

STAND. COM. REP. NO.

451

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1678
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 Commerce, Consumer Protection, and Affordable Housing, to which was referred S.B. No. 1678 entitled:

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

beg leave to report as follows:

The purpose of this measure is to provide quality health care services and increase the number of physicians in Hawaii by ensuring that adequate resources are provided to cover the true costs of providing care.

The measure attempts to accomplish this purpose by requiring all mutual benefit societies to reimburse health care providers, hospitals, and nursing facilities one hundred per cent or more of current Medicare Resource Based Relative Value Scale for Hawaii.

Your Committees received testimony in support of this measure from the Occupational Therapy Association of Hawaii. Testimony in support of the intent of this measure with recommendations was submitted by the Department of Human Services, Hawaii Pacific Health, and Kaiser Permanente. Your Committees received testimony in opposition to this measure from Hawaii Medical Service Association. The Department of Commerce and Consumer Affairs submitted comments on this measure.

The Department of Human Services did not submit a recommended appropriation amount for Part II of this measure.

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Your Committees find that Hawaii is facing a serious health care crisis. This is partly due to the inadequate number of health care providers willing to provide care to Medicaid and Medicare insured consumers. Your Committees find that health care providers are not getting reimbursed the full amount of the cost of providing care to these individuals. Reimbursement levels need to be raised and updated yearly to remain current to ensure quality health care is provided to all residents of Hawaii.

Accordingly, your Committees amended this measure by:

- (1) Removing the application of the Medicare Resource Based Relative Value Scale system for rate determination and replacing it with the requirement that reimbursement rates not less than one hundred per cent of the Medicare reimbursement amount that is in effect for fraternal benefit societies (chapter 432, Hawaii Revised Statutes), accident and sickness insurance (chapter 431:10A, Hawaii Revised Statutes), and health maintenance organizations (chapter 432D, Hawaii Revised Statutes) for the current year and updated for each calendar year thereafter;
- (2) Removing the application of the Medicare Resource Based Relative Value Scale system for rate determination and replaced it with the requirement that reimbursement rates for hospitals and nursing facilities be one hundred ten per cent of the Medicaid or Medicare reimbursement rate in effect for the current year and updated for each calendar year thereafter for health services paid by the Department of Human Services;
- (3) Including Health Maintenance Organizations in the reimbursement requirement, and by including outpatient hospital services, but not emergency room services, in the rate of payment requirement that is based upon the Hawaii Medicaid Fee Schedule; and
- (4) Changing the effective date to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Health and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your



Committees are in accord with the intent and purpose of S.B. No. 1678, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1678, 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
Commerce, Consumer Protection,
and Affordable Housing,



BRIAN T. TANIGUCHI, Chair


DAVID Y. IGE, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* SB 1678	Committee Referral: HTH/CPH, WAM	Date: 2/6/07		
<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				✓
TOTAL	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
State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:* SB 1678	Committee Referral: HTH/CPH, WAM	Date: 2/6/07		
<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
TANIGUCHI, Brian T. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman				✓
SLOM, Sam		✓		
TOTAL	3	1		2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">David Y. Ige</div>				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

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