

SB 1310

TESTIMONY IN SUPPORT OF SB 1310: RELATING TO HEALTHCARE.

Submitted By: Richard Bettini, Chief Executive Officer
Waianae Coast Comprehensive Health Center
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The Waianae Coast Comprehensive Health Center supports giving Medicaid Aged, Blind and Disabled patients of the Waianae Coast Comprehensive Health Center and Waimanalo Health Center a third option in choosing a "health plan".

This third option is a win/win for both taxpayers and patients. AlohaCare, a successful health plan owned by community health centers in Hawaii, that has typically underbid other QUEST health plans, would manage a broader range of services provided by the current two QUEST Expanded Health Plans. This option would offer the state and patients the following advantages:

1. Will do so at less cost to the State
2. Will do so with a more extensive and established provider network
3. Will do so with the addition of Native Hawaiian healing services and community based enabling or facilitating services
4. Will do so and return 50% of all margins left in risk pools to health center based job training and economic development programs
5. Will establish additional bonus payments for the two medical homes that demonstrate improved quality and performance outcomes through the use of electronic health records.

This model is not only an advantage to taxpayers and patients, it is necessary as patients in these two communities do not have a sufficient network of specialists or other medical care providers available under the current plans. (See the attached examples of the numerous complaints submitted by patients and staff.) These patients are also faced with a reduction in the very enabling services that have been shown to produce the most favorable and cost effective clinical outcomes under Medicaid managed care.

Unfortunately, AlohaCare's original bid for "QUEST X" services was returned unopened by DHS (despite typically being the low bidder)

AlohaCare did not pass the technical phase of the Request for Proposal. Please note what was emphasized in the RFP scoring values and what was not. Plans were scored well if they:

1. Had operated a Medicaid managed care program for ABD patients before (there has never been such a program in Hawaii so local plans faced a much more difficult challenge here)
2. Responded well in a subjective interview with DHS staff accounted for more than 50% of the qualifying values in the RFP. (These two factors accounted for approximately 50% of RFP value).

More troubling are the factors that were NOT included in the RFP values, including:

1. What is the provider network under contract by your health plan and how are they geographically distributed?
2. Have you ever served as a Medicaid managed care plan in Hawaii serving the families or communities being served by "QUEST X"?
3. How will your plan apply emerging models and practices associated with health care reform such as "pay for performance" and comprehensive "medical home" performance based programs?

The bill before you today represents a way to offer patients better services in communities with advanced medical home based models of care and who are currently not getting the services needed. The fact that "QUEST X" was allowed to begin without adequate networks of providers reflects negatively on our State and Federal agencies.

The Medical Home Model was introduced in Hawaii by Dr. Calvin Sia more than two decades ago. It is based on building a strong community based network of services to address the needs of high risk patients. It has evolved to incorporate cultural practices, enabling services, community participation and job and economic development being integrated into primary health care networks.

You may hear that this "carve out" is not feasible because of the current contract with the two "for-profit health plans" and because of the need to amend Hawaii's Medicaid waiver to allow a third provider. Are these plans not out of compliance with their contract because they do not have a sufficient network of providers? Hopefully, we can reach a point where Ohana Health and Wellcare see this carveout as being in their best interest as well. Particularly if it helps the QUEST Expanded Program achieve its intended goals.

Concerning the needed waiver amendment, given that the model that is being proposed by this bill is consistent with the direction of health care reform in the new federal administration, we believe the waiver modification could be reduced to 6 months. In the interim, we can construct a sufficient provider panel out-of-network from the existing plans to serve our patients.

We ask the legislature to support this bill and not allow a biased and poorly constructed bid process to de-value the self-reliant, progressive, and community-based initiatives represented by the alternative model proposed.

To: Senate Committee on Human Services
The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair
From: May Akamine, RN, MS, Executive Director

Senate Committee on Health
The Honorable David Y. Ige, Chair
The Honorable Josh Green, Vice Chair

**Testimony in Support of Senate Bill 1310
Relating to Healthcare
February 10, 2009, 1:15 p.m., Room 016**

I strongly support this bill which allows patients enrolled in QUEST Expanded Access (QExA) to receive services through an alternative provider at a community-based, patient-centered health care home, i.e. Waimanalo Health Center (WHC) or Waianae Coast Comprehensive Health Center (WCCHC).

Choices should be given to our most vulnerable Aged, Blind, and Disabled (ABD) Medicaid patients regarding the care that they receive and enrollment in the QExA program. Under this demonstration project, patients could choose a health home model of care which is patient/family-driven, community-based, and has a health team approach with integrated, personalized services to meet the bio-psycho-socio-cultural-spiritual needs of the patient. Care management is not relegated to the health plans, but remains the responsibility of the patient, family, and the health team which includes the health plan.

Pay for performance would be utilized to incentivize the health care homes, i.e. WHC and WCCHC that will validate improvements in health outcomes for the QExA patients using clinical metrics and health information technology.

WHC, which serves a Medically Underserved Population (MUP) in a Health Professions Shortage Area (HPSA), is a vital part of Hawaii's health care system serving our Ko'olaupoko communities and providing quality preventive and primary health and social services. We served over 3,100 people in 15,000 visits this past year; 30% of our patients have no health insurance; 45% have QUEST; 8% are QExA ABD Medicaid patients. Not only do we serve the uninsured and underinsured, but also the poor, elderly, at-risk youth, homeless, and others with financial, cultural, social and other barriers to care. Also, we have a disproportionate share of Native Hawaiians who have the worst health indicators (hypertension, diabetes, obesity, etc.) compared to other ethnic groups.

In spite of our reassurances, several of our ABD patients are very anxious about whether they will continue being cared for by WHC and their specialists since we and these specialists know them and their fragile medical conditions best. The QExA enrollment process required that they choose a health plan before even knowing whether their own providers will be participating in the plan or not. We are deeply concerned that QExA has begun without adequate provider networks in place. We are also concerned about federal investigations and pending licensure issues with these 2 mainland, for-profit health plans.

This bill allows another option for our ABD QExA Medicaid patients to choose the model of care, i.e. patient-centered health home initiative with WHC and WCCHC.

We appreciate the long-term, unwavering support that the Legislature has given our health centers, our patients and our communities. We urge your support for SB 1310, which allows an alternative provider at a health care home in the QExA program. Mahalo nui loa for your support. ALOHA!



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STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
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February 10, 2009

MEMORANDUM

TO: Honorable David Y. Ige, Chair
Senate Committee on Health

Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 1310 – RELATING TO HEALTHCARE**

Hearing: Tuesday, February 10, 2009, 1:15 PM.
Conference Room 016, State Capitol

PURPOSE: The purposes of this bill are to allow patients enrolled in QUEST Expanded Access to receive services through an alternative provider at a community-based medical home.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill.

DHS supports the medical home concept, but it's extremely important to understand that the medical home is for the delivery of primary care and coordination of other care as defined by the American Academy of Pediatrics, American Academy of Family Physicians, American College of Physicians, the National Committee of Quality Assurance, and even the Federal government. The medical home is not a health plan.

Any insurer can administer this demonstration. QUEST Expanded Access (QExA) is a new Medicaid managed care program for the eligible population age 65 or older, blind and/or disabled (ABD). There is nothing that prohibits or precludes a medical home demonstration from occurring within QExA, and we have plans to do so as reflected in the Med-QUEST vision's quality strategy.

This bill is not for a medical home demonstration; it is for a third QExA plan. This bill circumvents procurement and effectually awards a contract to a losing bidder, one that was found to be below the minimum technical requirements to serve these clients and inferior to the selected health plans.

The contracts for QExA were legally procured as affirmed through an appeal to the State Procurement Officer. These contracts are to provide health coverage for the entire ABD population. Disenrolling any patients from QExA would violate Federal law as this bill would infringe upon existing contracts.

In addition, this disenrollment would change our eligibility as the patients would no longer be Medicaid recipients, and this would disqualify the State from being a recipient of the increased Federal Medicaid Assistance Percentage (FMAP) proffered in the stimulus package, a loss of over \$300,000,000 Federal funds to the State. In addition, this demonstration would be entirely State funded.

Although it is technically, although perhaps not legally, possible that an 1115 waiver amendment could occur, which would require approval by the Centers for Medicare & Medicaid Services (CMS) and could reasonably take a few years, that would allow non-competitive entry of a third health plan, CMS could very easily not allow a contract be awarded to a plan that has not demonstrated technical capability to deliver the high-quality services provided in QExA. All services currently required in QExA would be required in the demonstration.

Only three of the fourteen Federally Qualified Health Centers (FQHCs) chose to not contract with a QExA plan. It is a result of their choice to be out of network providers that adds administrative requirements to their provision of care. Two of these three now seek special treatment that would erode the State's ability to make policy and implement programs. This demonstration would be expected to have other FQHCs want to opt out of QExA to support their health plan. Having the demonstration instead occur within QExA would also allow the experiential learning to be more easily generalized and applied throughout the QExA program.

This precedent setting bill would send the message that not participating in Med-QUEST programs gets rewarded, and influence trumps merit when it comes to contracting. We could see an access crisis if all providers follow suit and decide to stop seeing our clients in order to get more favorable terms, or we would no longer need to procure contracts and just let the Legislature award them, which would violate current procurement law and perhaps federal law, too.

Nevertheless, DHS would be quite willing to convene a work group to develop the requirements for a medical home demonstration within QExA to be available to contracted providers meeting certain requirements.

Thank you for the opportunity to testify.



**TESTIMONY OF THE STATE ATTORNEY GENERAL
TWENTY-FIFTH LEGISLATURE, 2009**

ON THE FOLLOWING MEASURE:

S.B. NO. 1310, RELATING TO HEALTHCARE.

BEFORE THE:

SENATE COMMITTEES ON HEALTH
AND ON HUMAN SERVICES

DATE: Tuesday, February 10, 2009 **TIME:** 1:15 PM

LOCATION: State Capitol, Room 016

TESTIFIER(S): Mark J. Bennett, Attorney General
or Lee-Ann N.M. Brewer, Deputy Attorney General

Chairs Ige and Chun Oakland, and Members of the Committees:

The Attorney General opposes Senate Bill No. 1310.

This measure creates a "medical home health care program" to offer healthcare services to QUEST expanded access (QExA) recipients who desire to receive services from Waianae Coast Comprehensive Health Center or the Waimanalo Health Center (the clinics). QExA is Hawaii's Medicaid managed care program for its Medicaid-eligible aged, blind, or disabled (ABD) population. Contracts to provide services to this population were awarded to two health plans in February 2008.

According to the Department of Human Services (the department), neither of the clinics has entered into provider agreements with the two QExA health plans. This measure would require the department to contract with AlohaCare to provide services, through the two clinics, to those who opt out of the existing QExA program. The focus on the clinics as "medical homes" is of no significance since the clinics are part of a much larger provider network maintained by AlohaCare which, according to this measure, would provide all services offered by the QExA health plans. (Page 3, lines 17-19) This arrangement would present several problems.

First, for a QExA member to opt out of QExA would mean the individual is opting out of Medicaid. QExA is part of a demonstration

project approved by the U.S. Department of Health and Human Services under section 1115 of the Social Security Act (known as a Federal "1115 waiver"). Mandatory enrollment of ABD individuals in QExA is a requirement of the 1115 waiver, and this requirement may be changed only pursuant to a waiver amendment approved by the federal Centers for Medicare and Medicaid Services. Therefore, any contract with a health plan other than the two that were selected would not be an approved Medicaid contract, and the costs must be borne entirely by the State.

Second, AlohaCare failed to qualify for a QExA contract during the highly publicized procurement process, and unsuccessfully protested the award of the contracts. This measure allows AlohaCare to avoid compliance with Hawaii procurement laws, which are designed to protect the public and the State.

Third, awarding a contract to AlohaCare now raises significant issues under article I, section 10 of the United States Constitution, regarding impairing the obligation of contracts. The QExA Request for Proposals planned for two winning health plans, each sharing the QExA membership according to specified percentage enrollment caps. Allowing members to opt out of the winning plans to receive services from another health plan would reduce the percentage enrollment covered by the two contracted health plans, in violation of the State's contract with the health plans. Moreover, this would reduce the value of the legally procured contracts because the health plans are paid a capitation rate per member. Finally, the capitation rates may need to be renegotiated to ensure actuarial soundness of the rates paid, as required by federal Medicaid law.

We respectfully ask the Committees to hold this bill.