
A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The legislature finds that medicaid is the
2 cornerstone of health care for our most needy population.
3 Further, the legislature has previously recognized that it is in
4 the public interest to ensure that health care payments made
5 with state funds or controlled by the State are sufficient to
6 cover the actual costs of care. However, inadequate payment and
7 reimbursement from medicaid have compromised access to medical
8 care not only for the uninsured and those covered by medicaid
9 but also for individuals who are covered by private employer-
10 based health insurance.

11 Although Hawaii community health care centers provide
12 excellent primary care and outreach, they do not cover specialty
13 and hospital care. Patients who cannot access the health care
14 they need are more likely to seek care in the more expensive
15 emergency-room setting. As documented in numerous media
16 reports, emergency room access to specialty care coverage has
17 reached crisis proportions.



1 Hawaii's hospitals in particular have been detrimentally
2 affected by the inadequacy of medicaid reimbursements and
3 payments. Hawaii's hospitals have annually lost millions of
4 dollars because government reimbursement is far below cost.
5 Between 2003 and 2005, medicaid payments to hospitals covered
6 only seventy-three to seventy-eight per cent of total medicaid
7 costs, creating a strain on the hospitals' financial stability.

8 The purpose of this Act is to meet rising health care costs
9 and ensure that Hawaii's residents have continued access to
10 high-quality health care by establishing a process by which
11 medicaid fee-for-service individual provider reimbursement rates
12 are increased annually for inflation.

13 SECTION 2. Section 346-59, Hawaii Revised Statutes, is
14 amended by amending subsection (b) to read as follows:

15 "(b) Rates of payment for outpatient hospital services,
16 excluding emergency-room services, and to providers of medical
17 care who are individual practitioners, including doctors of
18 medicine, dentists, podiatrists, psychologists, osteopaths,
19 optometrists, and other individuals providing services, shall be
20 based upon the Hawaii medicaid fee schedule. The amounts paid
21 shall ~~[not exceed the maximum permitted to be paid individual~~
22 ~~practitioners or other individuals under federal law and~~



1 ~~regulation,~~] be one hundred per cent of the medicare fee
2 schedule for the current year [~~, the state limits as provided in~~
3 ~~the appropriation act, or the provider's billed amount]~~.

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

10 SECTION 3. 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 2007-2008, and
13 the same sum, or so much thereof as may be necessary for fiscal
14 year 2008-2009, to increase the medicaid fee schedule as
15 provided in section 346-59(b), Hawaii Revised Statutes.

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

18 SECTION 4. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ _____, or so
20 much thereof as may be necessary for fiscal year 2007-2008, for
21 the state portion of the medicaid federal disproportionate share
22 hospital allowance.



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

3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2020.



Report Title:

Medicaid Fee Schedule Rate Increase

Description:

Amends medicaid fee schedule to set the rate of payment at 100 percent of the Medicare fee schedule. Appropriates funds for fiscal biennium 2007-2009 to increase the Medicaid fee schedule, and for the state portion of the Medicaid federal disproportionate share hospital allowance. (SB1672 HD3)

