

LATE

SB 2030

LINDA LINGLE
GOVERNOR



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DEPARTMENT OF HUMAN SERVICES
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February 9, 2010

LATE

MEMORANDUM

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

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

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2030– RELATING TO HEALTH**

Hearing: Tuesday, February 9, 2010, 2:30 pm
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to exempt QUEST plans from paying interest under the clean claims act when delays are due to non-payment by government payers to QUEST plans.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) respectively opposes this bill. By waiving the interest requirement, this bill will increase the incentive for health plans not to pay providers which could create an access problem for Medicaid recipients.

DHS understands the implications to a contracted health plan if capitated monthly payments by DHS to the health plan are delayed. Health plans may need to access their reserve. In order to be licensed, a health plan is required to have funds in

reserve in the unexpected event of a period in which expenditures exceed revenue so that it can continue to pay providers and medical care can continue without interruption to its members. The DHS contracted health plans are facing such a situation.

While a health plan might decide not to utilize its reserve and stop payments to providers in its network, this could have a negative impact on Medicaid recipients. It is the responsibility of the health plans to ensure timely access to quality health care for Medicaid recipients. And it is the responsibility of DHS to ensure that the health plans meet this responsibility.

DHS is currently working on options to not have to defer health plan payments starting April.

DHS would also point out that there may be title problems with this bill since it mentions QUEST by name and yet the bill is directed at all State and Federal government services provided to beneficiaries of a government program.

Thank you for the opportunity to provide written testimony on this bill.



February 9, 2010
2:30pm
Conference room 016

LATE

To: Sen. Suzanne Chun Oakland, Chair
Sen. Les Ihara, Vice-Chair
Senate Committee on Human Services

Sen. Rosalyn Baker, Chair
Sen. David Ige, Vice Chair
Senate Committee on Commerce & Consumer Protection

From: Paula Arcena
Director of Public Policy

Re: SB2030 Relating to Health (Exempting QUEST plans from paying interest under the clean claims act when delays are due to non-payment by government payers to QUEST plans.)

Thank you for the opportunity to offer our comments on SB2030.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

AlohaCare has been contracted by the Hawaii Department of Human Services since the QUEST program started in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 70,000 QUEST enrollees statewide.

As you are aware, DHS recently informed AlohaCare and other Medicaid health plans it will delay payments for at least three months starting April 2010 in order to prevent a deficit at the end of the fiscal year.

Since that announcement, AlohaCare has been engaged in discussions with other health plans and providers about how to address this issue. We are hopeful that these discussions will result in a solution that helps to make DHS a more reliable business partner in the long-term.

Thank you for this opportunity to testify.



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LATE

February 9, 2010

To: The Honorable Suzanne N.J. 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 Health

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.

HMSA



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LATE

February 9, 2010

The Honorable Suzanne Chun Oakland, Chair
The Honorable Rosalyn Baker, Chair
Senate Committees on Human Services and Commerce and Consumer Protection

Re: SB 2030 – Relating to Health

Dear Chair Chun Oakland, Chair Baker and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 2030 which would exempt penalty payments for QUEST plans when delays are due to non-payment by a state or federal government payer.

As you are aware, recently the Department of Human Services (DHS) stated that due to budgetary shortfalls, they will withhold payments to contracted QUEST plans, beginning in April and extending through June. While we understand the budgetary restrictions the State is facing, DHS' decision significantly impacts a health plan's ability to pay for services in the timeframes noted in this measure. This has caused great concern, not only for the QUEST plans, but for our members and participating providers as well. This measure is intended to protect participating QUEST plans once the state begins to withhold payments.

We are very interested in working with the other affected stakeholders. In fact, we have scheduled meetings this week to determine if there is common ground on how best to deal with non-payment since it will have a tremendous impact on the entire health care system. We appreciate the legislature's support during these difficult times and hope that the affected parties can come to an agreement on the best course of action.

Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman
Vice President
Government Relations