HOUSE OF REPRESENTATIVES TWENTY-NINTH LEGISLATURE, 2017 STATE OF HAWAII H.C.R. NO. 20(

## HOUSE CONCURRENT RESOLUTION

## REQUESTING THE INSURANCE COMMISSIONER TO REPORT ON CAPITATED PAYMENT MODELS BY HEALTHCARE INSURANCE PLANS.

1 2 2	WHEREAS, the Legislature finds that the health and welfare of all of the State's employees are important priorities of the State, and		
3	State; and		
4	WITTER O, the Otete and second is shown to subscree the		
5	WHEREAS, the State and counties strive to enhance the		
6	health of public employees by maximizing their health plan		
7 8	benefits and, at the same time, minimizing the costs of plans		
8 9	provided by the Hawaii Employer-Union Health Benefits Trust Fund (EUTF); and		
9 10	(EUIF); and		
10	WHEREAS, the preferred provider organization healthcare		
12	plans offered by EUTF to the 65,000 active State and county		
12	employees are provided by Hawaii Medical Service Association		
13	(HMSA); and		
15	(IFIDA), and		
16	WHEREAS, HMSA plans to convert their primary care provider		
17	reimbursement model from a fee-for-service to a capitated		
18	payment model by which the provider receives fixed monthly rate		
19	payments for each patient in the provider's practice; and		
20	paymented for each pacient in the provider 5 practice, and		
21	WHEREAS, HMSA anticipates that 90 percent of its 720,000		
22	member-subscribers will be immediately affected by the change		
23	and, by the year 2020, the entire State will be converted to the		
24	capitated payment model; and		
25			
26	WHEREAS, HMSA's objectives for the capitated payment model		
27	are to: improve the overall health of the population, provide		
28	quality treatment, and contain rising medical costs; and		



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1 2	WHER	EAS, HMSA asserts that the capitated payment model:	
- 3 4 5	(1)	Encourages medical providers to spend more time with the patients who need the most care;	
6 7 8 9 10	(2)	Provides flexibility in treating patients who require a lower level of care by encouraging consultation with and treatment of those patients by text message, electronic mail, or telephone; and	
11 12 13 14	(3)	Has providers encourage patients to participate in medical screenings, maintain a regular exercise regimen, and make healthy lifestyle choices; and	
15 16 17		EAS, critics claim that capitated payment models are al to quality patient care by:	
18 19 20	(1)	Rewarding medical providers who administer treatment to fewer patients at their facilities; and	
21 22 23 24	(2)	Discouraging medical providers from accepting new patients or treating patients who suffer from severe illnesses and require more resources; and	
25 26 27	WHEREAS, critics assert that capitated payment models create unfavorable business conditions that:		
28 29 30 31	(1)	Drastically reduce reimbursements to the providers and significantly increase the time required to satisfy HMSA's reporting requirements;	
32 33 34 35	(2)	Require substantial investment to upgrade information technology and increase overhead expense to retain more staff to process the additional documentation;	
36 37 38 39	(3)	Compel practitioners to decline to participate with the patient's HMSA coverage because of the low reimbursement rates; and	
59 40 41 42	(4)	Exclude independent practitioners from the marketplace and compel practitioners to consider closing their practice; and	



1 WHEREAS, the Insurance Commissioner is the State's expert on mutual benefit societies, accident and health or sickness 2 insurance, HMSA's financial condition, health insurance rate-3 4 making, health provider network adequacy, and mandatory health 5 insurance benefits, and is attuned to the healthcare insurance marketplace through complaints from and dialog with consumers, 6 healthcare providers, and healthcare insurers; now, therefore, 7 8 9 BE IT RESOLVED by the House of Representatives of the 10 11

10 Twenty-ninth Legislature of the State of Hawaii, Regular Session 11 of 2017, the Senate concurring, that the Insurance Commissioner 12 is requested to report on capitated payment models by healthcare 13 insurance plans; and 14

15 BE IT FURTHER RESOLVED that this report analyze the impacts 16 of HMSA's capitated payment model with regard to: 17

- (1) The quality and accessibility of healthcare for the patients;
- (2) The costs to operate healthcare provider businesses including independent healthcare providers, healthcare clinics, and hospitals;
- (3) The level of reimbursement to healthcare providers and
  whether the reimbursements are sufficient to ensure
  the viability of the provider's business;
- 29 (4) Whether the model deters the formation of new independent healthcare practices;
  - (5) EUTF's cost to procure healthcare plans; and
  - (6) HMSA's cost to provide healthcare plans and the consequences on healthcare insurance rates and premiums; and

BE IT FURTHER RESOLVED that the Insurance Commissioner
 submit a final report of findings and recommendations to the
 Legislature and conduct an informational briefing for
 legislators, all affected parties, and the general public no



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1 later than 20 days prior to the convening of the Regular Session 2 of 2018; and

BE IT FURTHER RESOLVED that the Legislature recommends that healthcare insurance carriers do not implement the capitated payment model unless the Insurance Commissioner's final report and the public support at the informational briefing favor the capitated payment model; and

BE IT FURTHER RESOLVED that certified copies of this
 Concurrent Resolution be transmitted to the Governor and the
 Insurance Commissioner.

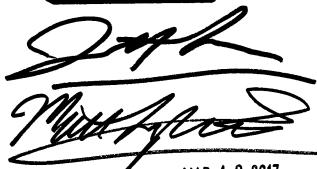
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