



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

February 7, 2013

TO: The Honorable Mele Carroll, Chair  
House Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1207 - RELATING TO HUMAN SERVICES**

Hearing: Thursday, February 7, 2013, 9:30 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of the bill is to require the Department of Human Services (DHS) to submit interim reports to the Legislature prior to the Regular Sessions of 2014, 2015, and 2016, and a final report prior to the 2017 Legislative Session on its compliance with the federal Patient Protection and Affordable Care Act of 2010 (ACA) as it relates to Medicare and Medicaid.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) takes program integrity seriously as well as its responsibility as stewards of taxpayers' monies. The DHS supports transparency of its program integrity efforts and appreciates the intent of this bill.

The DHS is compliant with federal program integrity requirements and support transparency of our activities. We believe that the reporting requirements in this bill can be streamlined to provide updated, unduplicated information for each report.

We respectfully offer the following recommendations for the Legislature to consider that would provide the information necessary to monitor the progress of the ACA implementation.

- Delete sections (1)(A) (i) through (vi) and replace with:
  - (i) Implementation of provider enrollment and screening verification program; and
  - (ii) Implementation of recovery auditor contract program.
- Delete sections (1)(B) (iii) through (vii) and replace with:
  - (iii) Overpayments recovered; and
  - (iv) Number of referrals to the department of the attorney general's medicaid fraud control unit.
- Delete sections (1)(C), (2) and (3)

The sections being proposed to be deleted are either redundant of other retained sections, practices already occurring, or in the scope of another agency. For example, we already receive a file from the Social Security Administration on deceased individuals; the high risk of waste and abuse refers to providers and is addressed in the required Medicaid state plan amendment on provider enrollment and screening verification; and fraud investigation and penalties are handled by Department of The Attorney General's Medicaid Fraud Control Unit not the DHS. In addition, providers are checked for eligibility prior to payment, and we already comply with the national correct coding initiative.

A cost-benefit analysis of program integrity activities as proposed in this bill would require funds to be appropriated and will need to be procured.

Thank you for the opportunity to testify on this bill.



**AlohaCare**

For a healthy Hawaii.

February 7, 2013  
9:30am  
Conference Room 329

To: The Honorable Mele Carroll, Chair  
The Honorable Bertrand Kobayashi, Vice Chair  
House Committee on Human Services

From: Paula Arcena, Director of Public Policy  
Robert Toyofuku, Government Affairs

Re: HB1207 Relating to Human Services

Thank you for the opportunity to testify.

AlohaCare supports the intent of HB1207 to reduce fraud, waste and abuse in Hawaii's Medicaid and the Children's Health (CHIP) Insurance Programs.

However, we oppose the proposal that DHS engage a third-party to implement cost-savings programs and technologies in the Medicaid and CHIP.

AlohaCare has a system and processes in place to carry out this function. We are constantly seeking ways to improve our ability to reduce fraud, waste and abuse.

Successful implementation of such a program requires intimate knowledge of and sensitivity to our provider network and membership to avoid creating a disincentive for accepting Medicaid patients.

The introduction of a third-party by DHS to carry out such a program would have serious impact on our provider network, members and existing systems.

We would welcome the opportunity to work directly with DHS to develop criteria for fraud, waste and abuse reduction to carryout improvements that reduce fraud, waste and abuse.

Thank you for this opportunity to testify.