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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND PERFORMANCE  
ASSESSMENT OF THE MANAGED-CARE ORGANIZATIONS THAT  
ADMINISTER THE STATE'S MEDICAID PROGRAM.

1           WHEREAS, Hawaii has long been a leader in advancing medical  
2 services and health care, advocating the importance of access to  
3 health care without discrimination, and implementing forward-  
4 thinking health care policies such as the Prepaid Health Care  
5 Act of 1974; and

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7           WHEREAS, it is in the best interest of the State for every  
8 Medicaid beneficiary to have publicly provided, high quality,  
9 and affordable health care; and

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11           WHEREAS, Hawaii's existing health care insurance system  
12 results in excessive prior authorizations, formulary  
13 restrictions, and networks with limited physician participation;  
14 and

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16           WHEREAS, this system also burdens physicians and hospitals  
17 with administrative demands such as pay-for-performance, pay for  
18 documentation, and capitation, all of which require much more  
19 detailed documentation and data reporting while controlling and  
20 restricting payment, particularly for primary care, resulting in  
21 physicians being driven out of practice or leaving the State;  
22 and

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24           WHEREAS, two of the largest cost drivers in health care in  
25 the United States and Hawaii are the high cost of prescription  
26 drugs and high administrative costs due to reliance on a  
27 competitive insurance business model that incentives denial and  
28 obstruction of care, micromanagement of doctors and hospitals,  
29 and attempts to avoid covering or paying for sicker and socially



1 disadvantaged patients and populations, resulting in disparities  
2 in access to care; and

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4 WHEREAS, as a result of the coronavirus disease 2019  
5 pandemic, thousands of Hawaii residents have lost their jobs and  
6 health insurance, making it critical for the State to support  
7 struggling families by ensuring preventive care and limiting  
8 out-of-pocket costs; and

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10 WHEREAS, negotiations between the health insurance industry  
11 and the Obama Administration in 2011 allowed health insurance  
12 plans to reclassify "medical management" costs as health care  
13 rather than administrative costs for the purposes of reporting  
14 medical loss ratios, enabling large administrative costs to be  
15 hidden; and

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17 WHEREAS, nationally, Medicaid managed care plans have been  
18 found to report participating provider lists that are grossly  
19 inaccurate, including listing many physicians who are no longer  
20 in practice and in some cases deceased, as well as listing many  
21 physicians who will not actually accept new patients covered by  
22 the Medicaid managed care plans; now, therefore,

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24 BE IT RESOLVED by the House of Representatives of the  
25 Thirty-first Legislature of the State of Hawaii, Regular Session  
26 of 2022, the Senate concurring, that the Auditor is requested to  
27 conduct a financial and performance analysis of the managed care  
28 organizations that administer the State's Medicaid program; and

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30 BE IT FURTHER RESOLVED that as part of the financial  
31 analysis, the Auditor is requested to audit the amount paid for  
32 health care and the amount paid for administrative services, in  
33 particular separating "medical management" administrative costs  
34 and the administrative costs of payment reforms from payments to  
35 providers for the provision of health care; and

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37 BE IT FURTHER RESOLVED that the Auditor is also requested  
38 to assess network adequacy among Medicaid managed care plans by  
39 conducting "secret shopper" surveys to determine how many  
40 physicians the plans claim to be network providers are actually  
41 accepting Medicaid patients; and

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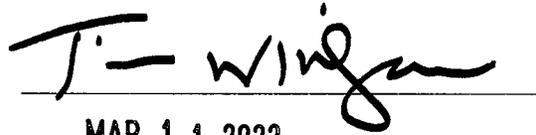


1 BE IT FURTHER RESOLVED that the Auditor is requested to  
2 assess the extent of upcoding by Medicaid managed care plans to  
3 increase payments from Hawaii Med-QUEST based on risk adjustment  
4 formulas that reward over-diagnosis; and

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6 BE IT FURTHER RESOLVED that the Auditor is requested to  
7 submit a report of the Auditor's findings and recommendations,  
8 including any proposed legislation, to the Legislature no later  
9 than twenty days prior to the convening of the Regular Session  
10 of 2023; and

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12 BE IT FURTHER RESOLVED that certified copies of this  
13 Concurrent Resolution be transmitted to the Auditor, Director of  
14 Human Services, and Administrator of the Med-QUEST Division of  
15 the Department of Human Services.

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18 OFFERED BY:



MAR 11 2022

