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March 12, 2008

MEMORANDUM

TO: Honorable David Y. Ige, Chair
Senate Committee on Health

Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Public Housing

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2795, H.D.1 - RELATING TO MEDICAID**
Hearing: Wednesday, March 12, 2008, 2:45 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to ensure that the community health center system remains financially viable and stable in the face of the increasing needs of the population of uninsured and underinsured residents by creating a process whereby community health centers and rural health clinics will receive supplemental Medicaid payments and seek modifications to their scope of services.

DEPARTMENT'S POSITION: The Department of Human Services and the Hawaii Primary Care Association (HPCA) have been meeting to discuss the proposed amendments to the Hawaii Administrative Rules (HAR) and have reached agreement on a draft as captured in H.B. 2795 H.D.1. A State Plan Amendment (SPA) will be

submitted to the Federal Centers for Medicare and Medicaid Services (CMS) as soon as projected costs for the additional requested services are received from the FQHCs.

Both DHS and HPCA are in agreement that no supplemental funds for State Fiscal Year 2008-2009 are required for DHS to implement the proposed amendments to the HAR.

Also, on page 2, lines 1-3, cites the Department of Health as the reconciling agency. DHS is the appropriate reconciling agency for this bill because this is a Medicaid reimbursement issue and this bill proposes to amend chapter 346.

Thank you for the opportunity to comment on this bill.