

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

January 29, 2016

TO: The Honorable Della Au Belatti, Chair  
House Committee on Health

FROM: Rachael Wong, DrPH, Director

SUBJECT: **HB 1759 - RELATING TO INSURANCE**  
Hearing: Friday, January 29, 2016; 8:30 a.m.  
Conference Room 329, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) provides comments on this measure.

**PURPOSE:** The purpose of this bill is to require health insurers to promptly pay clean claims for services and repeals the exemption of Medicaid claims from the clean claims definition.

The Med-QUEST Division's (MQD) QUEST Integration (QI) contracts, as well as previous QUEST and QExA contracts, already include language to require the managed care health plans to pay 90% of claims within 30 days and 99% of claims within 90 days. These contract requirements follow the Centers for Medicare and Medicaid Services (CMS) federal rules (42 CFR §447.45) governing timely payments for medical services under the Medicaid program.

For the quarter ending December 31, 2015, 99.2% of claims were paid within 30 days and 99.95% were paid within 90 days.

The Med-QUEST Division (MQD) believes that all providers participating in our Medicaid programs are very important as they provide vital services for the Department's recipients. Without their participation, the Department would not be able to provide needed medical services in a timely manner—this is the reason for existing reporting requirements and why these metrics are closely monitored by MQD.

The amendment to current statutes that grants an exemption to the Medicaid program is not needed. In addition, should CMS revise its requirements for the Medicaid program in the future, it could result in a conflict with federal requirements and the Hawaii Revised Statutes. The Med-QUEST Division is committed to working with plans and providers to continually improve services to recipients.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

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CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016

Friday, January 29, 2016  
8:30 a.m.

**TESTIMONY ON HOUSE BILL NO. 1759 – RELATING TO INSURANCE.**

TO THE HONORABLE DELLA AU BELATTI, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department submits the following comments.

The purpose of this bill is to mandate the prompt payment of providers’ clean Medicaid claims.

A “clean” claim is when a provider has submitted complete and undisputed information for an insurer to make a payment for a service provided on a covered benefit. While bringing Medicaid claims’ submissions under the “clean” claim umbrella may, indeed, allow insurers’ payments to providers to be more timely, it could also have the opposite effect by allowing insurers to reject Medicaid providers’ claims as not being “clean.” This creation of a statutory scheme for insurers to, possibly, continuously reset the clock by rejecting claims for not being “clean” may delay payments to providers longer than they might be experiencing now.

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



**January 29, 2016 at 8:30 AM**  
**Conference Room 329**

**House Committee on Health**

To: Chair Della Au Belatti  
Vice Chair Richard P. Creagan

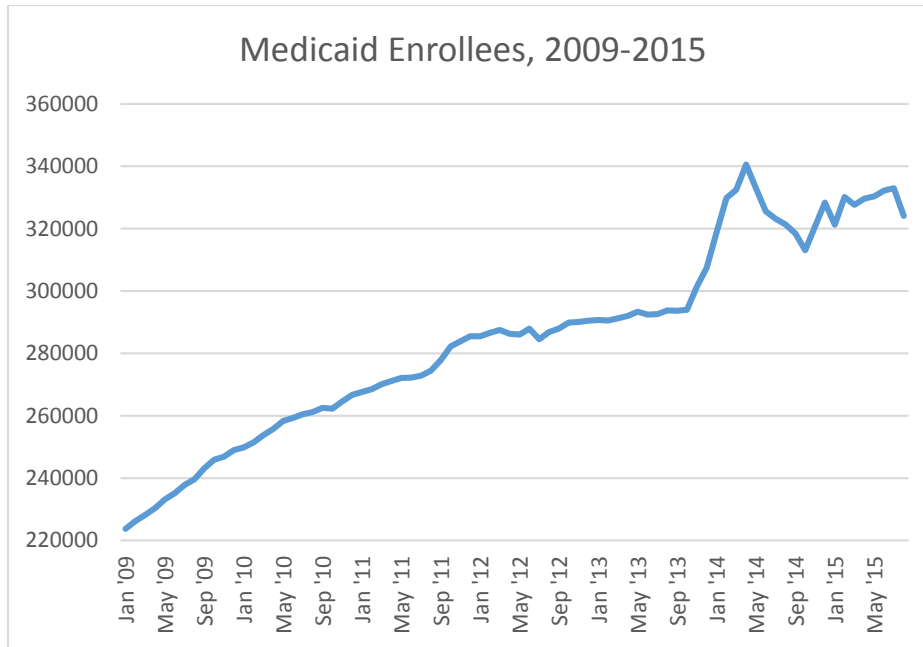
From: George Greene  
President and CEO  
Healthcare Association of Hawaii

Re: **Testimony in Support**  
**HB 1759, Relating to Insurance**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 180 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

The Healthcare Association of Hawaii would like to thank Chair Belatti and Vice Chair Creagan for the opportunity to testify in **support** of HB 1759. This legislation would remove the exemption that Medicaid insurers have from the clean claims portion of section 431:13-108 of the Hawaii Revised Statutes. This change will help to mitigate the adverse impacts of delayed action on clean claims on providers.

The purpose of this legislation is to help ensure that all health insurers promptly pay claims for services administered to Medicaid enrollees. Prompt payment of claims is vital to the operations of healthcare providers who rely on timely reimbursements to keep their doors open. The need for this legislation has become increasingly important since the *Affordable Care Act* has swelled the ranks of our Medicaid program. Since 2009, the number of Medicaid enrollees has increased by over 100,000 individuals—a remarkable 45 percent increase in a few short years. Now, providers in Hawaii are treating more than 320,000 of our state's most underserved.



Providers should not be expected to “float” the costs of care. Delays in cash flow jeopardize operations for all healthcare providers, but are especially problematic for smaller providers and those that care for a disproportionate share of Medicaid patients. According to data from the first quarter of 2015, around 15 percent of claims submitted by providers were still “in process” over the three-month period. This means that providers were waiting to receive payment for around one out of every six services already delivered.

We surveyed our members in December 2015 to illustrate the difficulties that they face when payments for clean claims are not provided in a timely fashion. We asked these members to provide information regarding the number, age, and dollar value of clean claims submitted to Medicaid insurers that have not been paid promptly.

The results show that our members struggle with receiving timely payment for services. These members—who span the gamut of acute, long-term, and post-acute care service providers—attested to having more than 1,900 clean claims not paid after 60 or more days. The total aggregate amount of those claims was just over \$4 million. This survey represented just a fraction of our membership, and an even smaller portion of the total number of practitioners who submit claims for services.

Ensuring an efficient health care system is critical. We appreciate your consideration of this important matter, and urge your support of this measure.



An Independent Licensee of the Blue Cross and Blue Shield Association

January 29, 2016

The Honorable Della Au Belatti, Chair  
House Committee on Health  
The Honorable Richard Creagan, Vice-Chair  
House Committee on Health

**Re: HB 1759 – Relating to Insurance**

Dear Chair Belatti, Vice-Chair Creagan and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1759 which would require health insurers to pay clean claims for services and repeals the exemption of Medicaid claims from the clean claims definition.

HMSA shares the Committee's interest in ensuring that our providers are paid in a timely basis as defined in HRS section 431:13-108. HMSA currently provides monthly reports to the state Med-QUEST division that have consistently demonstrated nearly 100% claims processing (for both paper and electronic claims) in accordance with the law.

In cases where there are delays in claims processing resulting from mistakes when the claim was submitted, our policy has been to work with the provider to attain the correct information so as not to have adverse impact to our member.

Thank you for allowing us to testify on HB 1759.

Sincerely,

Jennifer Diesman  
Vice President, Government Relations



## THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Della Au Bellati, Chair, Committee on Health  
The Honorable Richard Creagan, Vice Chair, Committee on Health  
Members, House Committee on Health

From: Paula Yoshioka, Senior Vice President, The Queen's Health Systems

Date: January 28, 2016

Hrg: House Committee on Health; Friday, January 29, 2016 at 8:30am in Room 329

Re: **Support for HB 1759, Relating to Insurance**

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My name is Paula Yoshioka, and I am a Senior Vice President at The Queen's Health Systems (QHS). I would like to express my **support** for HB 1759, Relating to Insurance. This bill requires health insurers to promptly pay clean claims for services and repeals the exemption of Medicaid claims from the clean claims definition.

At QHS, we are committed to providing care for Hawaii's most underserved. We concur with the testimony provided by the Healthcare Association of Hawaii (HAH) that prompt payment of clean claims is important to an efficient and effective health care system in Hawaii.

This bill will help to mitigate the adverse impacts of delayed health insurer payments on clean claims that we and other health care providers submit. The need for this legislation has become increasingly important since the *Affordable Care Act* has swelled the ranks of the state's Medicaid program. Since 2009, the number of Medicaid enrollees has increased by over 100,000 individuals, a 45 percent increase, to over 320,000 individuals. This measure will help to ensure that QHS can continue to serve Hawaii's underserved without needing to float the costs of their care.

I commend the legislature for introducing this measure and urge you to continue supporting prompt payment for clean claims.

Thank you for your time and attention to this important issue.

*The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*

**January 29, 2016 at 8:30 AM  
Conference Room 329**

**House Committee on Health**

To: Representative Della Au Belatti, Chair  
Representative Richard P. Creagan, Vice Chair

From: Steve Robertson  
Executive Vice President – Chief Information Officer

**Re: Testimony in Support, HB 1759, Relating to Insurance**

My name is Steve Robertson, Executive Vice President and Chief Information Officer at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-governmental employer. Hawai'i Pacific Health is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

HPH is writing in **support** of HB 1759. This legislation would remove the exemption that Medicaid insurers have from the clean claims portion of section 431:13-108 of the Hawaii Revised Statutes. This change will help to mitigate the adverse impacts of payment delays on clean claims across our four hospitals and affiliated providers.

Since 2009, the number of Medicaid enrollees has increased by over 100,000 individuals—a remarkable 45 percent increase in a few short years. Approximately 44% of all Medicaid/Quest discharges on O'ahu and 71% on the island of Kaua'i are discharged from a Hawai'i Pacific Health facility. This population often represents the most medically complex patients requiring the most intensive levels of care. At the same time, Medicaid/Quest plans are also the lowest reimbursing amongst our contracted plans. Therefore, the impact of delayed payment – particularly of a clean claim for care already deemed medically necessary and provided to Medicaid/Quest members – has a significant impact on both our organization and potentially access to care for the broader community.

We welcome this proposed legislation and believe it will better incentivize the plans to promptly reimburse providers for care that is medically necessary and already provided.



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, January 26, 2016 7:36 PM  
**To:** HLTtestimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for HB1759 on Jan 29, 2016 08:30AM\*

**HB1759**

Submitted on: 1/26/2016

Testimony for HLT on Jan 29, 2016 08:30AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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