
HOUSE CONCURRENT RESOLUTION

REQUESTING THE INSURANCE COMMISSIONER TO REPORT ON ALTERNATIVE
PAYMENT MODELS BY MEDICARE AND HEALTHCARE INSURANCE PLANS.

1 WHEREAS, the Legislature finds that the health and welfare
2 of all of the State's employees and retirees are important
3 priorities of the State; and
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5 WHEREAS, the State and counties strive to enhance the
6 health of public employees and retirees by maximizing their
7 health plan benefits and, at the same time, minimizing the costs
8 of plans provided by the Hawaii Employer-Union Health Benefits
9 Trust Fund (EUTF); and
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11 WHEREAS, the preferred provider organization healthcare
12 plans offered by EUTF to the 65,000 active State and county
13 employees are provided by Hawaii Medical Service Association
14 (HMSA); and
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16 WHEREAS, HMSA plans to convert its 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
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21 WHEREAS, HMSA's objectives for the capitated payment model
22 are to improve the overall health of the population, provide
23 quality treatment, and contain rising medical costs; and
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25 WHEREAS, as of January 2017, 255,215 individuals in Hawaii
26 were enrolled in Medicare health insurance coverage and 180,754
27 were enrolled in Medicare Part D prescription drug coverage; and
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29 WHEREAS, for the reporting period ending on June 30, 2016,
30 there were 51,532 EUTF retiree beneficiaries and their



1 dependents enrolled in Medicare health insurance plans and
2 38,345 enrolled in Medicare prescription drug coverage; and
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4 WHEREAS, pursuant to the federal Medicare Access and CHIP
5 Reauthorization Act of 2015, Medicare is currently phasing out
6 its flawed payment calculation formula and implementing two
7 innovative frameworks for provider payments, the Merit-based
8 Incentive Payment System and Advanced Alternative Payment
9 Modules, to improve patient care and more fairly reimburse
10 providers; and
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12 WHEREAS, the Insurance Commissioner is the State's expert
13 on mutual benefit societies, accident and health or sickness
14 insurance, insurers' financial condition, health insurance rate-
15 making, health provider network adequacy, and mandatory health
16 insurance benefits, and is attuned to the healthcare insurance
17 marketplace through complaints from and dialog with consumers,
18 healthcare providers, and healthcare insurers; now, therefore,
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20 BE IT RESOLVED by the House of Representatives of the
21 Twenty-ninth Legislature of the State of Hawaii, Regular Session
22 of 2017, the Senate concurring, that the Insurance Commissioner
23 is requested to report on alternative payment model programs
24 being adopted by Medicare and local health insurance plans; and
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26 BE IT FURTHER RESOLVED that this report analyze the impacts
27 of alternative payment models with regard to:
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- 29 (1) The quality and accessibility of healthcare for
30 patients;
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- 32 (2) The costs to operate healthcare provider businesses
33 including independent healthcare providers, healthcare
34 clinics, and hospitals; and
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- 36 (3) The level of reimbursement to healthcare providers and
37 whether the reimbursements are sufficient to ensure
38 the viability of the provider's business; and
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40 BE IT FURTHER RESOLVED that the Insurance Commissioner is
41 requested to submit a final report of findings and
42 recommendations to the Legislature and conduct an informational
43 briefing for legislators and the general public no later than 20
44 days prior to the convening of the Regular Session of 2018; and



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

