committee on Human Services and Health:

Aloha, 8 Dec 08

My name is Harmony Rebekah Lauritzen and I am writing to you today to inform you that me and my fellow classmates from Ms. Cat Wong's speech class at Remington College will be visiting your State Capitol tomorrow on an organized field trip. We have chosen this day particularly because of the public hearing that is going to be held there tomorrow on the new "Quest Expanded" program. We hope that you and your fellow colleagues will listen to the community's concerns and make a fair, just and moral decision based on what's best for our state now, and in the near future. Please consider all people, no matter race, sex, age, occupation or ability. We all appreciate your time in hearing concerns from the public and pray that you will think long and hard before making a moral and ethical decision, for it will affect many lives, now and in the near future. Sometimes these hearings are a mere formality, but it is called a "hearing" for a reason, meaning both sides need to listen. We have been studying debates recently, and how the point of most arguments is to come to an eventual agreement. I guess me and my class will see tomorrow if this is truly how the government works. Mahalo, and see you tomorrow!

--Harmony

--Harmony Rebekah LAURITZEN ("RITZ")

TO THE HAWAII STATE SENATE COMMITTEES ON
HUMAN SERVICES AND HEALTH
THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

December 9, 2008
9 a.m.

TESTIMONY FOR INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE AND WELLCARE/'OHANA

TESTIMONY OF DEBORAH PARKER IN SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/'OHANA

TO THE HONORABLE SUZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH:

Thank you for the opportunity to submit my testimony in support of the QUEST Expanded Access Program and WellCare/'Ohana Health Plan.

My name is Deborah Parker. I have lived in Mililani for the last ten years. My three older children are graduates of Mililani High School. My husband is a doctoral student in Korean Linguistics at the University of Hawaii. And I have a Masters degree in Public Administration from the University of Hawaii. I am also a registered nurse with a certification in gerontological nursing. Until recently I worked for nine years at Kaiser Permanente as a home health nurse, RN case manager for Kaiser Community Case Management and as a senior care coordinator at the Honolulu Geriatric Clinic. Five months ago I left Kaiser to become a service coordinator at Wellcare/'Ohana.

As a child I grew up on the East Coast and by the time I was three years old my maternal grandmother had suffered a stroke which left her with a hemi-paresis and expressive aphasia. My grandmother at the time of the stroke was only 61 years old and subsequent to the stroke spent the rest of her life as a disabled person. She and my grandfather lived in a rented house about eight miles from my home and he continued to care for her for ten years following her stroke. When I was in elementary school I remember that my mother would go and clean their house and take their laundry home to do each week. Eventually, my grandmother's care was too much for my grandfather who was aging and had his own physical difficulties, so my mother and her brother and sister took turns having my grandmother live in their homes. But as my grandmother's physical abilities continued to decline, this too, was increasingly difficult. Finally, when I was about fifteen or sixteen years old, arrangements were made

to have my grandmother admitted to a state facility for the aged and disabled. Because my grandparents had little money and were living on Social Security this was the only facility that she could afford to live in. Unfortunately, the facility was 52 miles from our house and just about as far from my grandfather and my mother's siblings. I well remember the long trips to see my grandmother that we made every other Sunday. It took 90 minutes to get to the facility. We would visit for about an hour and then have dinner out and drive 90 minutes home. My grandmother spent the last four years of her life far away from family and anyone else she knew until her death in 1975, seventeen years after her initial stroke.

My grandmother's illness spanned the time period from the late 1950's until the mid 1970's. Though I viewed the entire unfolding events of my grandmother's illness as a child, I can say with assurity that my grandfather and my parents had no one to help them with health care resources for my grandparents. There were no Meals on Wheels, no homemaker services, no home health aides, no adult foster home to which she could go and no adult day care center. My mother and her siblings were pretty much on their own to figure out how to help my grandparents. It was a source of constant effort, worry and concern for my parents during my entire childhood.

Our American Society has come a long way in the last forty years in providing services to the disabled and elderly to allow them to live comfortably and with dignity in their own homes or close to home. In Hawaii, our aging population is increasing well above the national average and in Hawaii there are currently 26 elderly persons for each available nursing home bed. Actually, this "shortage" of nursing home beds can be viewed as a positive trend because who among us would ever want to wind up living in a nursing home? Isn't it the goal of all of us to remain in our own homes, if at all possible, for our last chapter of life? The Hawaii Department of Human Services has done a good job of creating Medicaid Waiver programs to allow the disabled and seniors to remain at home or in the community near home. Nursing Home without Walls, home meal delivery, transportation services, the Adult Foster Home Program are just some of these services. But up until now these programs have been administered piecemeal and have required the recipients to be savvy in navigating the individual programs within the Medicaid system on their own. There have often been long waitlists, Medicaid members shut out of needed services and sometimes unnecessary and costly duplication of services. This population is arguably the least prepared to figure out the resources they need, tap into them and adjust when circumstances change.

Unlike in my grandmother's time, today in Hawaii there are plenty of services to assist Medicaid members and their families. But as in my grandmother's day, until now, there has been no one to guide and assist Medicaid members and their families by assessing their needs and providing them with a care plan which serves as a "health care road map" for each member's individual needs.

That is why I have come to WellCare/Ohana. I, along with scores of other local health care specialists with experience in geriatrics, pediatrics, behavioral health, and with bachelors and masters degrees in nursing, social work, gerontology and allied health fields have come together to form a team of service coordinators who are dedicated to assisting and serving the blind, aged and disabled residents of Hawaii. Together we eagerly anticipate our roles as point persons for each member to provide the help and guidance needed in navigating the complexity of the 21st century medical system, in making health decisions and in obtaining appropriate resources.

In my five months at WellCare/'Ohana, I have had many positive experiences that have increased my confidence that we can do the job: 1) Though 'Ohana is a subsidiary of WellCare, I am impressed at how culturally sensitive WellCare has been in their understanding of the people of Hawaii and our unique needs. 2) Management has made a concerted effort to hire local people who understand and are committed to the cultures of Hawaii. In my own case, besides living ten years in Hawaii, I have also lived over eight years in Korea and speak Korean, one of the mandated languages in the RFP. I am very familiar with Korean culture and am excited to be able to serve our Korean members. 3) Recently I attended WellCare/'Ohana Service Coordinator training in which our medical director, Dr. James Tan, spent an entire morning discussing characteristics of the major cultural groups in Hawaii. 4) As service coordinators we have been out in the community in the last several months on many occasions learning about the resources to which we will refer our clients. We have visited homeless shelters, transitional housing complexes, mental health hospitals and clinics, nursing homes, and many other facilities and organizations. We have done all this in an effort to increase our understanding and expertise regarding resources for our members. 5) Our local senior management staff has an impressive background of academics and experience and our parent company has an excellent track record of providing cost effective and comprehensive care to this population. For all of the reasons above I believe that WellCare/'Ohana is well prepared to implement the new Quest Expanded Access program to improve the health care of the blind, aged and disabled in Hawaii and to administer the QExA program in a cost effective manner.

Thank you for this opportunity to testify.

December 8, 2008

TO: Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Les Ihara Jr, Vice Chair

Please extend the deadline for QExA enrollment with a concerted effort to inform the clients and the public about the change from the current State run fee-for-services program to this managed/coordinated care. The lack of information is irresponsible. The enrollment staff is unable to provide much additional information, but will assist in completion of the form. The TV info-mercial with Lillian Koller with the yellow envelope is quite inadequate. I recall one article in the Advertiser re: QExA, applauding the effort to promote client choice.

I acknowledge the short extension to the original December 1st deadline. However, during the extension period, please do more than expend enrollment efforts.

Do not offer the much touted "Client Choice" without sufficient information about proposed QExA choices until the two providers have completed their negotiations with the medical providers in the community. It is true that in the end, our ABD clients do "not have a choice" except to roll with these changes. However, without a provider list in the first mail-out (as promised), DHS was virtually asking clients to make a random choice, an ill choice, or an uninformed choice. DHS cannot, in the best interest of this vulnerable population or their responsibility to this group, be satisfied with that position. At the very least, a complete provider list that would allow clients to elect to remain with a medical plan that will allow them to retain the services of their current physician should be available in the enrollment packet. Instructing the clients to call the toll free line or to access the website is not a feasible alternative for this population. Access to physicians and medical facilities is a crucial geographic factor for clients in rural areas and the neighbor islands. I do not need to elaborate on the emotional disruption for our elderly clients should there be a need to change physicians at this stage in their life. Clearly, DHS has not promoted the freedom that comes from an educated and independent choice, but instead, has encouraged an uninformed choice at the mercy of consequences of missing a deadline.

Please reconsider the enrollment procedures & deadlines that you have set forth on this QExA program for our Aged, Blind and Disabled population.

Respectfully submitted,

Jennie Ahn
Social Services Department
Kauai Veterans Memorial Hospital
West Kauai Medical Center
Ph: 808-338-9204

TO THE SENATE COMMITTEES
ON
HUMAN SERVICES AND HEALTH

THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

December 9, 2008
9 a.m.

INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE, AND WELLCARE/'OHANA

TESTIMONY OF GREG KONO IN SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/'OHANA

To the Honorable Suzanne Chun Oakland, the Honorable David Ige, and Members of the Committees on Human Services and Health:

My name is Greg Kono and I am a resident of Kailua on the Windward side. I was born at Castle Medical Center, grew up in Makiki and graduated high school from Hawaiian Mission Academy on Pensacola Street. My parents were both born and raised in Hilo.

After high school, I attended Loma Linda University in Southern California earning a Bachelors Degree in Business Administration and a Masters Degree in Health Care Administration.

My experience in health care began while I was in college and worked in the office of Francis Lau, M.D, a prominent cardiologist in the Los Angeles area, originally from Hawaii. During graduate school, I gained more health care experience while working for the Vice President of Ambulatory Care Services at the Jerry Pettis Memorial Veterans' Administration Hospital in Loma Linda, California and in Decision Support at Loma Linda University's Faculty Medical Group. For the past ten years, I worked as a

Compliance Manager for a local initiative health plan in California that served over 300,000 Medicaid, Medicare, and Healthy Families (S-CHIP) recipients in two of the largest counties in the United States – San Bernardino and Riverside Counties.

Growing up as the son of a minister, I often reflect on what my father accomplished for the people of Hawaii. He was a caring man that brought hope, love, and a little bit of fun into the lives of those he touched. Looking back on his life, it is apparent that he really focused on helping those that couldn't help themselves – our kupuna and our keiki.

I can also remember, vividly, the obstacles my family faced when my grandmother died thus leaving my grandfather alone to care for himself. Unable to live alone, it was up to my parents and my family to care for my grandfather. My grandfather would live with my parents, my brother, and I in our small 3 bedroom apartment on Thurston Avenue in Makiki. At age 12, I can remember, at times, having to "baby-sit" my grandfather and help him get around and help him remember where he was. I can also remember my parents feeling frustrated and helpless because they didn't know what to do or who to call for help.

The State's QUEST Expanded Access Program will alleviate many of the frustrations and fears currently experienced by those families that struggle each day to care for aging and fragile family members. Having a Service Coordinator acting as a central point of assistance is a huge resource for families and patients to regain their hope and dignity.

What attracted me to WellCare/'Ohana was, 1) a new program that would enhance the well-being of Hawaii's seniors and persons with disabilities and would do so

in the comfort of their own homes; 2) that a company like WellCare/'Ohana with its local staff and expertise, enhanced by cutting edge technology and resources could actually be an integral part of helping our communities; 3) that this opportunity allowed me to make a difference while affording me the chance to bring my family "home" to Hawaii.

During the past six months of my time with WellCare/'Ohana, it is inspiring to witness and be a part of a team that truly cares - cares for the people of Hawaii and cares about the quality of health care and resources we provide. We focus our vision on these key factors to do what is *Pono*, what is right. By doing this, we all succeed.

Thank you for allowing me to submit my testimony.

From: Knight, Pamela [Pamela.Knight@wellcare.com]
Sent: Monday, December 08, 2008 11:48 AM
To: HTHTestimony
Cc: Burton, Gayle; Kono, Gregory M
Subject: Testimony, Senate Hearing 12-09-08

TO THE SENATE COMMITTEES
ON
HUMAN SERVICES AND HEALTH

THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

December 9, 2008
9 a.m.

TESTIMONY FOR INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE, AND WELLCARE/'OHANA

TO THE HONORABLE SUZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE, AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH:

I. Thank you for the opportunity to submit my testimony on this matter.

My name is Pamela Knight. I live in Haiku, Maui. I've lived and worked in Hawaii for more than13 years. I have taught courses at Maui Community College and UH Hilo; and I have done graduate course work at UH Hilo. I hold a Baccalaureate Degree in Nursing from a Mainland school, Salve Regina University in Newport, R.I.

I'm a Registered Nurse with 36 years of experience in many health care settings, especially community and public health. I have worked for local agencies and large corporations. I have worked for almost 10 years with the State of Hawaii: in the Department of Health, as the HIV Coordinator for the Big Island, Hilo side; and in the Department of Human Services, as the Maui County Supervisor for Nursing Home Without Walls.

I first came to Hawaii in 1985, with the express purpose of raising my young daughter here. I wanted her to experience the cultural diversity, so she would grow up knowing how to share aloha with many different kinds of people. She and I both felt truly at home here, and became dedicated to the concept of Aloha towards everyone.

II. To be aged, blind and/or disabled and to also have very limited means is especially difficult. My work with these populations has been possible due to the financial provisions from our State and Federal governments. The comprehensiveness of QExA provides essential health care to so many disadvantaged. The clients are assisted throughout their lives to hopefully enjoy reasonable comfort, safety and a sense of well-being. The broad scope of services and staffing provided by QExA contributes immeasurably towards this.

III. Since Day One, my experience with Wellcare/'Ohana has been very positive. The company and its employees have consistently stressed the importance of <u>service</u> to our clients; and have shown me how important my integrity and skills are in the delivery of this service to my patients. I have been treated with respect for who I am and what I have to offer. I know that I will continue to be supported and encouraged to bring high quality care to the people I truly work for, the people who have chosen Wellcare/'Ohana for their health care plan.

IV. In conclusion, I would like to urge the members of the Senate Committees on Human Services and Health, to provide your support to Wellcare/'Ohana Health Plan as a most capable, legitimate, reputable and well-deserved choice for the people of Hawaii.

V. Thank you for the opportunity to testify.

Pamela Knight, R.N., B.S.N.

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TO THE HAWAII STATE SENATE COMMITTEES ON
HUMAN SERVICES AND HEALTH
THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

December 9, 2008
9 a.m.

INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS (QExA) PROGRAM, UNITED/EVERCARE AND WELLCARE/'OHANA

TESTIMONY OF Dexter D. Mar IN SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/`OHANA

TO THE HONORABLE SUZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH:

Thank you for the opportunity to submit my testimony on this matter. My name is Dexter Mar, a Kaimuki resident/homeowner for over 18 years and married to a local girl for 37 years. I'm a Hawaii registered pharmacist with over 35 years of health care experience in various clinical settings including 18 years with Kaiser Permanente Hawaii. My son has a learning disability for which he's had Hawaii Department of Education services until his recent graduation.

The folks at the Med-QUEST Division have crafted an innovative, visionary, and well-designed program to improve the health of the Aged, Blind and Disabled people receiving Medicaid assistance. The contract for this program insures that recipients get real managed CARE services versus a managed COST pretender.

As a Kaiser Permanente veteran who developed many innovative pharmaceutical care services to support the managed care program, I recognize the value that QExA will provide. Personal, proactive medical history review, concurrent monitoring, and follow up monitoring and quality audits are mandated to keep patients in better health and at home rather than in critical care facilities.

The QExA model recognizes and focuses on the needs of the recipients in a responsible and proactive way. The Service Coordinator concept is a bold strategy to support physicians and patients to better care for these medically fragile individuals. From a pharmaceutical care perspective, QExA mandates an integrated managed care program that includes medication management for patients at risk of adverse drug effects and complex medication regimens.

Having joined `Ohana Health Plan in June 2008 and having served as a Med-QUEST pharmacy consultant from 1993-98, I know and understand the QExA contract in great detail. The State team that authored this contract deserves recognition and support for their efforts.

To implement this innovative contract demands a great deal of knowledge, resources and courage. WellCare/`Ohana provides the crucial combination of a national company's resources with the local company's knowledge and courage.

WellCare/`Ohana benefits from the commitment of an organization that services millions of patients in many states. The technological infrastructure is only about 5 years old and the information technology vision is cutting edge. The support resources provide a broad base of experience that offers Hawai`i with a knowledgeable perspective to quickly address issues.

The real heart of WellCare/`Ohana resides here in Hawai`i. Over 100 local employees and ex-pats coming home provide the commitment and passion for caring for Hawai`i's people. The mission of WellCare/`Ohana is not just to provide health care for the QExA members, but to successfully validate the QExA vision and bring a new model of health care to Hawai`i.

I've joined the WellCare/`Ohana team to share the many innovative pharmaceutical care programs developed over the past 20 years at Kaiser Permanente Hawai`i. The programs work for 20% of the population and can work for all of Hawai`i's people. QExA will allow us to share some of these programs with the Aged, Blind and Disabled.

In conclusion, the QExA program represents needed change for people in great need for improved services. It represents the Department of Human Services commitment to bravely move forward. WellCare/`Ohana commitment of resources, knowledge and people shows passion and courage to deliver the improved health care envisioned.

Thank your for the opportunity to testify.

Dexter Mar, R.Ph., Pharm.D.
821 Ocean View Drive
Honolulu, HI 96816

TO THE SENATE COMMITTEES
ON
HUMAN SERVICES AND HEALTH

THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

LATE

December 9, 2008
9 a.m.

TESTIMONY FOR INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE, AND WELLCARE/'OHANA

To The Honorable Suzanne Chun Oakland, The Honorable David Ige, and members of the Committees on Human Services and Health:

Thank you for the opportunity to submit my testimony on this important matter. My name is Gayle Burton. I have been a nurse for thirty years. Since 1982 I have been in Home Heath Care in MO., NV., CA.,AZ. and now in Hawaii. I feel that caring for people in their homes, enabling them to maintain independence and choice is the greatest gift healthcare providers can give. I personally cared for my parents and my husband's parents over the years. All now, deceased, but each one, in their own circumstances was allowed the most dignified end of life care in their own homes. This member-centric care can now be brought to the most vulnerable group of Hawaii citizens through the Quest Expanded Access Program.

We moved our family to Maui over 4 years ago after marrying 25 years ago at Black Rock on Maui. Since our marriage, for 25 years it has been our life long goal to live in Maui and contribute back to the community our best service in exchange for living in this paradise. During the first 4 years I cared for DDMR clients through Kalima O Maui and Nursefinders at their homes. In June of this year I was hired as the Manager for Service Coordination for Maui County by Ohana Health Plan.

We have put together a team of nurses and social workers who live in this community to provide in- home assessments with ongoing needs assessments to ensure this group of citizens can get the care they need in a preventive mode. In my team alone for Maui County, we have over 100 years of home health care experience. What excites me most is that Ohana's philosophy is caring. I have been with the company in this planning stage and senior management has communicated to me and each employee their commitment to this community. I know that all of the fears raised in the community will be allayed very soon after we start providing care to our neighbors and friends on February 1, 2009.

Sincerely,

Gayle Burton, RN,BSN,MBA

Edward A. Alquero, M.D., Inc.
94-141 PUPUPUHI ST.
WAIPAHU, HI 96797

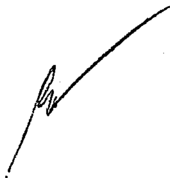
LATE

To the Hawaii State Senate Committees on Human Services and Health:

There are 26,000 lives in this QExA program and most of them are our patients under our care. It is important that we maintain the path with the proposed QExA program.

This program will provide the best services which are not currently available to our patients. It is imperative that as health providers, we continue to change and grow with the new medical technologies in order to best serve our patients. It is also vital that we have office processes that allow us to concentrate on the people not the paperwork.

Sincerely,



Edward A. Alquero, M.D.
President, Filipino Independent Physician's Association

From: Kato, Viola [Viola.Kato@wellcare.com]
Sent: Monday, December 08, 2008 12:15 PM
To: HTHTestimony
Subject: Testimony for QEXA support

LATE

TO THE HONORABLE SUAZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE, AND MEMBERS OF THE COMMITTEE ON HUMAN SERVICES AND HEALTH

My name is Viola Kato and I have lived and worked in Hawaii for 81/2 years. I am a Human Service Professional who has worked with Hawaii's Medicare and Medicaid clients for 81/2 years.

The Quest Expanded program is great program because there will be Service Coordinators (Wellcare/Ohana) who will be coordinating the care for the clients. Having lived in Hawaii for a significant number of years has enabled me to be familiar with the diverse cultures found here, which makes me sensitive to client's issues.

Thank you for giving me the opportunity to provide testimony on this matter.

Sincerely,

Viola Kato, BSDH
Service Coordinator

The Plaza at Mill Town
94-450 Mokuola Street, Suite 106
Waipahu, HI 96797
Off:(808) 675-7411
Fax:(808) 675-7398

viola.kato@wellcare.com

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DECEMBER 8, 2008

TO: THE HAWAII STATE SENATE COMMITTEES ON HUMAN SERVICES AND HEALTH
THE TWENTY-FOURTH LEGISLATURE
INTERIM OF 2008

LATE

RE: INFORMATIONAL BRIEFING TO HEAR CONCERNS RAISED BY THE CLERGY CAUCUS OF FAITH ACTION FOR COMMUNITY EQUITY RELATING TO THE QUEST EXPANDED ACCESS PROGRAM, UNITED/EVERCARE AND WELLCARE/'OHANA

TESTIMONY OF: **KA'ILI HONBO**
IN SUPPORT OF THE QUEST EXPANDED ACCESS PROGRAM AND WELLCARE/'OHANA HEALTH PLAN

TO: THE HONORABLE SUZANNE CHUN OAKLAND, THE HONORABLE DAVID IGE AND MEMBERS OF THE COMMITTEES ON HUMAN SERVICES AND HEALTH:

Aloha and thank you for the opportunity to convey my story.

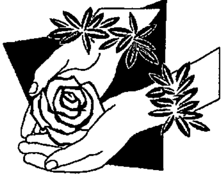
I am currently employed by WellCare/'Ohana Health Plan, as the Sr. Manager for the Medicare Sales & Marketing team. We have a team of highly trained and certified individuals that have extensive years of experience with working in Healthcare, Medicare Advantage, Medicaid, Insurance, Financial Planning, Community Relations, Customer Service, and Corporate Education, and other Government Sponsored Programs. We are very excited about the opportunities that we have and to meet the various individuals from every segment of these industries in Hawai'i.

I was born and raised and educated in Hawai'i, and raised on the Windward side of the island. I have worked over 15 years in the Healthcare and Insurance industry. I have held various positions with some of the largest and most reputable businesses in Hawai'i.

Working in our beautiful State of Hawai'i, has given me a drive to help make healthcare better in Hawai'i. I have a strong passion for the Healthcare and Insurance Industry. I strongly believe in using my abilities to make a meaningful contribution to the success of 'Ohana Health Plan's vision, to help educate others on benefits entitlement and the products and services available in Hawaii, specifically, for our aged, blind and disabled population. Most importantly, I have dedicated my career toward helping others by providing those in need within these communities, with education and resources. Being proactively involved with these various communities has allowed me to see how important it is to have the QUEST Expanded Access (QExA) program benefits. This program provides comprehensive benefits for our extremely vulnerable population for our Hawai'i, with affordable, sensible solutions through personal, value-added, "local" service and quality.

There are wonderful partnerships and leadership teams that have developed with ‘Ohana for the benefit of Hawai’i’s Aged, Blind, and Disabled population. The services that “Ohana Health Plan will offer, and partnering with the State of Hawaii will only enhance the quality of healthcare for our Hawai’i.

COMMUNITY CLINIC OF MAUI



Where Aloha is more than just a word

LATE

COMMITTEE ON HUMAN SERVICES
COMMITTEE ON HEALTH

Informational Briefing
Tuesday December 9, 2008
9:00 a.m. – 3:00 p.m.
State Capitol Room 229

48 Lono Avenue
Kahului, HI 96732
(808) 871-7772
Fax (808) 872-4029

Satellite Clinics:

Ka Hale A Ke Ola
Resource Center
670-A Waiale Drive
Wailuku, HI 96793

Na Hale O Waine'e
15 Amakua Lane
Lahaina, HI 96761

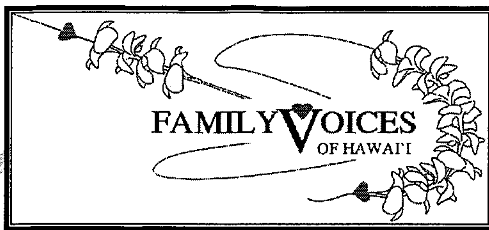
The Community Clinic of Maui remains extremely concerned that there continues to be an inadequate provider network to service QExA beneficiaries and as a primary care provider would be responsible for managing care for patients without the necessary specialists to refer to. Given this, we as a Federally Qualified Health Center are not confident that we can fulfill contractual obligations for serving as a patient's primary care provider without an adequate network of providers.

It goes without saying that QExA beneficiaries are an extremely fragile population and patients' care may be jeopardized without an adequate network.

It is our hope that the Department of Human Services delay enrolling QExA beneficiaries in plans until the plans demonstrate that they have truly adequate provider networks. Such networks must represent broad and geographically appropriate array of specialty, ancillary, and inpatient care.

Thank you for this opportunity to submit written testimony regarding this very critical situation.

Dana Alonzo-Howeth, MPH
Executive Director
Community Clinic of Maui



HILOPA'A

Family to Family Health Information Center

Date: December 9, 2008

To: COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair
COMMITTEE ON HEALTH
Senator David Ige, Chair
Senator Josh Green, MD, Vice Chair

LATE

Fr: Leolinda Parlin, State Coordinator for Family Voices of Hawai'i

Re: Information Briefing on QExA – QUEST Expanded Access

On behalf of Family Voices of Hawai`i, I'd like to comment on QExA as a program, as well as some of the issues that have been identified and offer us some recommendations.

As an organization, Family Voices is a national grass roots organization 40,000 families and friends of children with special health care needs (CSHCN). Family Voices has been involved in systems improvement initiatives which have crossed over into Medicaid for 9 years. We have taken special interest in QExA since its inception and were one of two advocacy organizations that approached the Director four years ago to establish an Advisory Council for the design of the then unnamed QUEST "Phase 2". Since then, we've been awarded the grant to be Family to Family Health Information Center for the state of Hawai'i, and our involvement and attention has since magnified.

In our first reporting year to HRSA, 63% of the calls received were Medicaid and Medicaid Waiver related inquiries. We participate on average in about 70 training events, meetings, conferences a month, most of which in some way relate to Medicaid and the related Waivers. In the last year and a half, we've trained close to 600 people on the Rainbow Book and can ascertain that amongst all of the service systems accessed by CSHCN, Medicaid and the Waivers confuse people the most. We are reminded from our discussions with families and providers on a regular basis that the current Fee For Service (FFS) system is historically inadequate, provides a disservice to the community, and is irreparable. The only hope for Title XIX and XXI for CSHCN is put the business of managing care into someone else's hands. The state must get out of it and allow others with the right kind of staff and resources to insure the appropriate services are delivered to our children and families. This is not the strength of DHS. While there have been significant changes in the way MQD is evolving, with the infusion of new administrators, the hiring of an EPSDT Coordinator that truly understands children's health, it's not enough to undo the years of non-responsiveness, lack of accountability, and gate keeping. In the current FFS system, children services are being allowed to fall through the cracks:

- A Maui family was asked to pay for their child's entire surgery because the provider didn't understand the paper work and couldn't get someone to take his call to clarify the policy
- A few O'ahu families have been waiting up to 2 years to get a shower bench to help bathe their children, as their children have outgrown their kitchen sinks more than 4 years ago

- A West O'ahu mother is losing sleep and unable to work since her son was recently diagnosed with Schizophrenia and has been denied services by both CAMHD and DDD. She is in unchartered territory trying to navigate the system alone

- A few Big Island families have resorted to accessing discretionary funded programs because even with the assistance of their case managers, they are unable to access the entitlements through EPSDT

- There are inconsistencies in the way skilled nursing services are allocated to families without policy guidelines to support the authorizations

- An O'ahu physician, has chosen to get out of FFS, he will remain in QUEST and QExA but will no longer do FFS because no one could answer his questions

The design and implementation of QExA will fill these cracks. The strength of the State, whether it's at DHS, DOH, or DOE has been that they are consistently willing and committed to holding others to a higher standard than they would ever hold to themselves. In a contract situation, DHS would never allow a health plan to charge a family for a surgery if it was covered benefit. They would not stand for a health plan to take 2 years to approve a bath chair. The state would move and take action against a health plan immediately. This is best possible outcome for our children and families. Move QExA into the implementation phase to bring the needed accountability into our system of care.

Much has been said about the "mainland health plans". I would like to offer that in my encounters with the health plans I have found them to be "mainland" in name only. I've walked into training events expecting to not know anyone and have found that many of the staff are local and were all leaders in their own right throughout various provider communities. When invited, they have participated in our events. They have been respectful of the families and the personal stories they had to share.

Concerns related to cultural competency and the QExA plans should also be applied to all of the QUEST plans, the remaining MQD contracts as well as MQD itself. We should not lose sight of the importance of this throughout the entire system of care.

To address the community's desire and need to hold MQD accountable for the implementation for QExA, I offer the following recommendations:

1. Identify the 4-5 key indicators for program evaluation for QExA and have MQD report back to the legislature upon a mutually agreeable, scheduled basis.

The message heard loud and clear throughout the community has been accountability and transparency.

2. Formalize the role of the QExA Advisory Council in statute.

As QExA moves into the implementation phase, now is the time to insure the diversity of stakeholder representation on the Council. At its inception, because it was in the design phase, it precluded specific members of the community due to conflict of interest.

3. Amend all the existing MQD contracts to incorporate into the monitoring requirements a methodology to assess organizational capacity for cultural competency such as the **Cultural and Linguistic Competence Policy Assessment (CLCPA)** tool developed by Georgetown University.

The CLCPA is designed to examine cultural and linguistic competence in four dimensions: values, policy, structure, and practice. Within these four dimensions, the CLCPA assesses Knowledge of Diverse Communities, Organizational Philosophy, Personal Involvement in Diverse Communities, Resources and Linkages, Human Resources, Clinical Practice, and Engagement of Diverse Communities.

4. Enact a Legislative Task Force to address hospital rates and reimbursement to identify the impact of the uninsured and uncollectable receivables and cost shifting.

It appears that the hospitals in their negotiation with the health plans are rejecting offers of a fee schedule which exceeds the current Medicaid fee schedule to offset their unreimbursed costs from the uninsured and bad debt. QExA should not be viewed as the panacea for hospital revenue and as such, attention should be given to address those systemic hospital payment and sustainability issues. Please give the hospitals their own forum to address their needs.

I'd like to conclude my comments by saying; DHS has come a long way since 1994. Unlike QUEST, which was pretty much brought up in a month, QExA has had time to be refined. The amount of community input and access that has occurred is unprecedented. Many lessons learned were incorporated into QExA and DHS will continue to learn new lessons. I am confident that with the new administration at MQD they will view these new lessons as opportunities to improve the quality of care and the health care of our children, our families, and our most vulnerable members of our community.

Thank you for time and consideration.

Dec 1, 2008

Senator David Ige
Chair, Health Committee
Hawai`i State Senate
415 South Beretania Street
Honolulu, Hawaii 96813

Re: Hawai`i's Health Care is Not For Sale

Chair Ige, Vice-Chair Green and Members of the Health Committee:

My name is [first last]. As a resident of Hawai`i, I am writing to thank you for holding this legislative hearing about the $1.5 billion contract awarded to two for-profit mainland companies, making them the sole providers of health care to QUEST Expanded Access (QExA) Medicaid patients within Hawaii's Aged, Blind and Disabled (ABD) population. I question the validity of this action by the Department of Human Services.

Health care in Hawai`i is unique among the fifty states because all of our major health care organizations are non-profits. This has resulted in greater access to health care, and especially to preventive care, for the people of Hawai`i. Despite this unique strength, our State Department of Human Services awarded a $1.5 billion contract to two mainland **for-profit** companies, excluding all of our local **non-profit** companies. I have serious concerns about the extent to which doctors and hospitals in Hawai`i will be willing to sign contracts with these for-profit companies. This may seriously limit access to, as well as quality and timeliness of health care for the poorest of Hawai`i's poor – our aged, blind and disabled population. For example, when these for-profit companies face financial challenges, will they care first for patients or for stockholders?

We have seen how the visitor industry in Hawai`i changed when hotel ownership passed from local developers to international conglomerates. Aloha gave way to a focus on the bottom line. My hope is that this contracting process can be revisited. Local non-profit health care organizations need to be included in this contract. We need to maintain the unique non-profit nature of health care in Hawai`i, where the focus is on caring for patients and not on making money.

Thank you for allowing me this chance to provide testimony.

Helen Klein
1332 Lekeona St
Kailua, HI 96734
295-4929
Kleindoo1@hawaii.rr.com

Date: 12-3-08

Senator David Y. Ige, Chair
SENATE HEALTH COMMITTEE
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Honorable David Ige, Hawaii State Senator:

I am one of Hawaii's 37,000 Medicaid-eligible aged, blind, and disabled population and I have recently received a package of materials from the State of Hawaii Department of Human Services QExA program which requires me to select either Evercare or Wellcare Ohana Health Plan, now, in order to continue receiving services after February 1, 2009.

Neither Plan has signed up sufficient numbers and types of providers to ensure that all covered services will be accessible to me without unreasonable delay according to HRS §432E-3(2). My doctors have not signed up to participate, and I am extremely concerned that on February 1, 2009 I will be left without the care I need to keep my condition stable and under control.

Please take the necessary steps to provide us with adequate assurances that both Evercare and Ohana HP have an adequate network of providers who have actually agreed to provide services to the 37,000 members of the QExA program, and require that the Plans make their provider network known to us before we are required to select a Plan.

Thank you.

Name: Maureen Sheen 12-3-08

Address: 131 Keleawe St

Makawao Hi 96768

Phone: 808-573-8038

(1)

DECEMBER 08, 2008

To: Senator David Y. Ige - Chairman - Committee on Health
Senator Carol Fukunaga - Vice chair - Committee on Health

In behalf of the BIG ISLAND COALITION OF CAREGIVERS and the public, we are sending our testimonies and concerns regarding the two awarded Mainland based for profit companies to managed the care of the Hawaii population of 37,000 aged, Blind and Disabled. We are not comfortable to work with these 2 companies, ~~if~~ and we are wondering how they are awarded to work here in Hawaii. We are opposing their services. Please help us. Chairman + vice chairman. Here are the signatures of the people petitioning these 2 companies ~~to be~~ not to continue their services.

②

NAME	Signature	ADDRESS + Phone #
90. Raffy Marcos	Raffy Marcos	Keaau Hi · 982-7788
91. DANNY MARCOS	Dmarcos P.O. Box 693	Keaau Hi · 982-7788
92. HELEN A. SEMBRAN	Helen A. Sembran	NAALEHU, HI (808) 929-8[illegible]
93. ROMEO M. SEMBRAN	R. M. Sembran	NAALEHU HI (808) 929-80[illegible]
94. Venancio Blanco	V. Blanco P.O. Box 1079	NAALEHU HI 929-7[illegible]
95. Nelia A. Blanco P.O. Box 14	Nelia A. Blanco	Naalehu Hi 96772 (808) 929-[illegible]
96. GRACE JADULANG	Grace Jadulang	1674 Oneawa Way, Hilo,
97. ROYAL R. SOLMERIN	Royal R. Sol[illegible]	P.O. Box 656 Papaikou, Hi 96[illegible]
98. MIRAZOL JOHNSON	M. Johnson	P.O. Box 412 Keaau, Hi 967[illegible]
99. Candido Foronda	Candido Foronda	62 Pono St. Hilo Hi 96[illegible]
100. Hazel Foronda	Hazel Foronda	P.O. Box 7523 Hilo, HI 96720
101. Robert Andres	Robert Andres	11 Pono St. Hilo Hi 96[illegible]
102. Myrna Caw	MgCaw	1766 Kawili Rd Hilo Hi 967[illegible]
103. Joseph B. Caw	[illegible]	1766 KAWILI RD. HILO HI
104. Esmeralda Miyazaki	Esmeralda Miyazaki	668-D Waianuenue Ave. Hilo Hi 96720
105. Ronald Miyazaki	Ronald Miyazaki	668 Waianuenue Ave, Hilo, HI
106. RUDILIA AGPOON	Rudilia Agpoon	1639 KINOOLE St. Hilo Hi. 967[illegible]
107. ERLINDA MIRASOL	[illegible]	1425 AINAOLA DR. HILO, HI 9[illegible]
108. ~~Maria E. Cariaga~~ MARIA E. CARIAGA	Maria E. Cariaga	527 Awela St. Hilo Hi · 959-676[illegible]

(3)

NAME	Signature	ADDRESS & Phone #
147. TERESITA CACPAL	[signature]	P.O. Box 680 Keaau HI. 966-9588
148. MERLY CASTILLO	[signature]	1365 Kaiwaki Rd. Hilo 935-4170
149 ~~92.~~ CORYLIN [illegible]	[signature]	1397 [illegible] St. Hilo HI 756-9148
150 ~~93.~~ FRANKLIN MIRASOL	[signature]	425 AINAOLA DRIVE HILO HI (808)959-9[illegible]
151 ~~94.~~ Tohmas Grant	[signature]	13-3554 Hookupu St. Pahoa, HI 96778 (808)640-0563)
152 ~~95.~~ Sherill Andres	[signature]	PO BOX 1170 Keaau, HI. 96749
153 ~~96.~~ JOHNALD ANDRES	[signature]	PO BOX 1170 KEAAU, HI. 96749
154 ~~97.~~ Gloria Magfita	[signature]	PO BOX 1170 Keaau, HI. 96749
155 ~~98.~~ Thelma G. Lopez	[signature]	920 Puhau St. Hilo, HI 96720
156 ~~99.~~ Glenn A Lopez	[signature]	920 Puhau St Hilo HI 96720
157 ~~100.~~ Leland Lopez	[signature]	920 Puhau St Hilo, HI 96720
158 ~~101.~~ AIDAN ROY DINGLE	[signature]	1398 MOVA LOOP HILO, HAWAII 96720
159 ~~102.~~ Joane Cariaga	[signature]	527 Awela Street Hilo, HI 96720
160 ~~103.~~ Tyrone Campbell	[signature]	966 Todd Avenue Hilo, HI 96720
161 ~~104.~~ LEO O. ESTEBAN	[signature]	527 AWELA ST HILO HI
162 ~~105.~~ Maile Jane E. Cariaga	[signature]	527 Awela St. Hilo, HI 96720-3368
163 ~~106.~~ ANNE SANTOS	[signature]	527 AWELA St. HILO, HI. 96720-3368
164 ~~107.~~ DUDLEY C. BROWNING	[signature]	527 AWELA St. HILO, HI 96720-3368
165 ~~108.~~ JOEL R. SOLHERIN	[signature]	1700 KEONE ST. HILO, HI. 96720

(4)

NAME	Signature	ADDRESS + Phone #
129 SUSANA CABAN	Scaban	204 A.E. KINAI PL. HILO 959-544
130 FRANCISCO CARIAGA	Fcariaga	527 AUWELA ST. HILO 959-6760
131 ~~92.~~ Elwood Kita	Elwood Kita	1300 Oihana St. Hilo, HI 96720 (808) 959-6554
132 ~~93.~~ Avelina Agapo	Avelina Agapo	PO Box 611 Keaau, HI
133 ~~94.~~ Henlita B. Lino	P.O. Box 6587 Hilo HI 96720	933-2234
134 ~~95.~~ Filomena Fernandez	Fernandez	1073 Kumukoa St. Hilo HI 969-6858
135 ~~96.~~ Ray E. Lino	Ray E. Lino	PO Box 6587, Hilo HI 96720 933-2234
136 ~~97.~~ Clarita Mendoza	Clarita Mendoza	P.O. Box 1030 Keaau Hi 96749 966-88
137 ~~98.~~ Victorino Licado	Victorino Licado	P.O. Box 1047 Keaau Hi. 96749
138 ~~99.~~ Timoteo Agustin	Timoteo Agustin	P.O. BOX 1370 KEAAU, HI. 96749
140 ~~100.~~ Elena Agustin	Elena Agustin	(same)
141 ~~101.~~ Marybelle Aguinan	Marybelle Aguinan	982-8728
142 ~~102.~~ Gaudencia Tabile	Gaudencia Tabile	P.O. Box 4095 Keaau Hi. 96749 982-69
143 ~~103.~~ LORING DOMINGO	Loreng Domingo	P.O. Box 331 Keaau Hi 96749 982-895
144 ~~104.~~ INOCENCIA VIERNES	Inocencia Viernes	2605 Kilauea Ave. Hilo Hi 96720
145 ~~105.~~ Rose Barcelona	Rose Barcelona	
146 ~~106.~~ Marial Agpawa	magpawa	Keaau - 9827323
147 ~~107.~~ JACINTA REYES	Jacinta Reyes	43 Ahona Pl. Hilo H.
148 ~~108.~~ Cecil GABRIEL	Cgabriel	Box 10283 Hilo Hi