
A BILL FOR AN ACT

RELATING TO MENTAL HEALTH.

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

1 SECTION 1. The legislature finds there is a lack of access
2 to psychiatric services in all areas of Hawaii, urban and rural
3 areas alike.

4 Mental health consumers, including persons who live lives
5 of desperation because of undiagnosed mental illness, may be
6 volatile and could be dangerous to themselves and to others.
7 These consumers need fast and direct access to quality
8 psychiatric services.

9 There are a much greater number of MedQuest patients with
10 mental illnesses than any other medical condition. Some
11 estimate that the prevalence of mental illness among the
12 MedQuest population who are being seen by primary care
13 physicians in community health centers is as high as 70 per
14 cent. These primary care physicians are overwhelmed and unable
15 to provide the quality of care necessary to stabilize and treat
16 patients with mental health problems. Options for the primary
17 care physician are to refer the patient to a psychiatrist in
18 private practice or refer them to the community mental health



1 centers. However, there are problems with the availability of
2 care from both of these referral sources.

3 Recent surveys have shown that Hawaii appears to have an
4 adequate number of psychiatrists. However, many psychiatrists
5 in private practice are reluctant to see MedQuest patients for
6 reasons such as:

- 7 (1) The low reimbursement Medicaid provides, which is
8 currently at 66 per cent of Medicare, and is not
9 enough to cover office expenses; and
- 10 (2) The potential loss of reimbursements for mental health
11 patients who are notorious for not keeping
12 appointments.

13 The department of health's adult mental health division has
14 a comprehensive network of community mental health centers, but
15 they can only see patients meeting the criteria of seriously,
16 chronically mentally ill. Patients with depression, anxiety,
17 situational disorders, post-traumatic stress disorder, and
18 substance abuse patients are being left untreated.

19 The costs of untreated mental illness to our community are
20 staggering when the consequences are considered, and which
21 include disability, unemployment, substance abuse, homelessness,
22 inappropriate incarceration, and suicide.



1 Increasing the rate of reimbursement provided to
2 psychiatrists will open up treatment services on Oahu to
3 MedQuest patients. Adding a neighbor island differential will
4 provide incentives for psychiatrists living on neighbor islands
5 to start seeing MedQuest patients once again and encourage Oahu-
6 based psychiatrists to provide services on neighbor islands.
7 Increasing reimbursements has proven successful in other states
8 such as Wyoming which had seven unfilled psychiatry positions in
9 its most rural areas of the state. Skepticism was high that the
10 Wyoming department of health would ever fill those vacancies
11 because of the rural location. The state legislature stepped in
12 and raised the reimbursements and salaries to make the state
13 psychiatry positions nationally competitive. Within a year, all
14 positions were filled. Alaska is another state that has
15 successfully used incentives and rate differentials to improve
16 access to adult and child mental health services. Hawaii can
17 benefit from the use of this same strategy.

18 The purpose of this Act is to increase the rate of
19 reimbursement provided to psychiatrists who provide services to
20 Medicaid beneficiaries in Hawaii, to not less than 100 per cent
21 of Medicare, and to add a neighbor island differential of an



1 additional \$30 per visit for psychiatric services to improve
2 access to psychiatric care throughout the state.

3 SECTION 2. Chapter 432, Hawaii Revised Statutes, is
4 amended by adding a new section to article 1 to be appropriately
5 designated and to read as follows:

6 "§432:1- Reimbursement; medicare fee schedule.
7 Effective January 1, 2009, and for each succeeding calendar year
8 thereafter, each participating psychiatrist within the network
9 of a mutual benefit society in the state shall be reimbursed for
10 the provision of medical services to Medicaid beneficiaries, at
11 a rate of not less than one hundred per cent of the Medicare fee
12 schedule in effect for the current year; provided that
13 psychiatrists practicing in the counties of Hawaii, Kauai, or
14 Maui shall be reimbursed an additional \$30 per visit."

15 SECTION 3. Chapter 432D, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 "§432D- Reimbursement; medicare fee schedule.
19 Effective January 1, 2009, and for each succeeding calendar year
20 thereafter, each participating psychiatrist within the network
21 of a health maintenance organization in the state shall be
22 reimbursed for the provision of medical services to Medicaid



1 beneficiaries, at a rate of not less than one hundred per cent
2 of the Medicare fee schedule in effect for the current year;
3 provided that psychiatrists practicing in the counties of
4 Hawaii, Kauai, or Maui shall be reimbursed an additional \$30 per
5 visit."

6 SECTION 4. Section 346-59, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§346-59 **Medical care payments.** (a) The department shall
9 adopt rules under chapter 91 concerning payment to providers of
10 medical care. The department shall determine the rates of
11 payment due to all providers of medical care, and pay such
12 amounts in accordance with the requirements of the
13 appropriations act and the Social Security Act, as amended.
14 Payments to critical access hospitals for services rendered to
15 medicaid beneficiaries shall be calculated on a cost basis using
16 medicare reasonable cost principles.

17 (b) Rates of payment to providers of medical care who are
18 individual practitioners, including doctors of medicine,
19 dentists, podiatrists, psychologists, osteopaths, optometrists,
20 and other individuals providing services, shall be based upon
21 the Hawaii medicaid fee schedule. The amounts paid shall not
22 exceed the maximum permitted to be paid individual practitioners



1 or other individuals under federal law and regulation, the
2 medicare fee schedule for the current year, the state limits as
3 provided in the appropriation act, or the provider's billed
4 amount.

5 The appropriation act shall indicate the percentage of the
6 medicare fee schedule for the year 2000 to be used as the basis
7 for establishing the Hawaii medicaid fee schedule. For any
8 subsequent adjustments to the fee schedule, the legislature
9 shall specify the extent of the adjustment in the appropriation
10 act.

11 (c) In establishing the payment rates for other
12 noninstitutional items and services, the rates shall not exceed
13 the current medicare payment, the state limits as provided in
14 the appropriation act, the rate determined by the department, or
15 the provider's billed amount.

16 (d) Payments to health maintenance organizations and
17 prepaid health plans with which the department executes risk
18 contracts for the provision of medical care to eligible public
19 assistance recipients may be made on a prepaid basis. The rate
20 of payment per participating recipient shall be fixed by
21 contract, as determined by the department and the health
22 maintenance organization or the prepaid health plan, but shall



1 not exceed the maximum permitted by federal rules and shall be
2 less than the federal maximum when funds appropriated by the
3 legislature for such contracts require a lesser rate. For
4 purposes of this subsection, "health maintenance organizations"
5 are entities approved as such, and "prepaid health plans" are
6 entities designated as such by the Department of Health and
7 Human Services; and "risk" means the possibility that the health
8 maintenance organization or the prepaid health plan may incur a
9 loss because the cost of providing services may exceed the
10 payments made by the department for services covered under the
11 contract.

12 (e) Subsections (a), (b), and (d) notwithstanding, rates
13 of payment for services rendered to Medicaid beneficiaries by
14 psychiatrists shall be not less than one hundred per cent of the
15 medicare fee schedule for the current year; provided that
16 psychiatrists practicing in the counties of Hawaii, Kauai, or
17 Maui shall be reimbursed an additional \$30 per visit; provided
18 further that the level of reimbursement required by this
19 subsection and established by contract for the provision of
20 medical care shall be contingent on payment of that same level
21 of reimbursement to the psychiatrist that renders the services.



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

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

10 SECTION 5. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$ or so
12 much thereof as may be necessary for fiscal year 2008-2009
13 representing the State's share of funding, for the purposes of
14 this Act.

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

17 SECTION 6. This Act does not affect rights and duties that
18 matured, penalties that were incurred, and proceedings that were
19 begun, before its effective date.

20 SECTION 7. New statutory material is underscored.



1 SECTION 8. This Act shall take effect on July 1, 2008.

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INTRODUCED BY:

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John M. Mignolo
JAN 18 2008



Report Title:

Mental Health; Psychiatric Health Services Reimbursements

Description:

Ensures that psychiatrists are reimbursed on all medicare codes for the provision of medical services to patients at a rate not less than one hundred per cent of the medicare reimbursement amount that is in effect for the current year and updated for each calendar year. Establishes a \$30 differential for reimbursements to psychiatrists practicing on the neighbor islands.

