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HOUSE COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS
The Honorable Ryan I. Yamane, Chair
The Honorable Adrian K. Tam, Vice Chair

H.B. NO. 2032, RELATING TO HEALTH

Hearing: Thursday, February 3, 2022, 9:00 a.m.

The Office of the Auditor appreciates the opportunity to testify on H.B. No. 2032, requiring the auditor to conduct a study of the managed care organizations that administer the Medicaid program in the state, and offers the following comments.

Specifically, the bill directs that the study shall include:

1. A financial analysis of managed care organizations that administer the Medicaid program by auditing:
    A. Amounts paid for direct health care services, including laboratory and other testing services;
    B. Amounts paid for quality improvement under the federal Patient Protection and Affordable Care Act; and
    C. Amounts paid for administrative services, including a breakdown of:
        i. Medical management administrative costs;
        ii. Payment reform administrative costs; and
        iii. Payments to providers of health care;
2. An assessment of network adequacy among Medicaid managed care plans, by conducting "secret shopper" surveys to determine how many physicians the plans claim to be network providers are actually accepting patients insured by the Medicaid managed care plans; and
3. An assessment of the extent of upcoding by Medicaid managed care plans to increase payments from Hawaiʻi med-QUEST based on risk adjustment formulas that reward an overdiagnosis.

It is our general understanding that Medicaid services are delivered through private health plan providers. As such, the bill would require us to evaluate private managed care organizations.

The Office of the Auditor was established to conduct audits of departments, offices, and agencies of the state and its political subdivisions.

Our work primarily involves audits to assess a department or program's performance of its statutory duties, meaning we evaluate a department or program's operations against appropriate criteria, such as relevant statutes, administrative rules, policies, procedures, and best practices, to

assist the Legislature and the agencies with improving program performance, reducing costs, and facilitating greater efficiency in state government.

We suggest the resources of our office, where possible, are best spent evaluating state programs and state agencies. That is the type of work we are best equipped to perform, i.e., performance audits, and where we believe we provide the most value to the Legislature. We suggest that the Department of Human Services, Med-QUEST Division or the Legislative Reference Bureau may be better suited to perform the proposed study.

Thank you for considering our testimony related to H.B. No. 2032.

DAVID Y. IGE
GOVERNOR

CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 1, 2022

TO: The Honorable Representative Ryan I. Yamane, Chair
House Committee on Health, Human Services, & Homelessness

FROM: Cathy Betts, Director

SUBJECT: **HB 2032 – RELATING TO HEALTH.**

Hearing: Thursday, Feb. 3, 2022, 9:00 a.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) provides comments with concerns.

PURPOSE: The purpose of the bill is to require the auditor to conduct a comprehensive study of the managed care organizations that administer the Medicaid program in the State.

The Department of Human Services, Med-QUEST Division (MQD), takes seriously its mission to develop, promote, and administer innovative and high-quality healthcare programs with aloha. This work includes robust oversight of the QUEST Integration health plans while working in partnership to best serve the community. Of note, most of the requested review activities are already being done. For example, MQD and their contracted actuaries already evaluate the medical loss ratios (costs of administration vs. payments for healthcare services and providers) and analyze the data for any unusual trends.

Additionally, the current managed care contracts, effective 7/1/2021, with the five health plans serving the Medicaid population, include a requirement for all health plans to conduct Timely Access/Secret Shopper surveys using an independent contractor. MQD and the health plans are in the final stages of the procurement for this contractor. The required

External Quality Review Organization conducts comprehensive reviews of health plan quality assurance activities, utilization management, and performance improvement activities. Annual member surveys are done for each health plan, alternating between child and adult member surveys. The information is submitted to the federal oversight agency, the Centers for Medicare and Medicaid Services, which conducts its own audits and reviews of the managed care plans. Given the various reports and oversight activities already in place, DHS is concerned that a comprehensive review by the auditor would be redundant and not an effective use of their resources.

Thank you for the opportunity to testify on this measure.

An Independent Licensee of the Blue Cross and Blue Shield Association

February 1, 2022

The Honorable Ryan I. Yamane, Chair
The Honorable Adrian K. Tam, Vice Chair
House Committee on Health, Human Services, & Homelessness

Re: HB 2032 – Relating to Health

Dear Chair Yamane, Vice Chair Tam, and Committee Members:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2032, which requires the auditor to conduct a comprehensive study of managed care organizations that administer the Medicaid program in the State.

HMSA appreciates the intent of this measure to increase transparency and health care cost-savings; however, there are many efforts in place to ensure a focus in these areas. Health insurance is heavily regulated at both the state and federal levels.

Hawaii's QUEST health plans are routinely audited by the state's external quality review organization and are required to maintain accreditation with the National Committee for Quality Assurance (NCQA). The QUEST health plans also regularly submit reports to Med-QUEST and the Centers for Medicare and Medicaid Services (CMS) where they are required to consistently demonstrate savings in managed care programs.

In addition to the requirements of the managed care program, HMSA also offers supplemental programs for Medicaid members to manage their health and safety, including programs for maternity, well-being resources, health education workshops, mail-order pharmacy, smoking cessation, and identity protection. Medicaid members may take advantage of these supplemental programs in addition to their standard plans.

Thank you for the opportunity to submit comments on HB 2032.

Sincerely,

Matthew W. Sasaki
Assistant Vice President
Government & External Relations

February 1, 2022

To: The Honorable Ryan I. Yamane, Chair,
The Honorable Adrian K. Tam, Vice Chair, and
Members of the House Committee on Health, Human Services, and Homelessness

Re: **HB 2032 – Comprehensive Study of Managed Care in Hawaii Medicaid**

Hearing: Thursday, February 3, 2022, 9:00 a.m., Room 325 & videoconference

Position: Strong support, with possible amendment

Aloha Chair Yamane, Vice Chair Tam, and members of the House Committee on Health, Human Services and Homelessness:

The Health Committee of the Democratic Party of Hawai‘i strongly supports HB 2032. This measure would require the auditor to conduct a comprehensive study of managed care organizations that administer the Medicaid program in the State of Hawai‘i.

The Health Committee of the Democratic Party of Hawai‘i has had concerns, ever since it was organized four years ago, about the role of profit-making health insurers in administering our government-sponsored and/or government-supported health delivery systems. Medicaid is one of the key systems that attract our concern, especially because it delivers, or tries to deliver, medical services to about 400,000 Hawai‘i residents – nearly one-third of the State’s entire population, and also because a role for private insurance has been mandated by the federal government in the program.

Quite simply, Hawai‘i Medicaid (Med-QUEST) involves at least TWO BILLION DOLLARS per year in contracts to private health insurers to “manage” the healthcare of nearly one-third of Hawai‘i’s population. Roughly half of those funds come from locally generated State revenues, and the other half comes from the federal government.

Private health insurers bid on contracts through the RFP process and receive contracts for tranches of insured clients. Those clients do have limited opportunities to opt out of one insurer's program and be assigned to another. But the vast majority stay where they are assigned. The private health insurers then place their clientele into "Managed Care Organizations," typically if not always managed by an insurance person, not a medical doctor, who makes the judgment calls about what treatments the insurance company will allow the client to receive, and under what conditions. Although appeals are possible, the onus is on the client to fight a decision that he/she considers inappropriate.

As far as we are aware, Hawaii Medicaid's MCOs have never been audited. Even though experiences throughout the U.S. Mainland have shown that many private health insurers that have been operating MCOs have been abusing their powers. And, further, those States that have shaken loose from the MCO model and have adopted an enhanced Primary Care Case Management (ePCCM) system with contracted Administrative Services Organizations (ASOs), have achieved three remarkable gains: (1) overall cost savings; (2) better service to the Medicaid clientele in their respective States; and (3) better treatment of the medical professionals who have been working in the system, reducing the outflow of unhappy doctors – a situation that is seriously plaguing the State of Hawai'i, and especially the Neighbor Islands.

One key difference is that ePCCM systems are managed by medical professionals, not insurance companies.

For example, Oklahoma ran Medicaid programs through MCOs in some counties and with PCCM in others and found PCCM to be more cost effective. Connecticut converted a well-established MCO program to ePCCM in 2012, and achieved substantial improvement in physician participation, reduced ER and hospital utilization, 14% *lower* per-member per-month (pmpm) costs in 2018 compared to 2012, and dramatic reduction in administrative costs from 20-25% under MCOs (using accounting rules in place prior to 2011 that included "medical management" and quality improvement as administrative costs) to 2.8% under ePCCM, including the cost of administrative services-only contracts with three ASOs (one each for medical, dental and behavioral health).

Moreover, on the U.S. Mainland, numerous problems and violations have been reported regarding MCOs. We have already noted that MCOs often classify administrative work as "healthcare," even when it is not. In addition, "secret shopper" surveys have found that doctors - especially specialists - listed by health insurers as being available to serve Medicaid patients are either retired, deceased, or not taking new Medicaid patients. This creates "ghost networks" of physicians who are on record as being available to Medicaid patients, but who are not. There is also the problem of "upcoding" of diagnoses, where insurers charge more than is warranted by describing a patient's condition as being worse than it really is. Further, MCOs may be able to charge the Medicaid administration on a "capitation" basis - charging a certain basic amount per patient as a floor for payment to the MCO, even if the patient is never actually served. These are all critical factors for an audit to determine whether a given MCO is engaging in such improper practices.

Our medical care situation in **Hawai‘i** is dire, and what is happening in Hawai‘i Medicaid is having a strong influence on the remainder of Hawai‘i’s healthcare delivery systems.

You will undoubtedly see objections to this bill from the Hawai‘i Medicaid administration and from the health insurers who are profiting greatly from the MCO model. They will say that the MCOs are all spending “at least 93 percent or more of their premiums on medical care.” We appreciate that this figure may be what they are reporting, but we have serious questions about the categorization of “medical costs” versus administrative costs, given that for-profit MCOs must regularly produce profits exceeding 7% to stay in business, and this does not include their high administrative costs (including executive salaries). In Connecticut, the United Healthcare MCO, two years before its termination, reported “Medical Loss Ratios” of 86% for Medicaid and 62% for its CHIP program.

A 2011 change in federal accounting rules now allows Managed Care Organizations to count anything they can call “medical management” as “health care,” not administration, for the purposes of calculating their Medical Loss Ratios. We would like to work with you to get more granular reporting on this critical data point. (A “Medical Loss Ratio” reflects the amount that the insurer pays for services and benefits to clients. In other words, anything that is not a profit for them, they see as a “loss”, not as a service that they owe to their clients.)

Fundamentally, the People of Hawai‘i need to know, and have every right to know, what levels of actual profits the private health insurers take from the Medicaid program, and we need to know, and have every right to know, how the Hawai‘i Medicaid program can be managed in a manner that would more effectively improve services to clients, treat the medical professionals better, and save taxpayer money overall. There is a lot more that we could say, but legislative testimony is supposed to be brief. We are always available to answer questions and engage in further dialogue.

We are advised by the State Auditor that the kind of audit that this bill seeks to create is not best done by his office, but rather should be contracted out. Accordingly, the Committee may wish to amend the bill to provide for the Auditor to contract out the Audit or for another entity, such as the Legislative Reference Bureau, to contract out the Audit.

Thank you very much for the opportunity to testify on this very important bill. Please pass it.

Respectfully yours,

/s/ *Melodie R. Aduja*
Melodie R. Aduja
Chair, Health Committee
Democratic Party of Hawai‘i
Contact: legislativepriorities@gmail.com (808) 258-8889

/s/ *Stephen B. Kemble, M.D.*
Stephen B. Kemble, M.D.
Member of the Hawai‘i Health Authority and
Member of the Health Committee
Democratic Party of Hawai‘i

/s/ *Marion Poirier, R.N.*
Marion Poirier, R.N.
Vice Chair, Health Committee
Democratic Party of Hawai‘i

/s/ *Alan B. Burdick, Esq.*
Alan B. Burdick, Esq.
Treasurer, Health Committee
Democratic Party of Hawai‘i

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MAILING ADDRESS
P.O. Box 23404
Honolulu
Hawaii 96823

February 2, 2022

TO: Chair Yamane and Members of the Health, Human Services, & Homelessness Committee

RE: HB 2032 Relating to Health

Support for hearing on February 3

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support this bill as it would require the Auditor to conduct a comprehensive study of managed care organizations that administer the Medicaid program in the State.

Health insurance companies nation-wide engage in systemic fraud called 'up-coding.' We need to know how much the State of Hawaii is overpaying MedQuest Hawaii's contractors for their regular practice of 'up-coding.'

We are not wedded to the Auditor doing the study and would accept the Legislative Reference Bureau if the Auditor opposes this bill.

Thank you for your favorable consideration.

Sincerely,

John Bickel, President

Restore the Commons

Thursday, February 3, 2022, 9:00 am

House Committee on Health, Human Services, and Homelessness

HOUSE BILL 2032 – RELATING TO HEALTH

Position: Support

Me ke Aloha, Chair Yamane, Vice-Chair Tam, and Members of the Committee on Health, Human Services, and Homelessness

HB 2032 Requires the Auditor to conduct a comprehensive study of managed care organizations that administer the Medicaid program in the State.

This bill is essential to medical professionals, patients, and taxpayers alike due to steadily increasing costs that turn out to be unnecessary. Our MedQuest Hawaii program is allowed by the Affordable Care Act to count certain administrative costs as "medical care". Unfortunately, our nationwide research has found that many of these administrative costs actually represent insurance industry meddling into physicians' professional medical judgment, in the name of "risk assessment", often contrary to best and least-cost medical judgment. The untenable result is that patients are being denied care, denied timely care that is more protective and more cost-saving, treatments improperly delayed in the name of "caution" while insurance personnel without medical judgment exercise non-medical oversight that can be contrary to best medical practice.

The result of this meddling can be more expensive treatment later on, more pressure on emergency rooms, and rising hospital costs, while medical professionals are both being denied their own best professional judgment but also forced to invest in time-consuming and costly office staff and time taken away from patients for administrative paperwork to justify professional medical judgement. We are losing medical professionals, a serious drain of medical staffs to states where these meddling practices are prevented.

MedQuest Hawaii under the current leadership is using the Affordable Care Act enabled insurance accounting to incorporate administrative expenses as part of "medical care" to assert that a high percentage of total costs are "medical care" and therefore they are being very efficient and cannot save more. These administrative costs should not be counted as medical costs, and a proper audit would separate them from the true "medical loss ratio", which is the correct way to express what is truly medical care. The distinction is well known by the insurance industry; the given statistic is meant to mislead. We are confident that an audit would demonstrate what we know is the same pattern from across the country. We have tried to provide our ample research to legislators and administrators alike, but have been rebuffed by well-financed insurance representatives.

Health insurance companies nationwide engage in systemic fraud called 'up-coding.' We need to know how much the State of Hawaii is overpaying MedQuest Hawaii's contractors for their regular practice of 'up-coding.' This is money we could be saving, and our estimate runs to the millions of dollars annually.

The Hawaii Health Authority, under HRS 322-H, has been bypassed in the performance of its statutory responsibility in the eagerness to get on board with the Affordable Care Act, widely understood to be a huge boon to the insurance industry. We seek an honest representation of medical costs and a simplified administrative system proven across the country to save major public expense and assure better medical care. We believe the voters need to know.

Mahalo for the opportunity to address this issue,

Charley Ice, Hoa'āina; and member of the Health Committee of the Hawaii Democratic Party

HB-2032
Submitted on: 2/1/2022 4:11:30 PM
Testimony for HHH on 2/3/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Will Caron	Individual	Support	No

Comments:

Please support this measure. Currently, our MedQuest Hawai‘i program is allowed by the Affordable Care Act to classify an unknown amount of Medical Management costs as "Medical." Physicians are entirely capable of providing patient care without Medical Managers micro-managing their patient care. This makes me question whether or not it is actually true that “93% of Medicaid dollars in Hawai‘i are spent on Medical costs, leaving very little, if any, room for savings from simplifying health insurance administration,” as was stated by MedQuest Hawai‘i's Judy Mohr Peterson.

Both Peterson and Dr. Mark Mugiishi, CEO of HMSA, cite that statistic when they argue against recommendations of the Hawai‘i Health Authority for simplifying the financing of health insurance. Therefore, it is necessary for the state to ascertain exactly how much non-medical cost is currently being classified as "medical."

Health insurance companies nation wide engage in systemic fraud called "up-coding." We need to know how much the State of Hawai‘i is overpaying MedQuest Hawai‘i’s contractors for their regular practice of "up-coding."

With the above information made public, the rationale for supporting the Hawai‘i Health Authority’s mission of replacing our costly insurance companies with administratively honest and efficient health insurance companies which all utilize the same administrative system will be compelling to every voter in Hawai‘i.

HB-2032
Submitted on: 2/1/2022 4:15:55 PM
Testimony for HHH on 2/3/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Thomas Brandt	Individual	Support	No

Comments:

RE HB 2032 *Requires the auditor to conduct a comprehensive study of managed care organizations that administer the medicaid program in the State.*

Chair Yamane and members of the House Committee on Health, Human Services, and Homelessness:

Please support this important bill.

At present, no independent oversight mechanism exists to determine if Hawaii's Medicaid providers categorize excessive administrative costs as "health care" when the claim is made that administration accounts for only 7% of the cost of Medicaid for Hawaii taxpayers.

Therefore, it is necessary for the State to ascertain exactly if, and how much, non-medical costs are being classified as medical.

Additionally, health insurance companies nationwide engage in systemic fraud called ‘up-coding.’ We need to know if and how much the State of Hawaii is overpaying MedQuest Hawaii’s contractors for up-coding.

This information is essential to demonstrate how supporting the Hawaii Health Authority’s mission of requiing all Medicaid providers to use the same simplified administrative and billing system could substantially reduce the cost of Medicaid for Hawaii's taxpayers.

Thank you for your time and consideration.

Aloha,

Thomas Brandt

HB-2032
Submitted on: 2/1/2022 4:21:14 PM
Testimony for HHH on 2/3/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Keith Neal	Individual	Support	No

Comments:

We must safeguard affordable access to health care.

I support an auditor conducting a comprehensive study of organizations that administer the medicaid program in the State. For the health and function of the state system, undue enrichment and fraud must be found and banished.

Such an audit should be done frequently.

HB-2032
Submitted on: 2/1/2022 4:32:04 PM
Testimony for HHH on 2/3/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Martha Randolph	Individual	Support	No

Comments:

Dear committee members

As a member of the Health Committee of the Democratic Party of Hawaii I have seen the evidence that shows how insurance companies whether considered non-profit or for profit, take advantage of the Medicare and Medicaid systems to increase the amounts of any insured persons allotment of health coverage which they can claim for themselves.

There is a pattern of billing adminiatrative costs as medical costs which would be uncovered by an official audit. Those billings are cleverly disguised but they are not justified and need to be looked into.

I have seen some questionable practices by my own insurance carrier, where they pay a third party to confirm a doctors perscription as being correct but which I have been recieving for at least 5 years. It was an unnecessary action which has happen twice in 2020 and 2021. They pay a thiird party to review all medical requests for basic proceedures and if refused I can challange the finding and win. But how much did the insurance company charge the state or Federal government for hiring the third party whose ruling was overturned? The amount would have been much more that what they paid the third party.

In addition, Medicare and Medicaid are providing additional funds for over the counter pharmacy goods and for healthy food. Apparently each insurance company offers clients a different amount of those funds in a different manner and always put a useage time limit on them so that the company can take unsued funds for themselves. This can be monthly or quarterly, but they do not let the amounts roll over from month to month or by the quarter.

The first step in saving the State massive amounts of money going into insurance pockets is to audit the books and find out exactly what the state is being billed for and why, and if it is a legitamate billing. I believe you will all be surprised by the results of such an audit.

Sincerely

Martha E Randolph

President of Democratic Precinct 4 District 25

DPH Kupuna Caucus Treasurer

DPH Environmental Caucus SCC Representative

To: The Honorable Ryan I. Yamane, Chair, The Honorable Adrian K. Tam, Vice Chair, and Members of the House Committee on Health, Human Services, and Homelessness

Re: **HB 2032 – Comprehensive Study of Managed Care in Hawaii Medicaid**

Hearing: Thursday, February 3, 2022, 9:00 a.m., Room 325 & videoconference

Position: Strong support, with possible amendment

Aloha Chair Yamane, Vice Chair Tam, and members of the House Committee on Health, Human Services and Homelessness:

Please pass HB2032.

An audit of the private contractors for Medicaid is required because there is a difference of fact about whether or not they are providing good value for the budget they receive from the state.

In the opinion of Judy Peterson, Director of MedQuest Hawaii, MQD is doing a good job, and she often cites a particular statistic to prove her case: “93% of Medicaid dollars in Hawaii are spent on medical costs, leaving only 7% for administration, so there is very little, if any, savings to be had from administrative simplification.”

However, what Director Peterson does not say is that the ACA allows insurers to report Medical Management as a medical cost. In fact, Medical Management is a non-medical cost. Therefor, there is an unknown amount of money being spent on non-medical costs and Mrs. Peterson is not reporting that amount to the legislature when she asserts that “there is very little, if any, savings to be had from administrative simplification.”

Proponents of the Hawaii Health Authority argue that Hawaii has a physician shortage because physicians in private practice cannot afford the increases in administrative costs which have occurred over the past decade. Given the fact that their admin overhead was lower prior to recent increases in insurance financing complexity, it is reasonable to assume that increased financing/bureaucratic complexity is the cause of increased administrative costs. It is also reasonable to assume that part of the increase in costs is due to buying new software required to submit

invoices for changes in payment procedures and being forced by new admin requirements to hire additional medical billers are also causes of the cost of business for private practice physicians going up. Which is why they have quit private practice. Then they either retire, leave the state, or go to work for a hospital where the cost of healthcare is higher. This is leaving the state with a growing physician shortage, especially in rural areas.

However, Director Peterson, Senator Baker, and Dr. Mark Mugiishi, CEO of HMSA, and other insurance officials all maintain the same position: “there is very little, if any, savings to be had from administrative simplification.”

Proponents of simplifying health insurance financing have been asking members of the legislature to take a look at data which shows the big picture of health insurance costs as well as the nitty gritty details, but, we do not have access to the actual amount of non medical Medical Management which MedQuest Hawaii’s private contractors classify as medical.

Opponents of the Hawaii Health Authority simply claim that “HHA proponents claims of savings from simplifying admin are not realistic”, and leave it at that, or, as in the case of the “93%” stat, they actually cite some evidence.

Well, let’s please take a closer look at the evidence offered by MQD.

IF MQD would simply provide a break down of how much of its Medical Management budget is classified as medical, this bill would not be necessary.

Please call up Judy Peterson and ask her for those figures. Not just summaries. The entire balance sheet, for proof of exactly how Medicaid’s two billion + budget is being spent, with an emphasis on the cost of Medical Managers.

Then please ask her to comment on how much of MQD’s budget is spent on upcoding. Upcoding is a well known and ongoing status quo in the health insurance industry. An audit will be able to identify if and how much upcoding has been billed to the state by the five private

contractors for MQD. Protections against upcoding and increased criminal penalties for insurance fraud are needed.

Whether the state auditor or the LRB or a special forensic accountant hired specifically for this specific job conducts the audit, it is essential that the entity which conducts the audit be independent of influence from the health insurance and pharmaceutical industry, have MD level medical qualifications, and have an expert knowledge of health insurance billing. An MD is required to be a part of the team in order to clarify whether Medical Management functions are medical or non medical. In many instances, insurance companies are actually making medical decisions without a medical license, hence the need for an objective audit by people with the necessary qualifications and independence.

For additional evidence of the need to challenge MQD's numbers, please look at the success Connecticut with their Medicaid department. CT Medicaid Dept was sued with a FOIA request twice for the data we seek with this audit, and when it was provided, the CT legislature agreed to fire their private contractors for Medicaid, design an admin-simple ASO (Administrative Services Only) insurance company business plan, and then rehire a couple of them who agreed to operate based on the ASO plan required by the state. The result was a 14% decrease in administrative spending in the CT Medicaid Dept and an increase in provider participation. Remember, if you reduce insurer admin cost, you are also reducing provider admin cost.

On this topic, Director Peterson was kind enough to engage in a three email back and forth with proponents of the Hawaii Health Authority and one of the architects of CT's success. However, she declined to respond in relevant substance to any of our claims, and chose instead to obfuscate with irrelevant non substance. These emails can of course be made available to the public for whomever wishes to read them.

I apologize for casting aspersions. Honest people can disagree for honest reasons. However, I believe the people of Hawaii deserve to know how much of MQD's budget is being misclassified as Medical so that the legislature can then have an accurate assessment of the costs and benefits.

That accurate assessment would then lend itself to a more accurate assessment of HMSA's administrative costs. In that light, choosing a healthcare insurance reform path based on simplifying the financing of health insurance would look overwhelmingly more appealing than if your primary source of insurance information is from the insurance industry.

This is the position of proponents of the Hawaii Health Authority: Single Payer style health insurance makes fiscal and personal sense and Hawaii can move quickly towards a virtual state based single payer system IF the legislature had CORRECT data on the costs of our current health insurance.

Mahalo for your time.

Please contact members of the DPH Health Committee for greater detail on this matter.

Dennis B Miller

www.m4ahi.org

Hawaii Association of Health Plans

February 1, 2022

The Honorable Ryan I. Yamane, Chair
The Honorable Adrian K. Tam, Vice Chair
House Committee on Health

House Bill 2032 – Relating to Health

Dear Chair Keohokalole, Vice Chair Baker, and Members of the Committee:

The Hawaii Association of Health Plans (HAHP) appreciates the opportunity to testify on HB 2032. HAHP is a statewide partnership of Hawaii's health plans and affiliated organizations to improve the health of Hawaii's communities together. The vast majority of Hawaii residents receive their health coverage through a health plan associated with one of our organizations.

HAHP believes that affordable, quality health care should be accessible to all individuals in Hawaii. QUEST health plans are required to provide regular reports to both the Med-QUEST Division and the Centers for Medicare and Medicaid Services (CMS) where they are required to include consistent demonstration of savings in managed Medicaid programs. The QUEST health plans are also routinely audited by the state's external quality review organizations and are required to maintain National Committee for Quality Assurance (NCQA) accreditation.

The Med-QUEST Division continuously monitors to ensure provider access and availability. Acuity risk adjustment to capitation rates is in place for the non-aged/blind/disabled Medicaid populations to adjust payments to a QUEST health plan's member mix and in aggregate, the risk factor adjustment to the state is zero.

It is also important to note that health plans do not code. Health providers code on claims submitted to the health plans.

Thank you for allowing us to provide comments on HB 2032.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members