

SR80

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 25, 2010

MEMORANDUM

TO: Honorable David Y. Ige, Chair
Senate Committee on Health

Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **S.C.R. 179/S.R. 80 – REQUESTING THE DEVELOPMENT OF
PROPOSED LEGISLATION MANDATING THE SIZE AND EXTENT
OF A MANAGED CARE PLAN'S SPECIALTY NETWORK**

Hearing: Thursday, March 25, 2010, 1:45 P.M.
Conference Room 016, State Capitol

PURPOSE: The purpose of this resolution is to request that the Governor develop proposed legislation to mandate the size and extent of a managed care plan's specialty network based upon the California managed care law known as the "Knox-Keene Health Care Service Plan Act of 1975, as amended"; and that the Governor is requested to direct the participation and assistance of any appropriate agencies and personnel within the executive branch needed to develop the proposed legislation.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this resolution.

Concerns regarding network adequacy in the QUEST Expanded Access (QExA) health plans are unfounded. Accusations that DHS does not perform its due diligence

in developing Requests for Proposals (RFPs) and in monitoring the QExA health plans insults hard working civil servants. In fact, the federal government has reviewed the matter in court and concluded that the claims against the State of Hawaii are meritless.

The Federal District Court has entered an order rejecting contentions of various plaintiffs that the QExA health plan provider networks are not compliant with applicable federal law and regulations. The Court also ruled that the decision to limit the number of QExA health plans to two was valid.

These rulings are the latest in what by now is a lengthy list of court actions, in three separate lawsuits, rejecting a variety of legal objections that have been put forward by an unsuccessful applicant for a QExA contract, and by a small number of providers and advocates who object to the extension of the State's managed health care program to the elderly and disabled categories of recipients. The rulings vindicate the State's position that its QExA program, which was years in the planning and has been implemented in a careful and sensitive manner over a several month period, will significantly expand and improve health services for our most vulnerable populations in the most cost-effective way for the State.

There are still a few issues remaining in the most recent lawsuit. DHS hopes they will be resolved expeditiously, without unnecessary litigation burdens on the State. The time for litigating over the QExA program is now over. All parties involved in the delivery of health care services to the elderly and disabled should devote themselves to providing the best possible service to the people the program is designed to serve.

Given the nearly bankrupt financial condition of California and the expected termination of their Children's Health Insurance Program, one must question the wisdom of this resolution proposing that Hawaii follow California's doomed healthcare path.

Thank you for this opportunity to testify.



March 25, 2010
1:45pm
Conference room 016

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

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

From: Paula Arcena
Director of Public Policy

Re: SCR 179 Requesting the development of proposed legislation mandating the size and extent of a managed care plan's specialty network; and

SR 80 Requesting the development of proposed legislation mandating the size and extent of a managed care plan's specialty network

Thank you for the opportunity to testify in support of SCR 179 and SR 80.

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 over 70,000 statewide beneficiaries of Medicaid and Medicare.

We support these measures because inadequate provider networks, especially on the neighbor islands, have been a major barrier to access to care for Hawaii's Medicaid eligible members.

Absent adequate provider networks, it is impossible to establish an effective and efficient Medicaid health insurance program that maximizes the benefit of State and Federal tax dollars. Therefore, as specified by these resolutions, we believe it is appropriate and timely to request the Governor to develop a definition of an adequate managed care plan specialty network.

We understand that the primary proponents of the resolutions plan to request an amendment to omit reference to the California Knox-Keene Health Care Service Plan Act of 1975 and instead reference the Hawaii QUEST and QUEST Expanded Access request for proposal requirements for the managed care health plan services as a starting point. We support this amendment.

Thank you for this opportunity to testify.

1357 Kapiolani Blvd, Suite 1250, Honolulu, Hawaii 96814
www.alohacarehawaii.org



March 25, 2010

The Honorable David Ige
Chair, Senate Committee on Health
State Capitol
Honolulu, HI 96813

The Honorable Suzanne Chun Oakland
Chair, Senate Committee on Human Services
State Capitol
Honolulu, HI 96813

Regarding: SCR 179 and SR 80 – Requesting the Development of Proposed Legislation Mandating the Size and Extent of a Managed Care Plan's Specialty Network

Chair Ige and Chair Chun Oakland and Committee Members:

Thank you for the opportunity to submit comments on Senate Concurrent Resolution 179 and Senate Resolution 80 – Requesting the Development of Proposed Legislation Mandating the Size and Extent of a Managed Care Plan's Specialty Network.

UnitedHealthcare is a licensed insurer that has been offering services in Hawaii for over thirty years. In February 2009, Evercare, offered by UnitedHealthcare, was one of two plans selected by the State to launch the QUEST Expanded Access (QExA) Program, through which we now serve over 19,000 of Hawaii's frail, disabled and aged population. We have established a seasoned local management team with years of health care experience in Hawaii, with over 120 locally based staff supporting the program.

Evercare offers QExA enrollees a comprehensive and integrated network of providers, comprised of over 1,600 physicians, behavioral health providers, pharmacies, home and community based providers and skilled nursing facilities who have historically served the Medicare and Medicaid population. Our network has been certified by the State Department of Human Services (DHS) and meets the rigorous standards already set forth in the QExA contract requirements.

While we appreciate the intent of the resolutions before the committee, we believe that legislation to codify standards for provider networks is unnecessary. The State's contracts with Evercare and 'Ohana already impose stringent geographic and timely access standards for QExA provider networks. For example, plans are required to contract with sufficient providers to ensure that QExA enrollees are able to obtain physician or hospital services within set time periods and travel to providers within set driving times. Failure to

meet these and other contract requirements subject the plans to sanctions or other DHS actions.

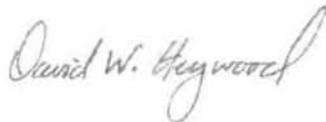
In addition, setting forth these provider network requirements in the plan contracts ensures that the State has quick and ready means to modify or strengthen the standards, based on changes in the local market or delivery system. By contrast, placing standards in legislation limits the State's ability to ensure that local provider network requirements are current and adequate to protect Hawaii's consumers.

While Evercare is fully compliant with the State's QExA contract requirements for provider networks, we agree that Hawaii's physician shortage is a problem that faces all local health plans serving the commercial, Medicaid and Medicare populations. On the outer islands and in certain more rural areas, finding sufficient providers to care for all our patients is a challenge.

We respectfully request that the Committee consider an alternative resolution that would direct the Administration, Legislature, health plans, consumers, providers and other stakeholders to study and offer solutions to Hawaii's provider access challenges. To the extent that the State undertakes such a review, we would like to make you aware that Joy Higa, United's Vice President of Government Affairs, is the former Deputy Director of the Department of Managed Health Care, the California agency that enforces the Knox-Keene Act. She is very familiar with these HMO laws and would be pleased to serve as a resource to this effort.

Thank you for the opportunity to provide these comments on this measure.

Sincerely,

A handwritten signature in cursive script that reads "David W. Heywood".

David Heywood
Executive Director, Evercare Hawaii
david_w_heywood@uhc.com