

Honolulu, Hawaii

MAR 02 2007

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

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1672, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

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

Specifically, this measure:

- (1) Establishes a process by which Medicaid fee-for-service individual provider reimbursement rates are increased annually for inflation;
- (2) Retroactively adjusts 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 and appropriates \$26,000,000 for this purpose; and
- (3) Appropriates an unspecified amount to increase the Medicaid fee schedule to one hundred per cent of the 2006 Medicare fee schedule.

Your Committee received comments in support of this measure from the Hawaii Primary Care Association. The Department of Human



Services commented in opposition. The Healthcare Association of Hawaii and the Chamber of Commerce of Hawaii commented.

Upon further consideration, your Committee has amended this measure by:

- (1) Clarifying that rates of payment include outpatient hospital services but excludes emergency room services;
- (2) Clarifying that the term "provider" is more appropriate and thus substituting it for "practitioner" throughout the measure;
- (3) Clarifying that the inflation factor is based on the national index for providers of medical care;
- (4) Changing the appropriation amount of \$26,000,000 in section 4 to an unspecified amount;
- (5) Changing the effective date to July 1, 2015 to facilitate further discussion; and
- (6) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1672, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1672, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


ROSALYN H. BAKER, Chair



