
HOUSE 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
6

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
10

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
15

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
23

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
30 disadvantaged patients and populations, resulting in disparities
31 in access to care; and
32



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

6
7 WHEREAS, negotiations between the health insurance industry
8 and the Obama Administration in 2011 allowed health insurance
9 plans to reclassify "medical management" costs as health care
10 rather than administrative costs for the purposes of reporting
11 medical loss ratios, enabling large administrative costs to be
12 hidden; and

13
14 WHEREAS, nationally, Medicaid managed care plans have been
15 found to report participating provider lists that are grossly
16 inaccurate, including listing many physicians who are no longer
17 in practice and in some cases deceased, as well as listing many
18 physicians who will not actually accept new patients covered by
19 the Medicaid managed care plans; now, therefore,

20
21 BE IT RESOLVED by the House of Representatives of the
22 Thirty-first Legislature of the State of Hawaii, Regular Session
23 of 2022, that the Auditor is requested to conduct a financial
24 and performance analysis of the managed care organizations that
25 administer the State's Medicaid program; and

26
27 BE IT FURTHER RESOLVED that as part of the financial
28 analysis, the Auditor is requested to audit the amount paid for
29 health care and the amount paid for administrative services, in
30 particular separating "medical management" administrative costs
31 and the administrative costs of payment reforms from payments to
32 providers for the provision of health care; and

33
34 BE IT FURTHER RESOLVED that the Auditor is also requested
35 to assess network adequacy among Medicaid managed care plans by
36 conducting "secret shopper" surveys to determine how many
37 physicians the plans claim to be network providers are actually
38 accepting Medicaid patients; and

39
40 BE IT FURTHER RESOLVED that the Auditor is requested to
41 assess the extent of upcoding by Medicaid managed care plans to



1 increase payments from Hawaii Med-QUEST based on risk adjustment
2 formulas that reward over-diagnosis; and
3

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

10 BE IT FURTHER RESOLVED that certified copies of this
11 Resolution be transmitted to the Auditor, Director of Human
12 Services, and Administrator of the Med-QUEST Division of the
13 Department of Human Services.
14
15
16

OFFERED BY:

T. Wing

MAR 11 2022

