

STAND. COM. REP. NO. 2351

Honolulu, Hawaii

FEB 17 2012

RE: S.B. No. 2166
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred S.B. No. 2166 entitled:

"A BILL FOR AN ACT RELATING TO MEDICAID,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Department of Human Services to implement state-of-the-art technologies in its Medicaid and Children's Health Insurance Programs to increase the Department's ability to detect and prevent waste, fraud, and abuse in the programs; and
- (2) Require the Department of Human Services to submit to the Legislature and make available to the public a report after the first implementation year and after any subsequent implementation year on the status of implementation of the technologies and its effect on the cost and efficiency of services provided.

Your Committee received testimony in support of this measure from the Consumer Family & Youth Alliance and one individual. Your Committee received testimony in opposition to this measure from the Department of Human Services.

Your Committee finds that there is a misunderstanding of the claims review process as represented in this measure. Currently, the claims review process is not housed in the Department of Human



Services, but rather with the individual plans that are contracted to implement the Medicaid program. Claims review must occur prior to the expenditure of funds. Your Committee also finds that this measure, as it is currently drafted, mandates the Department to procure and implement a technology-based system to screen and verify the appropriateness of provider billing to prevent fraud, waste, and abuse in the QUEST and Children's Health Insurance Programs. Implementing this new process that tasks claims review to the Department alters the whole system and lends itself to inefficiencies that will be counterproductive to the measure's intent.

Your Committee has amended this measure by deleting its contents and inserting the provisions of H.B. 2138, H.D. 1, Regular Session of 2012, which establishes the health insurance waste, fraud, and abuse task force to detect fraud and abuse before payments of illegitimate claims are made under the Medicaid managed care, Medicaid, and Children's Health Insurance Programs. The task force is required to report to the Legislature prior to the convening of the 2013 Regular Session.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2166, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2166, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,


SUZANNE CHUN OAKLAND, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* <i>SB 2146</i>	Committee Referral: <i>HMS, WAM</i>	Date: <i>2-2-12</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
GREEN, M.D., Josh	✓			
SLOM, Sam				✓
TOTAL	<i>3</i>	<i>0</i>	<i>0</i>	<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Signature]</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes