

**SB2099**

# HMSA



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February 1, 2010

The Honorable Suzanne Chun Oakland, Chair  
The Honorable David Ige, Chair  
Senate Committees on Human Services and Health

**Re: SB 2099 – Relating to Health**

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 2099 which would prohibit the Department of Human Services (DHS) from issuing a Request for Proposal (RFP) for the QUEST health plans in the year 2010.

Currently, every two years, DHS releases a RFP for health plans to provide coverage for QUEST members during a specified contract period, typically two years. The current QUEST contract technically expired June 30, 2009. The RFP for the next contract period has yet to be published, and is not expected to be released until the spring of 2010. Until such time, the state gave each plan the option to extend their contract and HMSA is operating with the understanding that the remaining contract extension will be in place until July 2011.

It is important to understand that the RFP process is costly and time consuming for both HMSA and the state. Given the current circumstances of budgetary concerns and the fact that DHS will be withholding payment to QUEST participating plans, there will be no additional resources to devote to the RFP process at this time.

We would also point out that national health reform contains language to change Medicaid which could significantly impact the program, its goals and objectives. Finally, with a new Administration poised to take office in 2011, it would be prudent to put off these important decisions to allow new leadership to develop its own priorities and goals regarding the program.

Given the concerns regarding the proposed RFP timeframe, we would respectfully request the Committee see fit to pass this measure, to protect not only the interests of the state and participating QUEST health plans but, most importantly, QUEST members. Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD' followed by a flourish.

Jennifer Diesman  
Assistant Vice President  
Government Relations



February 1, 2010  
2:45pm  
Conference room 016

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

Sen. David Ige, Chair  
Sen. Josh Green, M.D., Vice Chair  
Senate Committee on Health

From: Paula Arcena  
Legislative and Community Liaison

Re: SB2099 Relating to Health (Establishes limits on requests for proposals from health and human services providers for QUEST contracts that exceed \$100,000,000 and commence after the term of the agency director expires.)

Thank you for the opportunity to testify in support of SB2099.

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 began in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 70,000 QUEST enrollees statewide.

Currently, Hawaii's Medicaid programs are undergoing dramatic change due to state budget reductions.

These changes include:

- DHS informed health plans last week that it plans to delay payments to all Medicaid health plans for at least three months starting in April 2010 in order to

1357 Kapiolani Blvd, Suite 1250, Honolulu, Hawaii 96814  
[www.alohacarehawaii.org](http://www.alohacarehawaii.org)

prevent a deficit at the end of the fiscal year. Whether DHS' payments are on-time or delayed, AlohaCare is contractually required to pay providers within certain time limits. We are currently working to determine how we will handle this financial burden while maintaining patient access to care.

- During a budget briefing this week DHS informed the House Finance Committee they may consider reducing Medicaid benefits in order to further reduce costs. If implemented, this will have a serious impact on the ability of Hawaii's most needy to get the health care services they need.
- The Hawaii Department of Health will cease services for seriously mentally ill children and adults. DHS has amended its contracts with health plans, including AlohaCare, so these patients will be covered by QUEST and QUEST Expanded.
- The QUEST program will no longer provide services to non-pregnant adult COFA migrants. DHS will move approximately 7,000 COFA beneficiaries to a new Basic Health Hawaii program commencing July 1, 2010.
- DHS has suffered a large reduction in force and reduced work days due to furloughs. The department is re-organizing how it fulfills its responsibilities and manages contracts, including Medicaid health plan agreements. DHS originally told AlohaCare that the next QUEST RFP would be issued in Fall 2010. However, in the past week DHS has informed us that timing is now uncertain due to the RIFs and furloughs.
- Congress continues to debate the future of national health care reform, which could change requirements DHS must fulfill to administer its Medicaid programs. While efforts have stalled, the passage of some kind of major health care legislation remains a possibility.

We believe all of the changes we have described will have an impact on the ability of Hawaii's Medicaid programs to deliver care. The situation is fluid with more change likely to come and we will not be able to assess the full impact of these changes on our Medicaid programs and Hawaii's entire health care delivery system until circumstances have been stabilized.

We do not believe it is beneficial for DHS to issue an RFP during the last months of its administration. We strongly believe it would be far more beneficial to allow the next administration to assess the needs and future of the programs and have full control and authority over QUEST RFP.

AlohaCare's contract for QUEST was recently extended to June 2011 and we assume other QUEST health plans have similar extensions. Therefore, it is not urgent to issue a request for proposals in 2010. We strongly believe that it would be best to solicit for new QUEST contracts next year.

Thank you for this opportunity to testify on this matter.

Faith Action for



Community Equity

Gamaliel Foundation Affiliate

1352 Liliha Street, Room 2  
Honolulu, HI 96817

Phone (808) 522-1304  
Fax (512) 532-7448

[face.office@facehawaii.org](mailto:face.office@facehawaii.org)  
[www.facehawaii.org](http://www.facehawaii.org)

The Rev. Alan Mark  
Statewide President

The Rev. Robert Nakata  
Oahu President

The Rev. Bill Albinger  
Maui President

Ms. Judy Ott  
Statewide Secretary

The Rev. Frances Wiebenga  
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Oahu Lead Organizer

February 1, 2010

COMMITTEE ON HEALTH  
Senator David Y. Ige, Chair  
Senator Josh Green, M.D., Vice Chair

COMMITTEE ON HUMAN SERVICES  
Senator Suzanne Chun Oakland, Chair  
Senator Les Ihara, Jr., Vice Chair

AMENDED NOTICE OF HEARING  
**RE: SB 2099 RELATING TO HEALTH**

DATE: Monday, February 1, 2010  
TIME: 2:45 pm  
PLACE: Conference Room 016  
State Capitol  
415 South Beretania Street

Good afternoon Chair Chun Oakland and Ige and members of the committees:

I am Rev Bob Nakata and I am the President of FACE, Oahu. FACE is an interfaith organization with membership including 28 churches, temples, unions and civic organizations and has been active in Hawaii for 12 years. It represents over 28,000 people who reflect the cultural and socio-economic diversity of our State. FACE exists to allow its members to live out our common faith-based values by engaging in actions that challenge the systems that perpetuate poverty and injustice. **FACE supports this measure and we ask that you pass this bill.**

Our State of Hawaii is in dire financial distress and many programs for our needy are being impacted by the reduction of administrative staffing. The DHS is one of these departments that have seen layoffs and furloughs. The system presently in place is coordinated and is functioning to provide healthcare to our QUEST population. This QUEST population continues to increase with the loss of jobs and health insurance for many of our healthy population.

Furthermore, with the 2010 elections, we will have a new Governor and Cabinet and we should not burden the new administration with a possible long-term change and implementation of a new Medicare process. Keeping the current programs in place will provide a continuity of care and the existing provider network in tact.

Thank you for allowing me to testify on this matter.

Reverend Bob Nakata  
President  
FACE, Oahu