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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Thursday, April 18, 2013
10:30 a.m.

WRITTEN TESTIMONY ONLY

**TESTIMONY ON SENATE CONCURRENT RESOLUTION NO. 129, S.D. 1 –
REQUESTING THE INSURANCE COMMISSIONER TO CREATE A WORKING
GROUP TO STUDY INSURANCE RECOUPMENT.**

TO THE HONORABLE ANGUS L.K. MCKELVEY, 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 purpose of this measure is to form a working group, which would be chaired
by the Commissioner, to study insurance recoupment relative to health insurance plans
(the "Working Group").

The Commissioner is willing to convene the Working Group.

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



House Committee on Consumer Protection & Commerce
Rep. Angus McKelvey, Chair

April 18, 2013 at 10:30 a.m.
Conference Room 016

SCR 129: Requesting the Insurance Commissioner to create a working group to study insurance recoupment.

The Healthcare Association of Hawaii has been the leading voice of health care since 1939. Its 122 member organizations include all of the acute care hospitals in Hawaii, a majority of long term care facilities, all hospice providers, nearly every home health agency, durable medical equipment and home infusion suppliers, and other health care providers such as air and ground ambulance, blood bank and respiratory therapy. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing nearly 20,000 people statewide.

Thank you for this opportunity to testify on SCR 129, which requests the Insurance Commissioner to create a working group to study insurance recoupment.

The resolution accurately describes the fragile financial condition of many health care providers. Improving predictability in the health care environment would lead to greater stability. Currently, there is no time limit for insurers to try to recover payments made in error to providers. Meanwhile, providers have a time limit in which to submit claims to insurers. The working group created by the resolution would study the establishment of a time limit to initiate any recoupment, thereby increasing predictability.

The Healthcare Association of Hawaii represents a broad range of providers who may be affected, including hospitals, long term care facilities, home care agencies, hospices, and medical equipment providers. The Association is pleased to be named to the working group and is committed to engaging with other participants in a collaborative manner.

Thank you for the opportunity to testify on SCR 129.

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

REPRESENTATIVE ANGUS MCKELVY, CHAIR
REPRESENTATIVE DEREK KAWAKAMI, VICE CHAIR

Thursday, April 18, 2013

10:30 a.m

Conference Room 016

State Capitol

415 South Beretania St

April 17, 2013

Requesting the Insurance Commissioner to Create a Working Group to Study Insurance Recoupment

Rep. Angus McKelvy Chair, Rep. Derek Kawakami, Vice Chair, and members of the committee, my name is Dr. Gail Tice and I am a psychologist who works in the private and public sector in Honolulu. In regards to SCR 129 / SD1, I would like to offer the following comments.

"Recoupments" are funds that health plans have paid to providers but later seek reimbursement after the plan determined, for whatever reason, it paid out in error. There's no precise information about how often insurance companies are demanding recoupment or for how much, but it is happening more often, and to the full range of health care providers, including dentists. Across the country as the recoupment demands are increasing, practices are folding and consumers are left without quality care.

In Hawaii, it is widely recognized that we have a shortage of health care practitioners in many fields. Although practitioners generally have one year to adjust their billing with insurance companies the insurance companies do not have a similar restriction. Currently in Hawaii, there is no time limit that health plans can recoup funds that they previously paid to health care providers for their services. This is an ongoing open-ended liability for health care professionals and undermines the ability to build upon and plan a viable and economically feasible practice. Many highly qualified health care providers have already relocated to other states to practice.

As it stands, many states already have legislation limiting the time that an entity can take money back for the services that a practitioner has already provided. According to a recent data search the following states have statute of limitations for medical recoupment: Alabama, Arkansas; Arizona; California; Colorado; Connecticut; District of Columbia; Florida; Georgia; Illinois; Indiana; Iowa; Kentucky; Maine; Maryland; Massachusetts; Missouri; Montana; New Hampshire; New Jersey; New York; North Carolina; Ohio; Oklahoma; South Carolina; Texas; Utah; Vermont; Virginia; Washington; and West

Virginia ranging from 6-months to 30-months, with the average range of time allowed for take-backs being somewhere between 12 and 24 months.

I appreciate your time and consideration in reviewing my comments.

With much Gratitude and Aloha,

Gail Tice, Psy. D.