

LATE



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February 2, 2010

To: The Honorable Ryan I. Yamane
Chair, House Committee on Health

The Honorable John M. Mizuno
Chair, House Committee on Human Services

From: 'Ohana Health Plan

Re: House Bill 2087-Relating to Health

Hearing: Tuesday, February 2, 2010, 10:30 a.m.
Hawai'i State Capitol, Room 329

'Ohana Health Plan (OHP) is a health plan offered by WellCare Health Insurance of Arizona, Inc. WellCare is a leading provider of managed care services dedicated to government-sponsored health care programs, focusing on Medicaid and Medicare. We operate a variety of health plans for families, children, the aged, blind or disabled as well as prescription drug plans and private fee-for-service plans. Our local team of 150 Hawai'i residents have been serving approximately 22,500 low-income, aged, blind, and disabled clients through the QUEST Expanded Access (QExA) program since February 1, 2009.

We appreciate this opportunity to submit our comments in strong support of House Bill 2087-Relating to Health.

'Ohana Health Plan (OHP) is one of the five health care plans contract under the QUEST program through the Department of Human Services (DHS). As a new plan, operating largely with the support of government funding from the State of Hawai'i, we are deeply concerned about the potential for a three to four month payment deferral. This deferral may significantly impact our ability to pay our contracted providers in a timely manner and could cause a disruption in services to our members, which are low-income, aged, blind and disabled residents of our State. As a contracted provider of services for the State of Hawai'i, we take out federally mandated responsibility to make covered services available and accessible through a sufficient delivery network very seriously.

We greatly appreciate this measure that would exempt QUEST plans from paying interest under the clean claims act when delays are due to non-payment by government payers to QUEST plans. This legislation would alleviate us from the additional financial burden of late interest payments, but we remain concerned with the larger issue regarding our ability to compensate our direct service providers in a timely manner, thus ensuring our ability to serve our most vulnerable members' health needs.

We respectfully request that this committee pass this measure as a contingency plan should the DHS choose to move forward with their proposal to defer payment to the health care plans contracted under QUEST. Moreover, we would appreciate your assistance in securing additional funding for the HMS 401 budget in order to avoid the DHS payment deferral option. Thank you for the opportunity to provide these comments regarding House Bill 2087.

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HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
Feb. 2, 2010 at 10:30 a.m.

Comments on HB 2087.

The Healthcare Association of Hawaii represents its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to comment on HB 2087, which exempts Quest health plans from the clean claims act provision that requires the plans to pay interest on delayed payments to health care providers in those cases where the State or federal government delays payment to the health plans.

The intent of the bill is understandable, but it creates only half a solution to a problem. Although this bill prevents the Medicaid plans from being shortchanged, it does not prevent that from happening to the providers. When providers are finally paid, they will not be compensated for any delays in payment. Currently, tens of millions of dollars in unpaid claims have been reported by Association members. The lack of payment reduces working capital, which impacts the ability of the provider to pay salaries and purchase supplies and equipment. Fortunately, there is another approach to the problem.

In HB 2208 HD 1, the Association proposes a complete solution. The State has contracted with health plans to provide care to Medicaid recipients, and the State should honor those contracts. When the State delays payments to the plans, HB 2208 HD 1 imposes 15% interest on the late payments. The bill also repeals the exemption from the clean claims act for Medicaid plans. Compliance with the clean claims act would require Medicaid plans to pay 15% interest on delayed payments to the plans. Thus, there are links from payments from the State to the plans, and from the plans to the providers.

The Association is discussing with Medicaid health plans the approach proposed by HB 2208 HD 1. We believe that it is a better solution than the one proposed by HB 2087, and we hope that, after they understand how HB 2208 HD 1 works, they will agree.

Thank you for the opportunity to comment on HB 2087.

HMSA

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An Independent Licensee of the Blue Cross and Blue Shield Association

February 2, 2010

The Honorable Ryan Yamane, Chair
The Honorable John Mizuno, Chair
House Committees on Health and Human Services

Re: HB 2087 – Relating to Health

Dear Chair Yamane, Chair Mizuno and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB 2087 which would exempt penalty payments for QUEST plans when delays are due to non-payment by a state or federal government payer.

As you are aware, recently the Department of Human Services (DHS) stated that due to budgetary shortfalls, they will withhold payments to contracted QUEST plans, beginning in April and extending through June. While we understand the budgetary restrictions the State is facing, DHS' decision significantly impacts a health plan's ability to pay for services in the timeframes noted in this measure. This has caused great concern, not only for the QUEST plans, but for our members and participating providers as well. This measure is intended to protect participating QUEST plans once the state begins to withhold payments.

We are very interested in working with the other affected stakeholders. In fact, we have scheduled meetings this week to determine if there is common ground on how best to deal with non-payment since it will have a tremendous impact on the entire health care system. We appreciate the legislature's support during these difficult times and hope that the affected parties can come to an agreement on the best course of action.

Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman
Vice President
Government Relations

LATE



February 2, 2010
10:30am
Conference room 329

To: Rep. Ryan Yamane, Chair
Rep. Scott Nishimoto, Vice-Chair
House Committee on Health

From: Paula Arcena
Director of Public Policy

Re: HB2087 Relating to Insurance (Exempting QUEST plans from paying interest under the clean claims act when delays are due to non-payment by government payers to QUEST plans.)

Thank you for the opportunity to offer our comments on HB2087.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

AlohaCare has been contracted by the Hawaii Department of Human Services since the QUEST program started in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 70,000 QUEST enrollees statewide.

As you are aware, last week DHS informed AlohaCare and other Medicaid health plans it will delay payments for at least three months starting April 2010 in order to prevent a deficit at the end of the fiscal year.

Since that announcement, AlohaCare has been engaged in discussions with other health plans and providers about how to address this issue. We are hopeful that these discussions will result in a solution that helps to make DHS a more reliable business partner in the long-term.

Thank you for this opportunity to testify.

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