



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

February 28, 2011

MEMORANDUM

TO: Honorable Marcus Oshiro, Chair
House Committee on Finance

FROM: Patricia McManaman, Interim Director

SUBJECT: **H.B. 561, S.D.1 - RELATING TO PUBLIC ASSISTANCE**

Hearing: Monday, February 28, 2011; 1:30 a.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of the bill is to ensure that private insurance is the primary payor of medical claims for persons who have health insurance coverage both through the QUEST or QUEST-net programs and a private health insurance plan.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent this bill, but this bill is unnecessary as DHS already has the authority and intends to pursue the intent of the bill.

Medicaid is already the payer of last resort.

Additionally, health plans contracted with DHS already notify DHS when becoming aware that a member has a third party liability (i.e. another insurance coverage such as workman's compensation). DHS intends to clarify in its contracts with health plans that they are required to notify DHS of any member in a QUEST Expanded program (i.e. QUEST, QUEST-ACE, QUEST-Net, and QUEST Expanded Access) who also has private insurance through that health plan.

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

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 28, 2011

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair

House Committee on Finance

Re: HB 561, HD1 – Relating to Public Assistance

Dear Chair Oshiro, Vice Chair Lee, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 561 HD1 which would require QUEST contracted health plans to notify the Department of Human Services (DHS) when members are also found to be receiving coverage under a private plan as well. HMSA supports the intent of this measure.

We understand the financial strain faced by the State and that there is a need to ensure that government-funded health care services are only being provided to those in need. Currently there are instances in which a QUEST member may be able to receive coverage under both a QUEST plan and through private coverage. These eligibility determinations are made by the Med-QUEST division, not contracted plans, and are based on an individual's income and family size. At this time, when HMSA discovers a member who is enrolled both in our QUEST plan and receiving coverage through a private plan, this information is passed on to the Med-QUEST division. We support the language in HB 561 HD1 to formalize this process in statute.

We also believe that part of the issue around eligibility is the antiquated eligibility system currently being utilized by Med-QUEST. There is a measure this session which would provide the State funds in order for DHS to receive federal matching funds to update these systems. Once the health insurance Exchange is established in 2014, Med-QUEST will need to be able to communicate with and determine eligibility and subsidy levels for individuals seeking coverage through the Exchange.

We would respectfully request that the Committees see fit to pass HB 561 HD1. Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDiesman', written over a horizontal line.

Jennifer Diesman
Vice President
Government Relations



AlohaCare

For a healthy Hawaii.

February 28, 2014
1:30pm
Conference Room 308

To: The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
House Committee on Finance

From: Paula Arcena, Director of Public Policy
Robert Toyofuku, Government Affairs

Re: HB561, HD1 Relating to Public Assistance

Thank you for the opportunity to testify on HB561, which would require QUEST or QUEST-net vendors to notify the DHS when QUEST or QUEST-net enrollees are covered by private health insurance and requires private health insurance plans to be the primary insurer.

AlohaCare is **opposed** to HB561.

Currently, all QUEST health plans are required under contract (RFP section 50.130) to inform DHS of any change in eligibility, including the information indicating that coverage is available by a private insurer or other public insurer such as Medicare or the Veterans' Administration. We support the identification of third party coverage to ensure that the Hawaii Medicaid program is the payer of last resort.

The Committee should be aware that it is not possible for health plans to be the clearing house for third party coverage due to legal limitations on the member information available to us. The U.S. Health Insurance and Portability Act (HIPAA) limits health plans to information necessary to the providing health insurance coverage and benefits. This does not include all information necessary to determine third-party coverage.

It is well known that the Hawaii Medicaid eligibility system is 23 years old and well overdue for upgrading. By 2014 the State of Hawaii must comply with the Federal Affordable Care Act and have a Hawaii health insurance exchange that determines Medicaid eligibility as well as other functions.

We would suggest the committee consider deferring HB561 and instead support SB978 which requests funding for a new Medicaid eligibility system and adding a requirement that the Department of Human Services report to the legislature its progress on establishing the new system, including determination of third party coverage.

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, which includes QUEST-net and QUEST-ace. We serve approximately 75,000 QUEST enrollees statewide.

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.

Thank you for the opportunity to provide this testimony.