

MAR 11 2022

SENATE 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



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

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

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



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

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

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

OFFERED BY: Jan Acasis

