

SB 2407

Measure Title: RELATING TO HEALTH INSURANCE.

Report Title: Human Services; Medicaid; Quest; CHIP

Description: Requires the department of human services to implement certain cost-savings programs and technologies in the medicaid, QUEST, and children's health insurance programs. Requires report to legislature.

Companion:

Package: None

Current Referral: HMS/PGM, WAM

Introducer(s): ESPERO, Ryan, Wakai

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 9, 2012

The Honorable Suzanne Chun Oakland, Chair
The Honorable Will Espero, Chair

Senate Committees on Human Services and Public Safety, Government Operations, and Military Affairs

Re: SB 2407 – Relating to Health Insurance

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2407. While we truly understand the intent of this legislation, HMSA opposes this Bill.

SB 2407 mandates the Department of Human Services (DHS) to procure and implement a technology-based system to that includes a process to screen and verify the appropriateness of provider billing to prevent fraud, waste, and abuse in the QUEST and Children's Health Insurance programs. While we believe the intent of the legislation is laudable and absolutely important, this Bill seems to be based on a misunderstanding of the Medicaid system's operation in Hawaii. The claims review process is not housed in DHS but with the individual plans that are contracted to implement the Medicaid program. Claims review must occur prior to the expenditure of funds – reimbursement to the providers by the plans. Having this new process that places the claims review process with DHS alters the whole system and lends itself to inefficiencies that will be counterproductive to the legislation's intent. Alternatively, if the intent is to have DHS require the plans to use the new system, that would involve a tremendous investment of time and dollars by the plans to integrate the system into our individual IT systems.

HMSA fully understands the need for the Medicaid program to have a system in-place to properly detect and prevent waste, fraud, and abuse. And, as a QUEST contractor, HMSA has a stringent, automated system that identifies questionable billings, and we have a Benefits Integrity Department that oversees this process that also includes vetting questionable claims and a formal appeals process.

We also note that the Bill does not include an appropriation, but suggests that the new system will be paid for from shared savings achieved by this system. This could only work if the contracted system vendor up-fronts the total cost of development and implementation of the new system and waits until savings are generated and the Legislature appropriates those savings to pay the vendor. And, the diversion of Medicaid dollars (from saving) to pay for this new system is seemingly counterintuitive to the theory behind this legislation that poses that savings generated should be used to properly pay for direct services for Medicaid clients.

Finally, this Legislature last year authorized funding to match federal grant monies to finance the replacement of MedQUEST's antiquated eligibility system. We would hope that that new eligibility system would be designed to integrate with the contracted plans and the Hawaii Health Connector to, in part, accomplish much of what this legislation is intended to address.

Thank you for the opportunity to allow us to express our concerns and opposition to SB 2407.

Sincerely,

Jennifer Diesman
Vice President, Government Relations

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 04, 2012 12:59 PM
To: HMS Testimony
Cc: robertscottwall@yahoo.com
Subject: Testimony for SB2407 on 2/9/2012 1:15:00 PM

Testimony for HMS/PGM 2/9/2012 1:15:00 PM SB2407

Conference room: 016
Testifier position: Support
Testifier will be present: Yes
Submitted by: Scott Wall
Organization: Individual
E-mail: robertscottwall@yahoo.com
Submitted on: 2/4/2012

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 05, 2012 12:08 PM
To: HMS Testimony
Cc: Brenda.Kosky@gmail.com
Subject: Testimony for SB2407 on 2/9/2012 1:15:00 PM

Testimony for HMS/PGM 2/9/2012 1:15:00 PM SB2407

Conference room: 016
Testifier position: Support
Testifier will be present: No
Submitted by: Brenda Kosky
Organization: Individual
E-mail: Brenda.Kosky@gmail.com
Submitted on: 2/5/2012

Comments: