

**HB 2087,
HD1, SD1
Testimony**



HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814
 Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

Wednesday March 31, 2010, 9:30am, Conference Room 211

To: COMMITTEE ON WAYS AND MEANS
 Senator Donna Mercado Kim, Chair
 Senator Shan S. Tsutsui, Vice Chair

From: Hawaii Medical Association
 Gary A. Okamoto, MD, Legislative Co-Chair
 Linda Rasmussen, MD, Legislative Co-Chair
 April Donahue, Executive Director
 Lauren Zirbel, Government Affairs
 Dick Botti, Government Affairs

Re: HB2087 RELATING TO HEALTH

Chairs & Committee Members:

Hawaii Medical Association would like to suggest amendments for HB2087, which, among other things, addresses the exemption for Medicaid claims from the clean claims law. HMA fully supports repealing this exemption, however, we cannot at this time support the exact language in HB2087.

We appreciate the difficulty some health plans may face when receiving delayed payments on Medicaid services from the government. However, if these health plans receive interest on those late payments, there is no reason why providers who receive late payments for Medicaid services from health plans should not also receive interest. Current language in HB2087 exempts health plans from providing interest to providers in these cases ("Accrual of interest shall be suspended automatically if the entity's failure to pay a claim within the applicable time limitations is the result of late payment to the entity by the state or federal government for services provided to beneficiaries of a government program."), and HMA believes this is a serious oversight.

Physicians are increasingly reluctant to participate in Medicaid. Unlike hospitals, which may have large cash reserves, private practice physicians cannot afford continual losses from patients on Medicaid. These losses stem from delayed payment, lagging cash flow, large discounted rates, time-consuming prior authorizations, and a fee structure that does not come close to meeting operating costs. The net effect, intended or not by Medicaid, is a strong disincentive for physicians to participate in the care of underserved patients.

HMA strongly urges the Committee to remove the exemption for health plans to pay interest to providers for late payments when government payments to the plans are delayed. It may not need to be the same amount of interest the health plan receives from the state, but a reasonable amount would be necessary. Prompt payment is a critical element in the health plan-provider relationship, and could help remove one of the barriers to physicians for accepting Medicaid patients. This amendment could improve access to care and choice of physician for many of Hawaii's underserved population.

Thank you for the opportunity to comment.

OFFICERS

President - Robert Marvit, MD President-Elect - Morris Mitsunaga, MD Secretary - Thomas Kosasa, MD
 Immediate Past President - Gary Okamoto, MD Treasurer - Stephen Kemble, MD Executive Director - April Donahue