
HOUSE 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
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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
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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
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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
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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
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31 WHEREAS, a report by the United States Government
32 Accountability Office published on September 21, 2023, also
33 highlights the critical role of state auditors in Medicaid
34 oversight; found that state auditors identified an average of
35 over three hundred Medicaid audit findings per year, including



1 overpayments and payments to ineligible providers; and noted
2 that nearly sixty percent of Medicaid audit findings were
3 repeated from the prior year, indicating the need for more
4 effective corrective actions; and

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

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

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

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

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

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39 WHEREAS, auditing the State's Medicaid health care
40 insurance contractors will promote transparency; ensure Medicaid
41 funds are used appropriately and for their intended purpose;
42 ensure Hawaii's Medicaid beneficiaries are receiving the



1 requisite quality of care; ensure compliance with all applicable
2 state and federal laws, regulations, and contractual
3 obligations; and improve the efficacy and effectiveness of
4 Medicaid health care insurance contractors, leading to better
5 health care outcomes for beneficiaries; now, therefore,

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

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15 BE IT FURTHER RESOLVED that all audits are requested to:

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17 (1) Assess the financial integrity, performance, and
18 compliance with all applicable federal and state laws,
19 regulations, and contractual obligations of each
20 Medicaid health care insurance contractor; and
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22 (2) Review documents, including but not limited to any
23 books, records, or other evidence, related to the
24 financial and operational activities of each Medicaid
25 health care insurance contractor; and
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27 BE IT FURTHER RESOLVED that all Medicaid health care
28 insurance contractors are requested to cooperate with and assist
29 the Auditor as needed in conducting the audit, including
30 promptly providing all records, documents, and any other
31 information requested by the Auditor during the audit; and
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33 BE IT FURTHER RESOLVED that the Auditor is requested to
34 submit a report of findings and recommendations to the Governor,
35 Legislature, and Director of Human Services no later than twenty
36 days prior to the convening of the Regular Session of 2027, and
37 every Regular Session thereafter following the year in which an
38 audit is conducted; and
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40 BE IT FURTHER RESOLVED that the Auditor may conduct
41 additional audits as deemed necessary based on risk assessments



1 or at the request of the Governor, Legislature, or Director of
2 Human Services; and

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

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

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17 OFFERED BY:



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