
A BILL FOR AN ACT

RELATING TO MEDICAID.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. Section 346-14, Hawaii Revised Statutes, is
3 amended to read as follows:

4 "**§346-14 Duties generally.** Except as otherwise provided
5 by law, the department of human services shall:

6 (1) Establish and administer programs and standards, and
7 adopt rules as deemed necessary for all public
8 assistance programs;

9 (2) Establish, extend, and strengthen services for the
10 protection and care of abused or neglected children
11 and children in danger of becoming delinquent to make
12 paramount the safety and health of children who have
13 been harmed or are in life circumstances that threaten
14 harm;

15 (3) Establish and administer programs, and adopt rules as
16 deemed necessary, for the prevention of domestic and
17 sexual violence and the protection and treatment of
18 victims of domestic and sexual violence;

- 1 (4) Assist in preventing family breakdown;
- 2 (5) Place, or cooperate in placing, abused or neglected
3 children in suitable private homes or institutions and
4 place, or cooperate in placing, children in suitable
5 adoptive homes;
- 6 (6) Have authority to establish, maintain, and operate
7 receiving homes for the temporary care and custody of
8 abused or neglected children until suitable plans are
9 made for their care; and accept from the police and
10 other agencies, for temporary care and custody, any
11 abused or neglected child until satisfactory plans are
12 made for the child;
- 13 (7) Administer the medical assistance programs for
14 eligible public welfare and other medically needy
15 individuals by establishing standards, eligibility,
16 and health care participation rules, payment
17 methodologies, reimbursement allowances, systems to
18 monitor recipient and provider compliance, and
19 assuring compliance with federal requirements to
20 maximize federal financial participation;
- 21 (8) Cooperate with the federal government in carrying out
22 the purposes of the Social Security Act and in other



1 matters of mutual concern pertaining to public
2 welfare, public assistance, and child welfare
3 services, including the making of reports, the
4 adoption of methods of administration, and the making
5 of rules as are found by the federal government, or
6 any properly constituted authority thereunder, to be
7 necessary or desirable for the efficient operation of
8 the plans for public welfare, assistance, and child
9 welfare services or as may be necessary or desirable
10 for the receipt of financial assistance from the
11 federal government;

12 (9) Carry on research and compile statistics relative to
13 public and private welfare activities throughout the
14 State, including those dealing with dependence,
15 defectiveness, delinquency, and related problems;

16 (10) Develop plans in cooperation with other public and
17 private agencies for the prevention and treatment of
18 conditions giving rise to public welfare problems;

19 (11) Adopt rules governing the procedure in hearings,
20 investigations, recording, registration, determination
21 of allowances, and accounting and conduct other



1 activities as may be necessary or proper to carry out
2 this chapter;

3 (12) Supervise or administer any other activities
4 authorized or required by this chapter, including the
5 development of the staff of the department through in-
6 service training and educational leave to attend
7 schools and other appropriate measures, and any other
8 activities placed under the jurisdiction of the
9 department by any other law;

10 (13) Make, prescribe, and enforce policies and rules
11 governing the activities provided for in section 346-
12 31 it deems advisable, including the allocation of
13 moneys available for assistance to persons assigned to
14 work projects among the several counties or to
15 particular projects where the apportionment has not
16 been made pursuant to other provisions of law, if any,
17 governing expenditures of the funds;

18 (14) Determine the appropriate level for the Hawaii
19 security net, by developing a tracking and monitoring
20 system to determine what segments of the population
21 are not able to afford the basic necessities of life,
22 and advise the legislature annually regarding the



1 resources required to maintain the security net at the
2 appropriate level;

3 (15) Subject to the appropriation of state funds and
4 availability of federal matching assistance, expand
5 optional health care to low-income persons as follows:

6 (A) Pregnant women and infants under one year of age
7 living in families with incomes up to one hundred
8 eighty-five per cent of the federal poverty level
9 and without any asset restrictions;

10 (B) Children under six years of age living in
11 families with incomes up to one hundred thirty-
12 three per cent of the federal poverty level and
13 without any asset restrictions;

14 (C) Older children to the extent permitted under
15 optional federal medicaid rules;

16 (D) Elder persons;

17 (E) Aliens;

18 (F) The homeless; and

19 (G) Other handicapped and medically needy persons;

20 and

21 (16) Subject to the appropriation of state funds and
22 availability of federal matching assistance, establish



1 the income eligibility level for the medically needy
2 program at one hundred thirty-three per cent of the
3 assistance allowance. In determining eligibility
4 under this section, the department shall disregard an
5 amount of income equal to the difference between one
6 hundred thirty-three per cent of the assistance
7 allowance and one hundred per cent of the federal
8 poverty level, as adjusted annually by the federal
9 government, for a family of the size applying for
10 assistance."

11 SECTION 2. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$1, or so much
13 thereof as may be necessary for fiscal year 2006-2007, for state
14 medicaid programs.

15 The sum appropriated shall be expended by the department of
16 human services for the purposes of this Act.

17 PART II

18 SECTION 3. Section 346-59, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§346-59 Medical care payments.** (a) The department shall
21 adopt rules under chapter 91 concerning payment to providers of
22 medical care. The department shall determine the rates of



1 payment due to all providers of medical care, and pay such
2 amounts in accordance with the requirements of the
3 appropriations act and the Social Security Act, as amended.
4 Payments to critical access hospitals for services rendered to
5 medicaid beneficiaries shall be calculated on a cost basis using
6 medicare reasonable cost principles.

7 (b) Rates of payment to providers of medical care who are
8 individual practitioners, including doctors of medicine,
9 dentists, podiatrists, psychologists, osteopaths, optometrists,
10 and other individuals providing services, shall be based upon
11 the Hawaii medicaid fee schedule. The amounts paid shall not
12 exceed the maximum permitted to be paid individual practitioners
13 or other individuals under federal law and regulation, the
14 medicare fee schedule for the current year, the state limits as
15 provided in the appropriation act, or the provider's billed
16 amount.

17 The appropriation act shall indicate the percentage of the
18 medicare fee schedule for the year 2000 to be used as the basis
19 for establishing the Hawaii medicaid fee schedule. For any
20 subsequent adjustments to the fee schedule, the legislature
21 shall specify the extent of the adjustment in the appropriation
22 act.



1 (c) In establishing the payment rates for other
2 noninstitutional items and services, the rates shall not exceed
3 the current medicare payment, the state limits as provided in
4 the appropriation act, the rate determined by the department, or
5 the provider's billed amount.

6 (d) Payments to health maintenance organizations and
7 prepaid health plans with which the department executes risk
8 contracts for the provision of medical care to eligible public
9 assistance recipients may be made on a prepaid basis. The rate
10 of payment per participating recipient shall be fixed by
11 contract, as determined by the department and the health
12 maintenance organization or the prepaid health plan, but shall
13 not exceed the maximum permitted by federal rules and shall be
14 less than the federal maximum when funds appropriated by the
15 legislature for such contracts require a lesser rate. For
16 purposes of this subsection, "health maintenance organizations"
17 are entities approved as such, and "prepaid health plans" are
18 entities designated as such by the Department of Health and
19 Human Services; and "risk" means the possibility that the health
20 maintenance organization or the prepaid health plan may incur a
21 loss because the cost of providing services may exceed the



1 payments made by the department for services covered under the
2 contract.

3 (e) The department shall prepare each biennial budget
4 request for a medical care appropriation based upon the most
5 current Hawaii medicaid fee schedule available at the time the
6 request is prepared.

7 The director shall submit a report to the legislature on or
8 before January 1 of each year indicating an estimate of the
9 amount of money required to be appropriated to pay providers at
10 the maximum rates permitted by federal and state rules in the
11 upcoming fiscal year.

12 (f) The department shall not require an enrolled member of
13 the QUEST program to re-enroll and select a QUEST health plan
14 unless the QUEST health plan ceases to actively continue
15 providing services and coverage to its members."

16 PART III

17 SECTION 4. New statutory material is underscored.

18 SECTION 5. This Act shall take effect on July 1, 2050;
19 provided that section 3 shall take effect on approval and apply
20 retroactively to March 1, 2006.



Report Title:

Medicaid; Cost Share Program

Description:

Authorizes DHS to use less restrictive income methodologies to determine eligibility for medical assistance programs.

Prohibits DHS from requiring an enrolled QUEST member to re-enroll unless the member's QUEST provider ceases services.

(SD3)

