

STAND. COM. REP. NO.

389

Honolulu, Hawaii

FEB 15 2007

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

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 1672 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to amend the law pertaining to the Medicaid Fee Schedule to require an annual adjustment for inflation; appropriate funds to retroactively adjust for inflation, payments made to fee-for-service providers for fiscal year 2001-2002 and bienniums 2003-2005 and 2005-2007; and change the Medicaid Fee Schedule to one hundred per cent of the 2006 Medicare Fee Schedule.

Kaiser Permanente; Hawaii Chapter, American Physical Therapy Association; and Hawaii Pacific Health submitted testimony in support of this measure. The Department of Human Services submitted testimony in opposition.

Your Committee received a statement from the Department of Human Services that this measure, if passed, would cost the State approximately \$40,619,356 for the Medicaid Fee-For-Service Program and \$29,557,498 for the Medicaid QUEST Program each fiscal year. According to the Department of Human Services, the rates for the QUEST health plans are based on the prevailing Medicaid Fee Schedule, and any increases to the Medicaid fees will also increase the QUEST fees.



Your Committee finds that inadequate payment and reimbursement from Medicaid have compromised access to medical care not only for the uninsured and those covered by Medicaid, but also for those individuals who have private employer-based health insurance. Hawaii's hospitals in particular have been detrimentally affected by the inadequacy of Medicaid reimbursements and payments that are far below cost.

It is your Committee's intent to try and meet rising health care costs and ensure that Hawaii's residents have continued access to quality health care. Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1672, S.D. 1, and be referred to the Committee on Ways and Means.

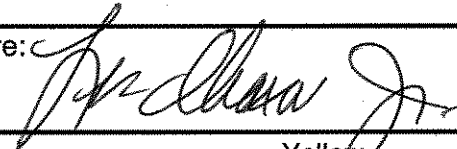
Respectfully submitted on
behalf of the members of the
Committee on Human Services and
Public Housing,

Suzanne Chun Oakland
SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Human Services and Public Housing
HSP

Bill / Resolution No.:* SB1672	Committee Referral: HSP, NAM	Date: 2-13-07		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" 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)	✓			
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
TOTAL	3	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes