

SCR 129/ SR 91

Measure Title: REQUESTING THE INSURANCE COMMISSIONER TO CREATE A WORKING GROUP TO STUDY INSURANCE RECOUPMENT.
Report Title: Insurance Recoupment; Insurance Commissioner; Working Group
Description:
Companion:
Package: None
Current Referral: CPN, WAM
Introducer(s): CHUN OAKLAND, BAKER, GREEN, KIDANI, Galuteria, Ihara, Ruderman

<u>Sort by</u> <u>Date</u>		Status Text
3/13/2013	S	Offered.
3/19/2013	S	Referred to CPN, WAM.
3/21/2013	S	The committee(s) on CPN has scheduled a public hearing on 03-27-13 10:00AM in conference room 229.



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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KEALI'I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Wednesday, March 27, 2013
10:00 a.m.

TESTIMONY ON SENATE CONCURRENT RESOLUTION NO. 129 AND SENATE RESOLUTION NO. 91 – REQUESTING THE INSURANCE COMMISSIONER TO CREATE A WORKING GROUP TO STUDY INSURANCE RECOUPMENT.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department would like to submit comments on these measures.

The purpose of these measures is to form a working group, which would be chaired by the Commissioner, to study insurance recoupment relative to Medicaid reimbursements.

While the Department is willing to participate in the Working Group, we suggest that the group be chaired by an agency with greater familiarity with Medicaid reimbursement issues and that is better qualified to address the insurance recoupment issues described in these measures. The Department lacks the expertise that would be required to facilitate discussions relating to this issue.

We thank this Committee for the opportunity to present testimony on this matter.



SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

March 27, 2013 at 10:00 a.m.

Conference Room 229

SCR 129 / SR 91: Requesting the Insurance Commissioner to create a working group to study insurance recoupment.

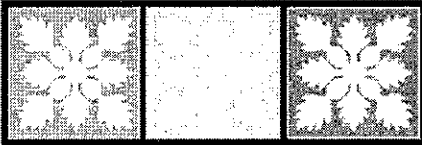
The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, a majority of home health agencies and hospices, as well as long term care facilities and other health care organizations. Our members contribute significantly to Hawaii's economy by employing nearly 20,000 people statewide, delivering quality care to the people of Hawaii.

Thank you for this opportunity to testify on SCR 129 / SR 91, which requests the Insurance Commissioner to create a working group to study insurance recoupment.

The resolution accurately describes the fragile financial condition of many health care providers. Increasing predictability in the health care environment would improve their stability. Currently, there is no time limit for insurers to try to recover payments made in error to providers. Meanwhile, providers have a time limit in which to submit claims to insurers. The working group created by the resolution would study the establishment of a time limit to initiate any recoupment, thereby increasing predictability.

The Healthcare Association of Hawaii represents a broad range of providers who may be affected, including hospitals, long term care facilities, home care agencies, hospices, and medical equipment providers. The Association respectfully requests to be named to the working group.

Thank you for the opportunity to testify on SCR 129 / SR 91.



Hawaii Association of Health Plans

March 27, 2013

The Honorable Rosalyn H. Baker, Chair
The Honorable Brickwood Galuteria, Vice Chair

Senate Committee on Commerce and Consumer Protection

Re: SB 129/SR 91 – Requesting the Insurance Commissioner to Create a Working Group to Study Insurance Recoupment

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

My name is Rick Jackson and I am Chairperson of the Hawaii Association of Health Plans (“HAHP”) Public Policy Committee. HAHP is a non-profit organization consisting of nine (9) member organizations:

AlohaCare	HMAA	HMSA
HWMG	Kaiser Permanente	MDX Hawai'i
'Ohana Health Plan	University Health Alliance	UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

HAHP appreciates the opportunity to provide comments on SCR 129/SR 91, which requests that the Insurance Commissioner create a working group to study insurance recoupment. HAHP recognizes and appreciates the intent of the measure to increase quality of care and reduce health care costs, but would like to offer one suggestion.

HAHP member plans understand that assessing the issues surrounding insurance recoupment is paramount to maintaining a robust and sustainable healthcare system, and much may be learned by seeing how other states handle this concern. If the Legislature sees fit to establish a workgroup for these purposes, HAHP would like to suggest that the measure be amended to include health plan representation. We believe that including a delegate from the health plans would increase effectiveness by ensuring participation from all branches of the health care community.

Thank you for the opportunity to provide comment on this resolution.

Sincerely,

Rick Jackson
Chair, Public Policy Committee

**Senator Rosalyn H. Baker, Chair
Senator Brickwood Galuteria, Vice Chair
Committee on Commerce and Consumer Protection**

March 25, 2013

Wednesday, March 27 2013, 10:00 a.m., Room 229

TESTIMONY IN SUPPORT OF SCR 129 / SR 91

**Requesting the Insurance Commissioner to Create a Working Group to
Study Insurance Recoupment**

Honorable Chair Rosalyn H. Baker, Vice Chair Brickwood Galuteria and members of the committee, my name is Dr. Martin Johnson. I am a Clinical Psychologist and I offer my testimony today as both a licensed health care provider and a small business owner. I am the owner and Director of a small psychotherapy center located in downtown Honolulu. I would like to provide **testimony in support of SCR 129 / SR 91.**

Healthcare is a significant factor in Hawaii's economy, following closely behind tourism and defense. Imagine for a moment, a hotel or defense contractor working under the rules of recoupment. The customer can decide, years after the business transaction that they have decided they are unsatisfied with the work performed or that in hindsight, the work was unnecessary. The customer controls the appeal process completely and can reclaim funds basically at will. Now imagine that this customer also controls large portions of market share, so that avoiding doing business with the customer is impractical if not impossible. As you might imagine, working in such a risky and uncertain business environment would inhibit investment, growth and perhaps drive some providers out of the market.

This is the current situation for healthcare providers in the state of Hawaii, whether they are large hospitals, small clinics, or individual practitioners. Approximately half of the other states have established reasonable limits and fair process rules for recoupment. Now when Hawaii is experiencing shortages in most categories of healthcare providers, it is time to take a serious look at this problematic issue.

Thank you for your consideration of my testimony in support of SCR 129 / SR 91.

Respectfully submitted,

L. Martin Johnson, PsyD, MBA
Clinical Psychologist
Director, Hawaii Center for Psychology

**Senator Rosalyn H. Baker, Chair
Senator Brickwood Galuteria, Vice Chair
Committee on Commerce and Consumer Protection**

March 26, 2013

Wednesday, March 27 2013, 10:00 a.m., Room 229

TESTIMONY IN SUPPORT OF SCR 129 / SR 91

Requesting the Insurance Commissioner to Create a Working Group to Study Insurance Recoupment

Honorable Chair Rosalyn H. Baker, Vice Chair Brickwood Galuteria and members of the committee, my name is Dr. Cyma Wilson. I am a Clinical Psychologist and I work in private practice. I would like to provide testimony in support of SCR 129 / SR 91.

"Recoupments" are funds that health plans have paid to doctors but later demanded back after the plan determined, for whatever reason, it paid out in error. There's no precise information about how often insurance companies are demanding recoupment or for how much, but it is happening more often, and to the full range health care providers. Across the country as the recoupment demands are increasing, practices are folding as a result.

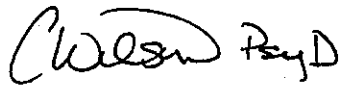
In Hawaii, it is widely recognized that we have a shortage of health practitioners in many fields. And while practitioners generally have one year to adjust their billing to insurance companies; the insurance companies have no similar restriction preventing them from reaching far back into history to recoup funds they previously paid to health care providers. This is an ongoing open ended liability for health care providers and undermines the ability to build upon and plan a viable and economically feasible practice.

Thus far, more than half of the country has legislation limiting the time that an entity can take money back for the services that have already provided. The states have the following statute of limitations for medical recoupment: Alabama (12 months), Arkansas (18 months); Arizona (12 months); California (12 months); Colorado (12 months); Connecticut (60 months); District of Columbia (6 months); Florida (30 months); Georgia (18 months); Illinois (18 months); Indiana (24 months); Iowa (24 months); Kentucky (24 months); Maine (12 months); Maryland (6 months); Massachusetts (12 months); Missouri (12 months); Montana (12 months); New Hampshire (18 months); New Jersey (18 months); New York (24 months); North Carolina (per contract); Ohio (24 months); Oklahoma (24 months); South Carolina (18 months); Texas (180 days); Utah (12 months); Vermont (12 months); Virginia (12 months); Washington (24 months); West Virginia (12 months).

Senator Rosalyn H. Baker, Chair
Senator Brickwood Galuteria, Vice Chair
March 25, 2013
Page 2

Thank you for your consideration of my testimony in support of SCR 129 / SR 91.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Wilson Boyd". The signature is written in a cursive style with a large, sweeping initial "W".

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SENATOR ROSALYN H BAKER, CHAIR

SENATOR BRICKWOOD GALUTERIA, VICE CHAIR

Jeffrey D. Stern, Ph.D.
Licensed Clinical Psychologist
1833 Kalakaua Ave. Suite 908
Honolulu, HI 96815

Monday, March 25, 2013

Requesting the Insurance Commissioner to Create a Working Group to Study Insurance
Recoupment

Honorable Chair Rosalyn H. Baker, Vice Chair Brickwood Galuteria and members of the committee, my name is Dr. Jeffrey Stern and I am a psychologist who in the private sector in Honolulu. In regards to SCR 129/SR 91, I would like to provide testimony **in support** of the resolution.

"Recoupments" are funds that health plans have paid to providers but later seek reimbursement for, after the plan determines, for whatever reason, that it paid out in error. There's no precise information about how often insurance companies are demanding recoupment or for how much, but it is happening more often, and to the full range of health care providers. Across the country as the recoupment demands are increasing, professionals are choosing to close their practices rather than deal with recoupment and the administrative headaches it creates.

In Hawaii, it is widely recognized that we have a shortage of health practitioners in many fields. And while practitioners generally have one year to adjust their billing to insurance companies; the insurance companies have no similar restriction preventing them from reaching far back into history to recoup funds they previously paid to health care providers for their services. This is an ongoing, open-ended liability for health care professionals and undermines the ability to build upon and plan a viable and economically feasible practice. In addition, anecdotal evidence suggests that there are situations where providers, contesting recoupment, are not provided with due process, as afforded in the insurance companies own policy documents.

Thus far, more than half of the country has legislation limiting the time that an entity can take money back for the services that have already been provided. According to a recent data search, the following states have statute of limitations for medical recoupment: Alabama, Arkansas; Arizona; California; Colorado; Connecticut; District of Columbia; Florida; Georgia; Illinois; Indiana; Iowa; Kentucky; Maine; Maryland; Massachusetts; Missouri; Montana; New Hampshire; New Jersey; New York; North Carolina; Ohio; Oklahoma; South Carolina; Texas; Utah; Vermont; Virginia; Washington; and West Virginia ranging from 6-months to 30-months, with the average range of time allowed for take-backs being somewhere between 12 and 24 months. I urge you to pass this resolution and send a message of support for providers to insurance companies engaging in this practice.

Thank you for the opportunity to provide my mana'o in support of SCR 129 / SR 91.

Jeffrey D. Stern, Ph.D.

Senator Rosalyn H. Baker, Chair
Senator Brickwood Galuteria, Vice Chair
Committee on Commerce and Consumer Protection
March 25, 2013

Wednesday, March 27 2013, 10:00 a.m., Room 229

TESTIMONY IN SUPPORT OF SCR 129 / SR 91
Requesting the Insurance Commissioner to Create a Working Group to Study Insurance
Recoupment

Honorable Chair Rosalyn H. Baker, Vice Chair Brickwood Galuteria and members of the committee, my name is Dr. Jill Oliveira Gray. I am a Clinical Psychologist and I work as a Clinical Supervisor and Director of Research and Evaluation at I Ola Lāhui and am also a Staff Psychologist at the Waimānalo Health Center. I would like to provide testimony in support of SCR 129 / SR 91.

"Recoupments" are funds that health plans have paid to doctors but later demanded back after the plan determined, for whatever reason, it paid out in error. There's no precise information about how often insurance companies are demanding recoupment or for how much, but it is happening more often, and to the full range of health practitioners. Across the country as the recoupment demands are increasing, practices are folding as a result.

In Hawai'i, it is widely recognized that we have a shortage of health practitioners in many fields. And while practitioners generally have one year to adjust their billing to insurance companies; the insurance companies have no similar restriction preventing them from reaching far back into history to recoup funds they previously paid to health care practitioners and/or health care facilities. This is an ongoing open-ended liability for health care practitioners and/or health care facilities and undermines the ability to build upon and plan a viable and economically feasible practice/organization.

Thus far, more than half of the country has legislation limiting the time that an entity can take money back for the services that have already provided. The states have the following statute of limitations for medical recoupment: Alabama (12 months), Arkansas (18 months); Arizona (12 months); California (12 months); Colorado (12 months); Connecticut (60 months); District of Columbia (6 months); Florida (30 months); Georgia (18 months); Illinois (18 months); Indiana (24 months); Iowa (24 months); Kentucky (24 months); Maine (12 months); Maryland (6 months); Massachusetts (12 months); Missouri (12 months); Montana (12 months); New Hampshire (18 months); New Jersey (18 months); New York (24 months); North Carolina (per contract); Ohio (24 months); Oklahoma (24 months); South Carolina (18 months); Texas (180 days); Utah (12 months); Vermont (12 months); Virginia (12 months); Washington (24 months); West Virginia (12 months).

Thank you for your consideration of my testimony in support of SCR 129 / SR 91.

Respectfully submitted,

Jill Oliveira Gray, Ph.D.
I Ola Lāhui
Clinical Supervisor
Director of Research and Evaluation

**Senator Rosalyn H. Baker, Chair
Senator Brickwood Galuteria, Vice Chair
Committee on Commerce and Consumer Protection**

March 25, 2013

Wednesday, March 27 2013, 10:00 a.m., Room 229

TESTIMONY IN SUPPORT OF SCR 129 / SR 91

**Requesting the Insurance Commissioner to Create a Working Group to
Study Insurance Recoupment**

Honorable Chair Rosalyn H. Baker, Vice Chair Brickwood Galuteria and members of the committee, my name is Dr. Gail Tice and I am a psychologist who works in the state and private sector in Honolulu. I would like to provide testimony in support of SCR 129 / SR 91.

"Recoupments" are funds that health plans have paid to providers but later seek reimbursement after the plan determined, for whatever reason, it paid out in error. There's no precise information about how often insurance companies are demanding recoupment or for how much, but it is happening more often, and to the full range of health care providers. Across the country as the recoupment demands are increasing, practices are folding as a result.

In Hawaii, it is widely recognized that we have a shortage of health practitioners in many fields. And while practitioners generally have one year to adjust their billing to insurance companies; the insurance companies have no similar restriction preventing them from reaching far back into history to recoup funds they previously paid to health care providers for their services. This is an ongoing open-ended liability for health care professionals and undermines the ability to build upon and plan a viable and economically feasible practice.

Thus far, more than half of the country has legislation limiting the time that an entity can take money back for the services that have already provided. According to a recent data search the following states have statute of limitations for medical recoupment: Alabama, Arkansas; Arizona; California; Colorado; Connecticut; District of Columbia; Florida; Georgia; Illinois; Indiana; Iowa; Kentucky; Maine; Maryland; Massachusetts; Missouri; Montana; New Hampshire; New Jersey; New York; North Carolina; Ohio; Oklahoma; South Carolina; Texas; Utah; Vermont; Virginia; Washington; and West Virginia ranging from 6-months to 30-months, with the average range of time allowed for take-backs being somewhere between 12 and 24 months.

Thank you for your consideration of my testimony in support of SCR 129 / SR 91.

Respectfully submitted,

Gail L. Tice, Psy. D.