

STAND. COM. REP. NO. 1216

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 1471  
H.D. 1  
S.D. 1

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

Madam:

Your Committees on Health and Human Services and Public Housing, to which was referred H.B. No. 1471, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC HEALTH,"

beg leave to report as follows:

The purpose of this measure is to ensure the availability of quality health care services for individuals who are uninsured, underinsured, or Medicaid recipients.

Specifically, this measure:

- (1) Establishes procedures within the Department of Human Services for the reconciliation of payments to federally qualified health centers and rural health centers in the State;
- (2) Allows for adjustment of prospective payment system rates for any adjustment in scope of services furnished by federally qualified health centers or rural health centers;
- (3) Makes eligible for prospective payment system reimbursement certain services, including visits, provided by federally qualified health centers or rural health centers; and



- (4) Requires the Department of Health to provide certain resources to nonprofit, community-based healthcare providers for direct medical care for the uninsured, and appropriates funds for this purpose.

Your Committees received testimony in support of this measure from the Hawaii Primary Care Association, the Healthcare Association of Hawaii, Waikiki Health Center, West Hawaii Community Health Center, Inc., Molokai Community Health Center, Hamakua Health Center, Ho'ola Lahui Hawaii, Kalihi-Palama Health Center, Community Clinic of Maui, Waianae Coast Comprehensive Health Center, Kokua Kalihi Valley, and two individuals. The Department of Health and the Department of Human Services submitted comments on this measure.

Your Committees find that federally qualified health centers are the best system of community-based primary care for people who are uninsured, underinsured, or Medicaid recipients.

Your Committees amended this measure by:

- (1) Requiring that the implementation of the new sections added to chapter 346, Hawaii Revised Statutes, by this measure be subject to approval of the state plan by the Centers for Medicare and Medicaid Services;
- (2) Clarifying that the reconciliation pertains to managed care supplemental payments;
- (3) Changing the Department of Human Services review and rejection time line from ninety days to one hundred twenty days;
- (4) Requiring the Department of Human Services to repay the federal share of any overpayment within sixty days of the date of discovery of an overpayment;
- (5) Clarifying that an alternative supplemental managed care payment methodology that will make any federally qualified health center or rural health center whole as required under the Benefits Improvement and Protection Act, other than the one set forth in this section, may be implemented as long as the alternative payment methodology is consented to in writing by the federally



qualified health center or rural health center to which the methodology applies;

- (6) Clarifying in section 346-C(3), Hawaii Revised Statutes, that prospective payment system rates may be adjusted for any projected adjusted rate that is proposed subject to mutual agreement by the Department of Human Services. The federally qualified health center or rural health center shall propose a projected adjusted rate, subject to mutual agreement with the Department of Human Services, within one hundred fifty days of the changes. The proposed projected adjusted rate shall be calculated based on a consolidated basis, where the federally qualified health center or rural health center takes all costs for the facility which would bring in both the costs included in the base rate as well as the changes in additional costs, as long as the federally qualified health center or rural health center has filed its baseline cost report based on total consolidated costs. A net change in the federally qualified health center's or rural health center's rate is calculated by subtracting the federally qualified health center's or rural health center's previously assigned prospective payment system rate from its projected adjusted rate. The Department of Human Services may disallow an unspecified percentage of the net change to account for a combination that includes both increases and decreases during the reporting period;
- (7) Requiring a cost report to cover the first full fiscal year, instead of the first two full fiscal years, that includes the change in scope of services;
- (8) Deleting the definition "health professional" and instead establishes the parameters of eligibility by defining "visit";
- (9) Allowing a federally qualified health center or rural health center that experienced a decrease in the scope of services submit a prospective payment system rate adjustment request to decrease its prospective payment system rate;
- (10) Including an appropriation in the amount of \$1,061,250 for each year of the 2007-2009 fiscal biennium for the



Department of Human Services to implement the new prospective payment system;

- (11) Including an appropriation in the amount of \$2,000,000 for each year of the 2007-2009 fiscal biennium to the Department of Health for direct medical care to the uninsured;
- (12) Changing the effective date from July 1, 2020, to July 1, 2007; and
- (13) Making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1471, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1471, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

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

  
SUZANNE CHUN OAKLAND, Chair

  
DAVID Y. IGE, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii


**Record of Votes**  
**Committee on Health**  
**HTH**

Bill / Resolution No.:*  HB 1471 HD1	Committee Referral:  HTH/HSP, WAM	Date:  3/14/07		
<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
IGE, David Y. (C)	✓			
FUKUNAGA, Carol (VC)	✓			
BAKER, Rosalyn H.	✓			
MENOR, Ron				✓
WHALEN, Paul	✓			
<b>TOTAL</b>	4			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

The Senate  
Twenty-Fourth Legislature  
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**Record of Votes**  
**Committee on Human Services and Public Housing**  
**HSP**

Bill / Resolution No.:* <b>HB 1471 HD1</b>	Committee Referral: <b>HTH/HSP, NAM</b>	Date: <b>3/14/07</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
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Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
HOOSER, Gary L.	✓			
SAKAMOTO, Norman	✓			
HEMMINGS, Fred	✓			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
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