
A BILL FOR AN ACT

RELATING TO PUBLIC HEALTH.

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

1 SECTION 1. The legislature finds that approximately ten
2 per cent of the population of the State of Hawaii has no public
3 or private health insurance. The legislature further finds
4 that, according to the Kaiser Commission on Medicaid and the
5 Uninsured:

6 (1) Four out of five uninsured people are in working
7 families;

8 (2) Uninsured people are more likely than those with
9 insurance to be hospitalized for conditions that could
10 have been avoided;

11 (3) Uninsured people with various forms of cancer are more
12 likely to be diagnosed with late-stage cancer
13 resulting in higher rates of death and disability; and

14 (4) Nearly forty per cent of uninsured adults skipped a
15 recommended medical test or treatment, and twenty per
16 cent say they needed but did not get care for a
17 serious problem during the past year.



1 The significant number of uninsured residents has a
2 considerable economic impact on the State's hospitals, community
3 health centers, and other participants in the health care
4 industry, threatening their ability to effectively serve the
5 whole community.

6 It is in the best interests of the State to ensure access
7 to primary and preventive health care for its residents. In
8 addition to giving rise to a healthier population, providing
9 access to care reduces state expenditures attributable to
10 hospital and emergency room services for preventable injuries or
11 illnesses.

12 The legislature further finds that the most effective means
13 to encourage access to primary health care for residents without
14 health insurance is through Hawaii's system of federally
15 qualified health centers, which:

16 (1) Are nonprofit, community-based organizations whose
17 purpose and expertise lie in serving people who
18 otherwise have limited access to care;

19 (2) Provide culturally and linguistically appropriate
20 health care and a broad range of primary care and
21 preventive services, and are located in areas where
22 people have limited access to other health care

1 providers because of geographic and socioeconomic
2 barriers;

3 (3) Contribute greatly to the economies and livability of
4 the communities they serve; and

5 (4) Are cost-effective providers whose care results in
6 healthier patients and decreased emergency, specialty,
7 and in-patient services.

8 The legislature further finds that, while federally
9 qualified health centers are the best system of community-based
10 primary care for uninsured people, financial support for
11 community health centers is inadequate to meet increasing
12 demands.

13 The purpose of this Act is to provide cost-effective care
14 for Hawaii residents who are uninsured while at the same time
15 ensuring that the community health center system remains
16 financially viable and stable in the face of a growing
17 population of uninsured.

18 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
19 amended by adding a new section to be appropriately designated
20 and to read as follows:

21 "§346- Federaly qualified health centers; rural health
22 clinic; reimbursement. (a) Notwithstanding any law or waiver



1 to the contrary, federally qualified health centers and rural
2 health clinics, as defined in section 1905(1) of the Social
3 Security Act (42 U.S.C. 1396 et seq.), shall be reimbursed in
4 accordance with section 1902(bb) of the Social Security Act, as
5 that section was originally added in 2000 by section 702(b) of
6 Public Law No. 106-554 and as amended in 2001 by section 2(b)(1)
7 of Public Law 107-121, and services of federally qualified
8 health centers and rural health clinics shall remain mandatory
9 services as provided in sections 1902(a)(10)(A) and
10 1905(a)(2)(B) and (C) of the Social Security Act.

11 (b) Reimbursement rates paid to federally qualified health
12 centers may be adjusted if costs exceed _____ per cent for
13 changes related to the intensity, duration, or amount of service
14 provided, facilities utilized, regulatory requirements, or other
15 extraordinary circumstances; provided that the federally
16 qualified health center shall submit to the department an
17 adjusted cost report covering a period of the previous two
18 years. The director shall review the filing within a period of
19 sixty days. The period may be extended by the director for an
20 additional period not to exceed thirty days upon written notice
21 to the filer. A filing shall be deemed to be approved unless



1 disapproved by the director within the initial filing period or
2 any extension thereof."

3 SECTION 3. The department of health shall provide
4 resources to nonprofit, community-based health-care providers
5 for direct medical care for the uninsured, including primary
6 medical, dental, behavioral health care, and ancillary and
7 pharmacy services. Distribution of funds may be on a "per
8 visit" basis, taking into consideration need on all islands.

9 SECTION 4. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$, or so much
11 thereof as may be necessary for fiscal year 2006-2007, for
12 direct medical care to the uninsured.

13 The sum appropriated shall be expended by the department of
14 health for the purposes of this Act.

15 SECTION 5. The legislature finds that it is critical to
16 achieve universal health coverage for Hawaii's residents.
17 Hawaii's QUEST program goes a long way toward this goal.
18 However, the program cannot handle all eligible uninsured
19 adults, and a cap has been placed on participation in the QUEST
20 program, thus leaving out tens of thousands of eligible
21 uninsured adults.



1 The current cap prevents many adults, especially non-
2 pregnant women, who are income- and asset-eligible from
3 enrolling in the program. These excluded but eligible adults
4 are at high risk for not getting necessary primary and
5 preventive care, not getting necessary prescription drugs, and
6 are more likely to incur or generate unnecessary emergency room
7 costs because of their uninsured status. Uninsured adults are a
8 financial burden on hospitals, emergency rooms, community health
9 care centers, and others that provide uncompensated care.

10 The legislature finds that the cap on enrollment in the
11 QUEST program should be removed.

12 SECTION 6. Chapter 346, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 "§346- **Medical assistance to adults.** The department
16 shall not impose a cap on enrollment in the QUEST health
17 insurance program. The department shall enroll all adults who
18 meet the program's income and asset eligibility criteria."

19 SECTION 7. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$, or so much
21 thereof as may be necessary for fiscal year 2006-2007, to

1 provide QUEST health insurance program coverage for all adults
2 who meet the program's income and asset eligibility criteria.

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

5 SECTION 8. New statutory material is underscored.

6 SECTION 9. This Act shall take effect on July 1, 2006.

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INTRODUCED BY: Ali G. Creech
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JAN 25 2006



HB 3134

Report Title:

Public Health; Federally Qualified Health Centers; QUEST

Description:

Provides for reimbursement to federally qualified health centers. Appropriates funds to DOH for direct medical services for uninsured. Removes cap on QUEST enrollment. Appropriates funds to accommodate QUEST coverage.

