

Honolulu, Hawaii

APR 28 2010

RE: H.C.R. No. 199
H.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Human Services, to which was referred
H.C.R. No. 199, H.D. 1, entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF
HUMAN SERVICES TO CONSIDER CERTAIN FACTORS BEFORE ENTERING
INTO CONTRACTS WITH MANAGED CARE ORGANIZATIONS THAT PROVIDE
MEDICAID BENEFITS UNDER QUEST MANAGED CARE PLANS,"

begs leave to report as follows:

The purpose of this measure is to streamline and standardize
the process by which the Department of Human Services (DHS)
procures services and enters into contracts with service providers
regarding future QUEST contracts by requesting that DHS consider
certain factors before entering into contracts.

Testimony in support of this measure was submitted by the
Hawaii Medical Service Association. Testimony in opposition to
this measure was submitted by DHS and the Hawaii Medical
Association. Written testimony presented to the Committee may be
reviewed on the Legislature's website.

Your Committee notes that concerns have been raised regarding
the QUEST managed care health program. Your Committee recognizes
that administration of a program of this size and magnitude is
challenging. However, due to the current economic downturn,
inefficiencies and waste can escalate and developing ways to
streamline large programs and to expend monies more wisely become
critical. Your Committee also finds that the dialogue between
health care providers, plans, and the State has been positive and



productive. Your Committee believes that this dialogue should continue in order to benefit all the parties involved, including all citizens of the State of Hawaii.

Your Committee finds that while it is important to take steps towards reforming the QUEST program and procurement processes to encourage efficiency and provide better care to its participants, there are also valid concerns regarding the measure raised by DHS and the Hawaii Medical Association. DHS points out that, in order to implement co-payments as suggested by the measure, it would have to get approval through a Federal Section 1115 waiver amendment. This is a way for states to expand Medicare coverage with little or no cost to the government. States use the Section 1115 waiver to propose to the federal government an expansion of Medicare coverage in their states beyond the traditional categorical eligibility groups or programs. Because charging QUEST participants co-payments is not currently authorized for the State of Hawaii, a Section 1115 waiver must be submitted and approved by the federal government before a co-payment plan can be implemented. Your Committee recognizes that this indeed is a hurdle due to time constraints, but believes that the option should be explored and that it is appropriate for DHS to seek the waiver in April of 2011.

In addition, the Hawaii Medical Association also raised concerns regarding the implementation of cost sharing, stating in its testimony that although a study investigating the effects of cost sharing on patient health, the RAND Health Insurance Experiment, shows that participants' health was unaffected by sharing costs, the poorest and the sickest six per cent of the sample had better outcomes with a free health care program. Your Committee finds that if QUEST participants' health is adversely affected by having to submit a co-payment, this would be a valid consideration in the ongoing dialogue.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 199, H.D. 1, and recommends its adoption.



Respectfully submitted on
behalf of the members of the
Committee on Human Services,

Suzanne Chun Oakland

SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* HCR 199 HD1	Committee Referral: HMS	Date: 4-19-10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
GREEN, M.D., Josh	✓			
HEMMINGS, Fred				✓
TOTAL	3	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Handwritten Signature]</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes