

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.
DIRECTOR OF HEALTH

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DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

House Committee on Health

February 15, 2012

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

HB2285 HD1, Relating to Medicaid

1 **Department's Position:** The Department of Health takes no position on the subject of audits of
2 Medicaid contractors, but respectfully opposes participation in the development of an "equitable"
3 referral system.

4 **Fiscal Implications:** Undetermined workforce and implementation costs.

5 **Purpose and Justification:** The purpose of HB2285 is to require audits of Evercare and Ohana Health
6 Plans for activities relating to the QUEST Expanded Access program. This proposal further compels the
7 Department of Health to participate in the development of an "equitable referral system relating to the
8 discharge of patients from hospitals, nursing homes, and long-term care facilities based on the patient's
9 acuity level for proper placement in either an adult residential care home, community care foster family
10 home, or an expanded adult residential care home."

11

12 While taking no position on issues of provider satisfaction with Medicaid contractors, the Department of
13 Health questions the value it would add to the deliberations of an "equitable referral system," and has

1 grave concerns over the appearance of conflict of interest as the licensing and regulatory agency for the
2 fore mentioned entities.

3
4 The problems HB2285 is trying to resolve are related to managed care, healthcare finance, and discharge
5 planning; areas in which the Department of Health has little institutional expertise or functions. Our
6 understanding of the contracts and the clientele is insufficient to make credible general decisions, let
7 alone case-specific healthcare determinations for individuals.

8
9 We respectfully submit that this is not a public health issue and urge this committee to strike the
10 Department of Health as a participant in solving what are essentially managed care and
11 consumer/provider satisfaction issues. The Committee may wish to consider input from Department of
12 Commerce and Consumer Affairs, who licenses these entities as health plans and business in Hawaii.

13
14 Thank you for the opportunity to testify.

TO: COMMITTEE ON HUMAN SERVICES
Rep. Chair Kyle Yamashita

Rep. Vice-Chair James Kunane Tokioka

FROM: Violeta Arnobit

SUBJECT: HB 2285 Relating to Medicaid

This HB 2285 will help facilitate proper audit assuring that contracted health care providers are paid based on clean claims and services provided in a timely manner and not be subjected to denial of claims and beyond timely filing.

It assures validity of services that are paid on contract rendered by contracted health care providers and allow to examine appropriate services and prevent any overutilization and held prevent fraud and abuse issues.

CMS (Medicare program) hires other private entity(RAC) recovery Audit Contractors to do oversight on the Fiscal Intermediaries in order to assure services reflect justification of need or well documented for payment purposes.

We need to be transparent in providing health care services for as taxpayers we all pay for this and it is the right thing to do.

Also on challenges with the referral process on hospital or nursing home discharges, we need a standardized criteria and processes to facilitate transition of care to the home setting more efficiently and prevent future'

frequent readmissions by educating families, caregivers and other health care providers.

Sincerely,

Violeta Arnobit BSN,RN