

---

## HOUSE CONCURRENT RESOLUTION

---

REQUESTING THE AUDITOR TO CONDUCT A MANAGEMENT AND FINANCIAL  
AUDIT OF THE STATE'S MEDICAID HEALTH CARE INSURANCE  
CONTRACTORS ON A BIENNIAL BASIS.

1 WHEREAS, the effective oversight of managed care  
2 organizations that are under contract with the Department of  
3 Human Services to provide managed care health insurance plans  
4 under the State's Medicaid Managed Care Program is essential to  
5 ensure the proper use of public funds and the delivery of  
6 quality health care services to Medicaid beneficiaries; and  
7

8 WHEREAS, the Auditor plays a critical role in providing  
9 this oversight by conducting audits to assess the performance,  
10 compliance, and financial integrity of entities that receive  
11 state funds; and  
12

13 WHEREAS, Medicaid is a significant component of the State's  
14 budget and ensuring the integrity and efficiency of Medicaid  
15 health care insurance contractors is crucial for the  
16 sustainability of the State's Medicaid Managed Care Program; and  
17

18 WHEREAS, given the complexity and scale of Medicaid  
19 operations, it is imperative to have a robust audit mechanism to  
20 identify and address any issues related to financial management,  
21 service delivery, and compliance with federal and state  
22 regulations; and  
23

24 WHEREAS, the Medicaid Program Integrity Manual, published  
25 by the federal Centers for Medicare and Medicaid Services (CMS),  
26 outlines the importance of audits in identifying and addressing  
27 Medicaid fraud, waste, and abuse, and emphasizes the need for  
28 proactive project development and collaboration between state  
29 agencies and auditors to ensure program integrity; and  
30

31 WHEREAS, a report by the United States Government  
32 Accountability Office published on September 21, 2023, also



1 highlights the critical role of state auditors in Medicaid  
2 oversight; found that state auditors identified an average of  
3 over three hundred Medicaid audit findings per year, including  
4 overpayments and payments to ineligible providers; and noted  
5 that nearly sixty percent of Medicaid audit findings were  
6 repeated from the prior year, indicating the need for more  
7 effective corrective actions; and

8  
9 WHEREAS, specific incidents in the State also highlight the  
10 need for rigorous audits of its Medicaid health care insurance  
11 contractors. For example, the Department of Human Services  
12 identified multiple cases of Medicaid overpayments due to  
13 provider ineligibility, noncovered services, and lack of prior  
14 authorization in 2021 and 2022; and

15  
16 WHEREAS, a 2023 CMS focused program integrity review found  
17 that the State's Medicaid Managed Care Program had several areas  
18 needing improvement in terms of fraud, waste, and abuse  
19 prevention, identifying issues such as inadequate oversight of  
20 managed care organizations; insufficient and ineffective  
21 mechanisms to detect and prevent fraud within managed care  
22 payments, including issues with incorrect fee-for-service  
23 payments and inaccurate state payments to managed care  
24 organizations; and lack of coordination between state agencies  
25 and managed care organizations, leading to inefficiencies and  
26 potential financial losses; and

27  
28 WHEREAS, although a memorandum of understanding between the  
29 Department of Human Services and Department of Health was  
30 established to improve coordination and alignment, challenges  
31 remain; and

32  
33 WHEREAS, the findings of the 2023 CMS focused program  
34 integrity review report necessitate a state audit to address the  
35 identified issues and ensure the integrity and efficiency of the  
36 State's Medicaid Managed Care Program; and

37  
38 WHEREAS, the Auditor has had legal authority since 1975 to  
39 audit Medicaid health care insurance contractors but has never  
40 exercised this authority, making these audits long overdue; and  
41



1 WHEREAS, auditing the State's Medicaid health care  
2 insurance contractors will promote transparency; ensure Medicaid  
3 funds are used appropriately and for their intended purpose;  
4 ensure Hawaii's Medicaid beneficiaries are receiving the  
5 requisite quality of care; ensure compliance with all applicable  
6 state and federal laws, regulations, and contractual  
7 obligations; and improve the efficacy and effectiveness of  
8 Medicaid health care insurance contractors, leading to better  
9 health care outcomes for beneficiaries; now, therefore,

10  
11 BE IT RESOLVED by the House of Representatives of the  
12 Thirty-third Legislature of the State of Hawaii, Regular Session  
13 of 2025, the Senate concurring, that the Auditor is requested to  
14 conduct a management and financial audit of the State's Medicaid  
15 health care insurance contractors on a biennial basis; provided  
16 that the first audit is requested to be conducted within six  
17 months of July 1, 2025; and

18  
19 BE IT FURTHER RESOLVED that all audits are requested to:

- 20  
21 (1) Assess the financial integrity, performance, and  
22 compliance with all applicable federal and state laws,  
23 regulations, and contractual obligations of each  
24 Medicaid health care insurance contractor; and  
25  
26 (2) Review documents, including but not limited to any  
27 books, records, or other evidence, related to the  
28 financial and operational activities of each Medicaid  
29 health care insurance contractor; and  
30

31 BE IT FURTHER RESOLVED that all Medicaid health care  
32 insurance contractors are requested to cooperate with and assist  
33 the Auditor as needed in conducting the audit, including  
34 promptly providing all records, documents, and any other  
35 information requested by the Auditor during the audit; and  
36

37 BE IT FURTHER RESOLVED that the Auditor is requested to  
38 submit a report of findings and recommendations to the Governor,  
39 Legislature, and Director of Human Services no later than twenty  
40 days prior to the convening of the Regular Session of 2027, and  
41 every Regular Session thereafter following the year in which an  
42 audit is conducted; and



1  
2 BE IT FURTHER RESOLVED that the Auditor may conduct  
3 additional audits as deemed necessary based on risk assessments  
4 or at the request of the Governor, Legislature, or Director of  
5 Human Services; and

6  
7 BE IT FURTHER RESOLVED that, for purposes of this  
8 Resolution, "Medicaid health care insurance contractors" means  
9 managed care organizations that are under contract with the  
10 Department of Human Services to provide managed care health  
11 insurance plans under the State's Medicaid Managed Care Program;  
12 and

13  
14 BE IT FURTHER RESOLVED that certified copies of this  
15 Concurrent Resolution be transmitted to the Governor, Speaker of  
16 the House of Representatives, President of the Senate, Auditor,  
17 and Director of Human Services.

18  
19  
20 OFFERED BY:



MAR 07 2025

