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Testimony of
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Before:
House Committee on Consumer Protection
The Honorable Robert N. Herkes, Chair
The Honorable Glenn Wakai, Vice Chair

February 17, 2010
2:00 pm
Conference Room 325

Re: HB 2208, HD1 Relating to Insurance

Chair Herkes and committee members thank you for this opportunity to provide testimony on this bill relating to insurance.

Kaiser Permanente would like to offer comments to amend this bill.

Kaiser Permanente agrees with the amendment requiring the department to pay interest to health plans when payment to the health plans is delayed, as introduced in SB 2030. However, Kaiser Permanente asks that the automatic suspension of interest to the State, resulting from the State's delayed payments, similarly introduced in SB 2030, also be incorporated in this bill:

> 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

Also, although the interest requirement attempts to mitigate the anticipated financial hardship on the health plans, this bill still does not adequately exempt health plans from prompt payment if the health plan's delayed payment results from a delayed payment from the State. In the interest of compromise, Kaiser Permanente suggests that there be a maximum period of time, i.e. 3 months, in which health plans are obligated to prompt payment to Medicaid providers resulting from the State's delayed payments. After the expiration of this mandatory time period, health plans would resume prompt payments if the State fulfilled its payment obligations to health plans under its contract. This compromise would allow for a sharing of financial hardships imposed on the health plans and the Medicaid providers until the State is able to fulfill its payment obligations to health plans.

Thank you for your consideration.

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February 17, 2010

To: The Honorable Robert N. Herkes
Chair, House Committee on Consumer Protection and Commerce

From: 'Ohana Health Plan

Re: House Bill 2208, House Draft 1-Relating to Insurance

Hearing: Wednesday, February 17, 2010, 2:00 p.m.
Hawai'i State Capitol, Room 325

Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana is managed by a local team of experienced care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.3 million Medicaid and Medicare members nationwide. 'Ohana is able to take the national experience in providing an Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to submit testimony in opposition to House Bill 2208, House Draft 1-Relating to Insurance.

As one of the QUEST Expanded Access (QExA) plans in the State of Hawai'i, we are aware that providers have expressed concerned with the timeliness of claims. There are a number of reasons that some providers have experienced longer processing times, including delays in the contracting and credentialing process. Until the contracting and credentialing process is complete, we are required by the state to consider a provider as non-participating and thus require authorizations for all services provided.

Clean claims sometimes take longer than the average, particularly because of the current hospital methodology that was adopted from the old FFS system. Over the next year, we will be looking to work with the hospitals in changing the methodology to be less manual, but we are dependant on the hospitals to work with us. It is also important to note that the QExA program services the aged, blind and disabled population, meaning the majority of our claims coordinate with Medicare, which can cause delays beyond our control. Because of these factors repealing the exemption for Medicaid plans to submit clean claims payments within fifteen (15) calendar days could mean that plans could be forced to submit claims payment without proper verification or become subject to interest penalty payments. In the case of dual eligibles, should the payment be made before proper verification the plans and the State have no mechanism to re-coop the overpayment, which could end up being costly for the State.

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We are additionally concerned about the Department of Human Services' (DHS) intention to defer payment to the five (5) health care plans contracted under QUEST and QExA by 3-4 months beginning this March. This 4 month delay in payments to the plans will significantly hinder our ability to provide timely payment to our providers. It would be unfair to subject the healthcare plans to interest penalty payments when the State themselves are unable to pay the plans in a timely manner. We intend to continue working with the DHS on this matter and hope to resolve the issue of payment before the intended payment deferral date.

Due to these developments, we respectfully request that you hold this legislation and allow us time to continue to work directly with the providers and the DHS to resolve these issues first. Thank you for the opportunity to testify on this measure.

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