

STAND. COM. REP. NO. 1249

Honolulu, Hawaii

March 16, 2007

RE: S.B. No. 1672
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committees on Human Services & Housing and Health, to which was referred S.B. No. 1672, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

beg leave to report as follows:

The purpose of this bill is to meet rising health care costs and ensure that Hawaii's residents have continued access to quality health care by:

- (1) Establishing a process by which Medicaid fee-for-service individual provider reimbursement rates are increased annually for inflation; and
- (2) Retroactively adjusting for inflation, payments made to providers of hospital outpatient services and other individual providers to account for the lack of a rate increase for the past five years.

The Hawaii Health Systems Corporation, Healthcare Association of Hawaii, Hawaii Primary Care Association, Hawaii Medical Association, Hawaii Chapter of American Physical Therapy Association, Chamber of Commerce of Hawaii, and Kaiser Permanente. Hawaii Pacific Health supported this measure with amendments. The Hawaii Medical Service Association supported the intent of this bill. The Department of Human Services opposed this measure.

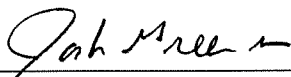


Your Committees have amended this bill by:

- (1) Setting the Medicaid fee schedule for health care provider payments at 100 percent of the Medicare fee schedule for the current year;
- (2) Providing an exemption from the adjusted rate payments for QUEST medical plans;
- (3) Inserting an appropriation of \$9,800,000 to adjust for inflation payments made to Medicaid fee-for-service providers during fiscal biennium 2005-2007;
- (4) Deleting retroactive payments for Medicaid fee-for-service providers for fiscal year 2001-2002 and fiscal biennium 2003-2005;
- (5) Appropriating \$8,800,000 for fiscal biennium 2007-2009 to increase the Medicaid fee schedule;
- (6) Inserting an appropriation of \$8,000,000 for the state portion of the Medicaid federal disproportionate share hospital allowance;
- (7) Changing the effective date to July 1, 2007; and
- (8) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Human Services & Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1672, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1672, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committees on Human Services &
Housing and Health,



JOSHUA B. GREEN, M.D., Chair



MAILE SHIMABUKURO, Chair



