

NEIL ABERCROMBIE
GOVERNOR



PATRICIA MCMANAMAN
DIRECTOR
BARBARA A. YAMASHITA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 19, 2012

TO: The Honorable John M. Mizuno, Chair
House Committee on Human Services

The Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2166, S.D.2 - RELATING TO MEDICAID**

Hearing: Monday, March 19, 2012; 10: a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of the bill is create the health insurance waste, fraud, and abuse task force and submit a report of its findings and recommendations prior to the convening of the next regular legislative session..

DEPARTMENT'S POSITION: The Department of Human Services (DHS) respectfully opposes this bill as it would require current DHS staff to provide administrative support for the task force and require the agency, organization or department to which a member belongs to, to cover all their expenses, including travel.

The Department is currently tasked with preparing for the implementation of major program and system changes to meet federal requirements for the Affordable Care Act. Due to a reduction in staff in 2010-2011, the Med-QUEST Division does not have available staff to dedicate to the task force. Currently staff are already being asked to do the work of staff who left in addition to their own workload.

AN EQUAL OPPORTUNITY AGENCY

The contracted health plans are required to have systems, committees, and procedures in place to detect fraud and abuse. In addition DHS has systems in place to detect fraud and abuse that include files received from the State Department of Commerce and Consumer Affairs and the federal Office of Inspector General. The Med-QUEST Division is further monitored by the federal government to ensure the State and its contracted plans have these kinds of systems in place that are operating properly. We believe that this task force is not needed at this time and do not have staff that can properly support the task force.

DHS will need a general fund appropriation to implement this task force. For this to be of any value, we will need to do audits and other analyses. This could cost upwards of \$250-500K, and the funds would need to be a new appropriation. Simply meeting four times will be of minimal value and divert resources from much more pressing matters of federal fund receipt and federal compliance. Our MQD administration budget is already not sufficient to cover normal costs. We are already \$1.5 million short in our MQD administration budget.

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