

SB 2030



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TO THE SENATE COMMITTEES ON HUMAN SERVICES AND COMMERCE AND
CONSUMER PROTECTION

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Tuesday, February 9, 2010
2:30 p.m.

TESTIMONY ON SENATE BILL NO. 2030 – RELATING TO HEALTH.

TO THE HONORABLE SUZANNE CHUN OAKLAND AND ROSALYN H. BAKER,
CHAIRS, AND MEMBERS OF THE COMMITTEES:

My name is J.P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department opposes this bill, which suspends the clean claims law contained in Hawaii Revised Statutes section 431:13-108 for health insurers who contract with the Department of Human Services in the Medicaid program if the delay in payment is the result of a late payment by the state or federal government.

While it makes sense not to penalize an insurance company for claims payment delays caused by the government, we are concerned that the proposed statutory amendment will be difficult to implement because the Department will have difficulty independently verifying that a payment delay is the fault of the government. The Department will be in the position of having to rely on the representation of the insurance company, a practice which may not be wise because of the inherent conflict of interest. In addition, tracking exactly when a payment by the government is late and for how long as it pertains to a particular claim may be easier said than done. If too much leeway is left in the hands of the insurer, providers and patients can suffer.

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We also note that it is our interpretation that Medicaid is already exempt from the clean claims act and this bill is not necessary. The Committees may wish to reference H.B. No. 2208 which assumes that Medicaid is exempt from the clean claims act.

We thank the Committees for the opportunity to present testimony on this matter and ask that this bill be held.



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February 2, 2010

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

The Honorable Rosalyn H. Baker
Chair, Senate Committee on Commerce and Consumer Protection

From: 'Ohana Health Plan

Re: Senate Bill 2030-Relating to Healthcare

Hearing: Tuesday, February 9, 2010, 2:30 p.m.
Hawai'i State Capitol, Room 016

'Ohana Health Plan (OHP) is a health plan offered by WellCare Health Insurance of Arizona, Inc. WellCare is a leading provider of managed care services dedicated to government-sponsored health care programs, focusing on Medicaid and Medicare. We operate a variety of health plans for families, children, the aged, blind or disabled as well as prescription drug plans and private fee-for-service plans. Our local team of 150 Hawai'i residents have been serving approximately 22,500 low-income, aged, blind, and disabled clients through the QUEST Expanded Access (QExA) program since February 1, 2009.

We appreciate this opportunity to submit our comments in strong support of Senate Bill 2030-Relating to Health.

'Ohana Health Plan (OHP) is one of the five health care plans contract under the QUEST program through the Department of Human Services (DHS). As a new plan, operating largely with the support of government funding from the State of Hawai'i, we are deeply concerned about the potential for a three to four month payment deferral. This deferral may significantly impact our ability to pay our contracted providers in a timely manner and could cause a disruption in services to our members, which are low-income, aged, blind and disabled residents of our State. As a contracted provider of services for the State of Hawai'i, we take out federally mandated responsibility to make covered services available and accessible through a sufficient delivery network very seriously.

We greatly appreciate this measure that would exempt QUEST plans from paying interest under the clean claims act when delays are due to non-payment by government payers to QUEST plans. This legislation would alleviate us from the additional financial burden of late interest payments, but we remain concerned with the larger issue regarding our ability to compensate our direct service providers in a timely manner, thus ensuring our ability to serve our most vulnerable members' health needs.

We respectfully request that this committee pass this measure as a contingency plan should the DHS choose to move forward with their proposal to defer payment to the health care plans contracted under QUEST. Moreover, we would appreciate your assistance in securing additional funding for the HMS 401 budget in order to avoid the DHS payment deferral option. Thank you for the opportunity to provide these comments regarding Senate Bill 2030.

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Health
The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair

and

Senate Committee on Commerce and Consumer Protection
The Honorable Rosalyn H. Baker, Chair
The Honorable David Y. Ige, Vice Chair

February 9, 2010
2:30 pm
Conference Room 016

Re: SB 2030 Relating to Health

Chairs, Vice Chairs and committee members, thank you for this opportunity to provide testimony on this bill relating to Health.

Kaiser Permanente supports this bill.

Kaiser Permanente continues to pay its clean claims in a prompt and timely manner, in accordance with the clean claims law. Although it has no concerns that it would not be able to promptly pay its Medicaid claims in a timely manner, Kaiser Permanente supports this bill because it will at least reduce the anticipated financial hardship on the health plans arising solely from the State's failed duty to timely pay Medicaid reimbursements to health plans.

Kaiser Permanente should not be unfairly penalized, i.e. through the accruing of interest, for delays in payment through no fault of its own. It is common knowledge that the State Department of Human Services will be delaying its Medicaid reimbursement to health plans for last fiscal year, which will result in health plan covering the deficit through their own reserves. Naturally, the State's anticipated delays in payments to the health plans will have a ripple effect of causing undue delays in health plans' reimbursement to providers. It makes no sense to further penalize the health plans by forcing them to pay interest on top of the financial burden of having to cover the State's budget shortfall in Medicaid reimbursements.

Thank you for your consideration.

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