

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

LATE Testimony

February 2, 2012

The Honorable John M. Mizuno, Chair
The Honorable Ryan I. Yamane, Chair

House Committees on Human Services and Health

Re: HB 2138 – Relating to Medicaid

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2138. While we understand the intent of this legislation, HMSA opposes this Bill.

HB 2138 mandates the Department of Human Services (DHS) to procure and implement a technology-based system to screen and verify the appropriateness of provider billing to prevent fraud, waste, and abuse in the QUEST and Children's Health Insurance programs. Inherent in this Bill is a misunderstanding of the Medicaid system's operation in Hawaii. The claims review process is not housed in DHS but with the individual plans that are contracted to implement the Medicaid program. Claims review must occur prior to the expenditure of funds – reimbursement to the providers by the plans. Having this new process that places the claims review process with DHS alters the whole system and lends itself to inefficiencies that will be counterproductive to the legislation's intent.

HMSA fully understands the need for the Medicaid program to have a system in-place to properly detect and prevent waste, fraud, and abuse. And, as a QUEST contractor, HMSA has a stringent, automated system that identifies questionable billings, not only for our government programs, but for all of our contracts. We have a Benefits Integrity Department that oversees this process that also includes vetting questionable claims and a formal appeals process.

We also note that the Bill does not include an appropriation, but suggests that the new system will be paid for from "savings achieved by this Act." This could only work if the contracted system vendor up-fronts the total cost of development and implementation of the new system and waits until savings are generated and the Legislature appropriates those savings to pay the vendor. That potentially could be years down the road.

However, that procurement model also raises the concern that the Bill will authorize the diversion of Medicaid dollars (from saving) to pay for the hardware, software, and administration of the DHS claims review system. That would be counterintuitive to the theory behind this legislation that poses that savings generated should be used to properly pay for direct services for Medicaid clients.

In addition, this Legislature last year authorized funding to match federal grant monies to finance the replacement of MedQUEST's antiquated eligibility system. With this investment already being made, why would DHS invest in a different, separate, internal claims review process?

Thank you for the opportunity to allow us to express our concerns and opposition to HB 2138.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark K. Oto".

Mark K. Oto
Director, Government Relations

Lehua Kinilau

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 02, 2012 10:18 AM
To: HUS testimony
Cc: Brenda.Kosky@gmail.com
Subject: Testimony for HB2138 on 2/2/2012 10:00:00 AM

LATE
Testimony

Testimony for HUS/HLT 2/2/2012 10:00:00 AM HB2138

Conference room: 329
Testifier position: Support
Testifier will be present: No
Submitted by: Brenda Kosky
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Submitted on: 2/2/2012

Comments:

LATE Testimony

Testimony for HUS/HLT 2/2/2012 10:00:00 AM HB2138

Conference room: 329

Testifier position: Support

Testifier will be present: Yes

Submitted by: Scott Wall

Organization: Individual

E-mail: robertscottwall@yahoo.com

Submitted on: 2/2/2012

Comments: