

# SB2798 SD1

Measure Title: RELATING TO INSURER REQUIREMENTS.

Report Title: Insurer Requirements

Description: Requires all commercial health care insurers operating in Hawaii to share with the department of human services, a listing of their members for medicaid eligibility determination. (SD1)

Companion: HB2536

Package: Gov

Current Referral: HMS, CPN

Introducer(s): TSUTSUI (Introduced by request of another party)

<u>Sort by Date</u>		<b>Status Text</b>
1/25/2012	S	Introduced.
1/25/2012	S	Passed First Reading.
1/25/2012	S	Referred to HMS, CPN.
1/27/2012	S	The committee(s) on HMS added the measure to the public hearing scheduled on 02-02-12 1:15PM in conference room 016.
2/2/2012	S	The committee(s) on HMS recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in HMS were as follows: 3 Aye(s): Senator(s) Chun Oakland, Ihara, Green; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Slom.
2/13/2012	S	Reported from HMS (Stand. Com. Rep. No. 2139) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN.
2/13/2012	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN.
2/21/2012	S	The committee(s) on CPN will hold a public decision making on 02-24-12 9:00AM in conference room 229.

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

February 24, 2012

TO: The Honorable Rosalyn H. Baker, Chair  
Senate Committee on Commerce and Consumer Protection

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2798, S.D.1 - RELATING TO INSURER REQUIREMENTS**

Hearing: Friday, February 24, 2012; 9:00 a.m.  
Conference Room 229, State Capitol

**PURPOSE:** The purpose of the bill is to require all commercial health care insurers operating in Hawaii to share with the Department of Human Services, a listing of their members for medicaid eligibility determination.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) strongly supports this Administration bill. This measure will enable DHS to determine Medicaid eligibility on a timely basis. This bill will also improve Medicaid program integrity, ensure that Medicaid is the payor of last resort, and ensure that funding for the Medicaid program is used to provide health insurance coverage for those who really need it.

When Congress passed the Deficit Reduction Act of 2005, P.L. 109-171, it made a number of amendments to the Social Security Act intended to strengthen states' ability to identify and collect from liable third party payors that are legally responsible to pay claims primary to Medicaid. To ensure the State's compliance with the requirements of P.L. 109-171, the Legislature

passed Senate Bill No. 917, enacted as Act 103, in 2009 and codified in chapter 431L, Hawaii Revised Statutes.

The federal and State statutes require that Medicaid be the payor of last resort for health insurance. To meet this obligation, the Department of Human Services, as the state Medicaid agency, requires information on Medicaid recipients who also have commercial health insurance.

Section 431L-2.5, Hawaii Revised Statutes, requires health care insurers to share information on an individual basis at the State's request. This bill will require all commercial health care insurers operating in Hawaii to also share with the Department of Human Services a listing of their members on a quarterly basis.

Quarterly reports will allow the Department to determine on a timely basis, the eligibility of persons who apply for Medicaid and the continuing eligibility for persons receiving health care insurance through the Medicaid program. Medicaid allows passive renewal and self-declaration to facilitate eligibility. These processes make it difficult for the Department to determine when a recipient's eligibility status has changed because of employment, increased income, or being provided health coverage under the Prepaid Health Care Act.

In the current economic climate and the unfortunate necessity of reducing medical assistance benefits, identifying areas to decrease expenditures with minimal impact on the public becomes increasingly important.

Thank you for the opportunity to comment on this bill.



February 24, 2012

The Honorable Rosalyn H. Baker, Chair  
The Honorable Brian T. Taniguchi, Vice Chair

Senate Committee on Commerce and Consumer Protection

**Re: SB 2798 SD1 – Relating to Insurer Requirements**

Dear Chair Baker, Vice Chair Taniguchi, and Members of the Committee:

My name is Richard Jackson and I am chair of the Public Policy Committee of the Hawaii Association of Health Plans (HAHP). HAHP is a non-profit organization consisting of eight (8) member organizations: AlohaCare, HMAA, HMSA, HWMG, Kaiser Permanente, MDX Hawai'i, UHA, and UnitedHealthcare. Our mission is to promote initiatives aimed at improving the overall health of Hawaii. HAHP is also active participants in the legislative process. Before providing any testimony, all HAHP member organizations must be in unanimous agreement of the statement or position.

We appreciate the opportunity to provide testimony in opposition to SB 2798 SD1, which would require plans to submit quarterly reports on our enrolled commercial members to the Department of Human Services (DHS). While we understand the need of the DHS to determine the eligibility of those receiving benefits, we do have concerns with the legislation and strongly believe that this type of submission would best be handled if the data requested were sent to the Hawaii Health Information Exchange (HHIE) and made available through HHIE to DHS. By obtaining information through HHIE, DHS would need to interface with only one entity versus the five local commercial plans and four mainland insurers doing business in Hawaii. Also, HHIE can be used by the plans as a central repository to obtain "coordination of benefits" (COB) information, a functionality not currently available in Hawaii which would lower both payer and provider administrative costs.

Currently, eligibility determinations for QUEST members who receive dual coverage under both a private and QUEST plan are made by the Med-QUEST division in the DHS. We understand that the eligibility determination process is arduous, and believe that an update in the DHS determinations system would help to streamline the process without requiring health insurers to provide QUEST-eligible member lists. DHS is able to utilize federal funds to update these determinations systems, and in turn will be able to work with HHIE to make sure that member information is available and accessible in a secure environment.

We thank you for the opportunity to voice our concerns over SB 2798 SD1.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Jackson", is written over a white background.

Richard Jackson  
Chair, Public Policy Committee

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 24, 2012

The Honorable Rosalyn H. Baker, Chair  
The Honorable Brian T. Taniguchi, Vice Chair

Senate Committee on Commerce and Consumer Protection

**Re: SB 2798, SD1 – Relating to Insurer Requirements**

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee:

The Hawaii Medical Association (HMSA) appreciates the opportunity to comment on SB 2798, SD1 which would require plans to submit quarterly reports on our members to the Department of Human Services (DHS).

We truly understand the need to ensure that government-funded health care services are only being provided to those in need. We also understand that there are instances in which a QUEST member may be able to receive coverage under both a QUEST plan and through private coverage. Under these dual coverage situations, the commercial plan serves as the primary payer and should cover most of the health care services, and the QUEST plan serves as the secondary payer. These eligibility determinations are made by the Med-QUEST division and not the contracted plans. Given the need to ensure appropriate reimbursements from Med-QUEST, we provide DHS reports on our claims data for our dual eligible members which may be used to analyze the appropriateness of reimbursements afforded us. As we did last session, we would support legislation to formalize that process in statute.

Ultimately, we also believe that part of the issue around eligibility is the antiquated eligibility system currently used by Med-QUEST. With the support DHS has received from the Legislature, DHS is able to leverage federal matching funds to update these systems. Once this new system is in place it will be able to work with the Hawaii Health Information Exchange to access member information in a secured environment.

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to comment on this legislation. Thank you.

Sincerely,

Jennifer Diesman  
Vice President  
Government Relations