

STAND. COM. REP. NO.

1473

Honolulu, Hawaii

March 23, 2007

RE: S.B. No. 1678
S.D. 2
H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 1678, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MEDICAL REIMBURSEMENT,"

begs leave to report as follows:

The purpose of this bill is to ensure sufficient reimbursement for medical services by requiring health care plans to reimburse health care providers, as applicable:

- (1) One hundred percent of the Medicare reimbursement rate;
or
- (2) One hundred ten percent of the Medicaid reimbursement rate;

in effect for the current year and updated for each calendar year thereafter.

This bill also provides for Medicaid reimbursement rates for outpatient hospital services and individual practitioners to be adjusted annually for inflation.

The Healthcare Association of Hawaii and Hawaii Pacific Health testified in support of this bill. The Hawaii Medical Service Association opposed this measure. The Department of

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Commerce and Consumer Affairs and Department of Human Services submitted comments.

Your Committee has amended this measure by replacing its entire contents with the provisions of H.B. No. 104, S.D. 2. As amended, this bill:

- (1) Establishes a process by which Medicaid reimbursement rates for individual practitioners are adjusted annually for inflation; and
- (2) Appropriates funds to:
 - (A) Retroactively adjust for inflation payments made to Medicaid fee-for-service practitioners during fiscal biennium 2005-2007; and
 - (B) Increase the Medicaid fee schedule to a percentage of the 2006 Medicare fee schedule for fiscal biennium 2007-2009.

Your Committee has further amended this measure by changing the effective date to July 1, 2112, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1678, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 1678, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



