

# SB 2798

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.

Companion: HB2536

Package: Gov

Current Referral: HMS, CPN

Introducer(s): TSUTSUI (BR)

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA MCMANAMAN  
DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339  
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February 2, 2012

TO: The Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services

FROM: Patricia McManaman, Director

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

Hearing: Thursday, February 2, 2012; 1:15 p.m.  
Conference Room 016, 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 bill will enable DHS to determine Medicaid eligibility on a timely basis. This will improve Medicaid program integrity and ensure that Medicaid is the payor of last resort and 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 the health care insurer 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 to determine the continuing eligibility for persons receiving health care insurance through the Medicaid program. Medicaid allows passive renewal and self-declaration to facilitate eligibility, which makes 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 testify on this bill.



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

STATE OF HAWAII  
INSURANCE DIVISION  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEALPI S. LOPEZ  
DIRECTOR

GORDON I. ITO  
INSURANCE COMMISSIONER

TO THE SENATE COMMITTEE ON HUMAN SERVICES

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Thursday, February 2, 2012  
1:15 p.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE BILL NO. 2798 – RELATING TO INSURER  
REQUIREMENTS.**

TO THE HONORABLE SUZANNE CHUN OAKLAND, CHAIR, AND MEMBERS OF  
THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
(“Department”). The Department takes no position on this bill and defers to the  
Department of Human Services.

The purpose of this bill is to improve reporting from Medicaid insurers to the  
Department of Human Services.

We thank this Committee for the opportunity to present testimony on this matter.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 2, 2012

The Honorable Suzanne Chun Oakland, Chair  
The Honorable Les Ihara, Jr., Vice Chair

Senate Committee on Human Services

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

Dear Chair Chun Oakland, Vice Chair Ihara and Members of the Committee:

The Hawaii Medical Association (HMSA) appreciates the opportunity to comment on SB 2798 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. This Committee considered and passed HB 561HD1 last year to do just that.

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 SB 2798. Thank you.

Sincerely,

Mark K. Oto  
Director  
Government Relations

## ChunOakland2 - Tyrell

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, January 29, 2012 7:52 PM  
**To:** HMS Testimony  
**Cc:** Brenda.Kosky@gmail.com  
**Subject:** Testimony for SB2798 on 2/2/2012 1:15:00 PM

Testimony for HMS 2/2/2012 1:15:00 PM SB2798

Conference room: 016  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Brenda Kosky  
Organization: Consumer Family & Youth Alliance  
E-mail: [Brenda.Kosky@gmail.com](mailto:Brenda.Kosky@gmail.com)  
Submitted on: 1/29/2012

Comments:

## ChunOakland2 - Tyrell

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, January 29, 2012 12:08 PM  
**To:** HMS Testimony  
**Cc:** robertscottwall@yahoo.com  
**Subject:** Testimony for SB2798 on 2/2/2012 1:15:00 PM

Testimony for HMS 2/2/2012 1:15:00 PM SB2798

Conference room: 016  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: Scott Wall  
Organization: Individual  
E-mail: [robertscottwall@yahoo.com](mailto:robertscottwall@yahoo.com)  
Submitted on: 1/29/2012

Comments: