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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Friday, January 29, 2010
9:30 a.m.

TESTIMONY ON HOUSE BILL NO. 2208 – RELATING TO INSURANCE.

TO THE HONORABLE RYAN I. YAMANE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department defers to the Department of Human Services on this bill, which removes the exemption from the clean claims act for Medicaid claims.

We thank this Committee for the opportunity to present testimony on this matter.



Hawai'i Primary Care Association

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House Committee on Health

The Hon. Ryan I. Yamane, Chair

The Hon. Scott Y. Nishimoto, Vice Chair

Testimony in Support of House Bill 2208

Relating to Insurance

Submitted by **Beth Giesting, Chief Executive Officer**

January 29, 2010 9:30 a.m. Agenda, Room 329

The Hawai'i Primary Care Association supports this measure, which ensure that Med-QUEST providers are paid promptly for their services upon submission of a clean claim. It appears necessary to advance this legislation both because:

- Recent experience with the QExA plans revealed wide-spread problems with prompt and accurate payments; and
- Providers who serve Med-QUEST patients should be rewarded with prompt payment for participating in a public insurance program that pays them less than other insurers do.

Having offered our support for this measure, it is important to note that the Med-QUEST Administration is lagging payments to the Plans due to the State's economic condition. This makes it extremely problematic to force the Plans to provide timely payments for their obligations when the State is deficient in its own.

Thank you for this opportunity to testify in support of this very important bill.

Friday, January 29, 2010, 9:30a.m., Conference Room 329

To: House Committee on Health
Rep. Ryan I. Yamane, Chair
Rep. Scott Y. Nishimoto, 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: HB2208 RELATING TO INSURANCE

In Support

Chairs & Committee Members:

Hawaii Medical Association supports HB2208, which would repeal the exemption for Medicaid claims from the clean claims law.

Prompt payment is a critical element in the health insurer, health provider relationship. In the Medicaid system, where health care practitioners provide care to Hawaii's underserved population at steeply reduced reimbursement rates that do not cover the costs of care, it is even more vital. Delays in pay can create substantial financial problems for those providers.

HMA acknowledges that the state contracts with managed care plans to cover Medicaid participants, and has in the past delayed payment to those plans. However, the most important issue is access to care for these patients, and continued delayed payments may cause providers to limit the number of Medicaid patients they can accept, and worse, limit the number of Medicaid plans in which they participate at all.

Thank you for the opportunity to testify.

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HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
Jan. 29, 2010 at 9:30 a.m.

Supporting HB 2208.

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in support of HB 2208, which requires health plans contracted by the State for Hawaii's Medicaid program to pay clean claims submitted by health care providers in a timely manner.

This is one of several bills sponsored by the Healthcare Association that are designed to improve the operations of Hawaii's Medicaid program for the benefit of the health plans, the providers, and the patients whom they serve.

Medicaid operates in partnership with Hawaii's health care providers, as it does not employ health care practitioners, but rather, provides the financing to health care providers for services rendered to Medicaid participants. Prior to 1994, Medicaid paid providers directly on a fee-for-services basis. In 1994, the Quest program was implemented to provide health care to many Medicaid participants using a managed care approach. The State now contracts with health care insurance plans and pays each plan a capitated amount for each participant. The health plans in turn pay providers that deliver care to Medicaid participants.

QuestEx was implemented about a year ago to provide care on a managed care basis to the Medicaid aged, blind, and disabled population. Since QuestEx began operating, health care providers have experienced dramatic increases in delayed payments from health care plans contracted by the State.

The Healthcare Association is conducting a survey of its provider members to determine the dollar amount of claims submitted by providers that have not been paid by the health plans contracted under QuestEx. The survey also asks the lengths of delays in payments. The survey has not yet been completed, but based on responses of about one-third of our membership, Hawaii's health care providers have experienced claims totaling tens of millions of dollars that have not yet been paid. These unpaid claims reduce providers' working capital, limiting their capacity to pay employees and purchase equipment and supplies. The ability of providers to deliver quality care has been placed at risk.

The "clean claims" law that appears in Section 431:13-108, Hawaii Revised Statutes, requires health plans to pay providers on a timely basis when uncontested claims are submitted. Specifically, the law requires payments to be made within thirty days for clean claims submitted in writing, and within fifteen days for clean claims submitted electronically.

However, the law contains an exemption for Medicaid. As a result, health plans contracted by the State under Medicaid, including QuestEx, may delay payments without penalty. The purpose of this Act is to repeal the exemption for health plans contracted by the State under Medicaid from the clean claims law.

For the foregoing reasons, the Healthcare Association supports HB 2208.