



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 28, 2013

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

FROM: Patricia McManaman, Director

SUBJECT: **H.C.R. 191/RH.R. 152 – REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO CONDUCT A STUDY ON THE STATE MEDICAID’S COMPLIANCE WITH THE PATIENT PROTECTION AND AFFORDABLE CARE ACT**

Hearing: Thursday, March 28, 2013; 10:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this resolution is have the Department of Human Services to conduct a study on the State Medicaid program’s compliance with the Patient Protection and Affordable Care Act (PPACA) of 2010 and submit a comprehensive report to the Legislature no later than 20 days prior to the convening of the 2014 through 2017 sessions.

DEPARTMENT’S POSITION: The Department of Human Services (DHS) provides the following comments on H.C.R.191.

The DHS is compliant with PPACA federal requirements and follow all rules that support transparency of our activities (e.g. posting of State Plan Amendment hearings and 1115 waiver amendments). A study to review the MQD’s compliance with PPACA in

this resolution will require additional funds to be appropriated and will need to be procured according to the State's procurement process.

This study will necessitate that MQD resources be redirected from implementing by January 1, 2014, the new Medicaid eligibility criteria and methodology requirements under the Affordable Care Act, from completing the section 1115 demonstration waiver renewal, from procuring QUEST Integration and its focus on improving transition of care for vulnerable individuals, from transforming behavioral health services delivery, and from the ability to support other healthcare transformation activities.

HMS 902, which is used to fund these activities, continues to be substantially underfunded, and the \$1.5 million removed from the MQD base in response to a contract under the previous administration from which MQD did not benefit, that primarily served other aspects of the DHS, has not been restored despite annual requests by the DHS.

Given the audits and oversight which the MQD is subject to (please refer to the testimony for H.C.R. 184 provided to this Committee today) and, with the information provided below that shows the MQD is in compliance with PPACA requirements, there is no apparent added value for the use of taxpayer's funds for the study required by this resolution.

The Med-QUEST Division (MQD) currently provides the following information regarding its compliance with PPACA:

- 1) Provider Screening Activities:
 - The MQD has received approval from the Centers for Medicare and Medicaid Services (CMS) in compliance with federal regulations governing new provider screening requirements.

- The federal law allows the State to utilize managed care organizations and Medicare information as they are required to screen providers within their provider network. As 99% of Medicaid services is provided through managed care plans, as allowed by PPACA, the State has elected to accept screening certifications from Medicare and managed care plans if the provider has already gone through the screening process with those organizations prior to Medicaid. The providers will therefore not be required to go through another screening by the Medicaid program. The health plan credentialing process is reviewed and monitored by MQD staff to ensure compliance.
- The MQD staff will also be conducting pre-enrollment and post-enrollment on-site visits of provider offices deemed moderate or high risk by CMS, to verify information as required by the Affordable Care Act. The Division is in the process of working to increase the number of positions for program integrity through redescription of vacant positions, of which some will include responsibilities for conducting on-site visits as part of the enrollment process. If the vacant positions are deleted by the Legislature these responsibilities will be much more difficult to achieve.

2) Data Matches:

- The MQD receives data files from the federal Office of Inspector General quarterly that contains all providers that have been sanctioned/barred from participating with Medicare and Medicaid. The file is uploaded into the MQD system and sanctioned providers are automatically placed into a terminated status so that claims and

encounters from health plans cannot be processed. Any new providers that are entered into the MQD system are pre-screened through the OIG website to check if the provider is barred from participation in Medicare and Medicaid before authorizing them as a Medicaid provider.

- Contracted managed care plans also have processes in place to credential their providers that includes checking if a provider is excluded from Medicare and Medicaid. In addition, health plans have access to the MQD Provider Master Registry that indicates sanctioned providers. The health plans are required to check the Provider Master Registry when contracting with a provider to be part of their provider network.
- The excluded provider list is also posted on our MQD website.
- The MQD receives a file from the Department of Commerce and Consumer Affairs (DCCA) quarterly that contains current provider licensing information. The file is loaded into the MQD system. If a provider type is required to be licensed in the State of Hawaii through the DCCA and their license has not been renewed, the system will automatically place the individual into a terminated status thereby preventing any claims to be paid from the date of expiration nor will any encounters be accepted.

3) Recovery Audit Contractor Program

The MQD has procured and selected a Recovery Audit Contractor (RAC) and the Division is in the process of executing the contract. The contractor will be conducting post-payment review of claims and recovering overpayments. The RAC

contractor will provide regular reports to MQD on their findings and recovery activities.

Thank you for the opportunity to provide comments on this measure.



Community Alliance for Mental Health

Board of Directors

Anne Chipchase
President

Robert Scott Wall
Vice President

Crystal Aguinaldo
Secretary

William Lennox
Treasurer

Sunny Algoso

Jessica Carroll

Randolph Hack

Gina Hungerford

Susan King

To: The Hawai'i State House of Representatives Committee on Human Services
Re: HCR 191 / HR 52

To: The Honorable Representative Carroll and the members of the committee.

Aloha,

The Community Alliance for Mental Health along with United Self Help supports HCR 191 / HR 52. We believe that the advent of the Patient Protection and Affordable Care Act is of such impact and importance that it would be practically impossible for any institution or organization to successfully adapt itself to its provisions in a single try.

Therefore we urge the passage of HCR 191 / HR 52 to encourage the Department of Humans Services to take a good close look at how it is doing in its attempt to adapt itself to life under the provisions of the Affordable Care Act.

Mahalo,
Scott Wall
Vice-President

[
]