
A BILL FOR AN ACT

RELATING TO HEALTH CARE.

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

1 SECTION 1. The legislature finds that rural hospitals and
2 federally qualified health centers are essential to the State's
3 health care system. All health care providers are hurt by low
4 reimbursement rates, but rural hospital facilities and publicly
5 supported health centers that serve economically disadvantaged
6 persons are especially disadvantaged because of the high cost of
7 providing care in remote areas with low patient volume, and of
8 providing comprehensive care to underserved populations with
9 complex health and socio-economic needs. In recognition of
10 these difficulties, the federal government created critical
11 access hospitals and federally qualified health centers to
12 assist states in improving access to essential health care
13 services.

14 Critical access hospitals and federally qualified health
15 centers serve consumers who are covered under the medicare and
16 medicaid programs as well as those with other types of health
17 coverage. State and federal law determine the reimbursement



1 rates for medicare and medicaid provided services. The federal
2 Department of Health and Human Services, through the Center for
3 Medicare and Medicaid Services, pays critical access hospitals
4 one hundred and one per cent of costs for acute care service
5 provided to medicare recipients. The Hawaii department of human
6 services also calculates payments to critical access hospitals
7 for services to medicaid beneficiaries based on the actual cost
8 of the service. Pursuant to state and federal law,
9 reimbursements for medicaid services reflect both an estimated
10 average cost and the actual cost of providing services, with the
11 State making up the difference between managed care payments and
12 the federal reimbursement rate.

13 The purpose of this Act is to require health plans, other
14 than government payors, licensed to do business in this state,
15 to reimburse critical access hospitals and federally qualified
16 health centers at rates consistent with medicare and medicaid
17 reimbursement rates.

18 SECTION 2. Chapter 431, article 10A, Hawaii Revised
19 Statutes, is amended by adding a new section to be appropriately
20 designated and to read as follows:

21 "§431:10A- Cost-based payments to critical access
22 hospitals and federally qualified health centers. (a) Health



1 insurers other than government payors shall reimburse critical
2 access hospitals as defined in section 346D-1 at a rate not less
3 than one hundred and one per cent of costs, consistent with the
4 medicare reimbursement rate, for all services rendered to health
5 plan beneficiaries.

6 (b) Health insurers other than government payors shall pay
7 federally qualified health centers as defined in Section 1905(l)
8 of the Social Security Act (42 United States Code 1396d) no less
9 than their respective prospective payment system rates
10 determined pursuant to sections 346-53.6 to 346-53.64.

11 (c) Nothing in this section shall be construed to
12 determine a maximum amount that a health insurer other than a
13 government payor may pay to a critical access hospital or
14 federally qualified health center for services to plan
15 beneficiaries.

16 (d) The commissioner may adopt administrative rules
17 pursuant to chapter 91 to effectuate the purpose of this
18 section. The commissioner may require health insurers other
19 than government payors to annually demonstrate compliance with
20 this section, including validation of payment rates in
21 accordance with medicare interim rate letters.



1 The commissioner may require critical access hospitals and
2 federally qualified health centers to provide information as
3 requested by the commissioner to clarify, supplement, or rebut
4 information supplied by a health insurer; provided that the
5 release of information by a critical access hospital or
6 federally qualified health center shall be subject to the
7 provisions of the Health Insurance Portability and
8 Accountability Access Act of 1996.

9 (e) This section shall not apply to an accident-only,
10 specified disease, hospital indemnity, medicare supplement,
11 long-term care, or other limited benefit health insurance
12 policy.

13 (f) As used in this section:

14 "Government payor" means a state or federal government
15 entity that provides medical assistance in the form of payment
16 or reimbursement to a health care provider for the cost of
17 providing health care to an enrollee, or a nongovernmental party
18 contracted by a government entity to do so."

19 SECTION 3. Chapter 432, article 1, Hawaii Revised
20 Statutes, is amended by adding a new section to be appropriately
21 designated and to read as follows:



1 "§432:1- Cost-based payments to critical access
2 hospitals and federally qualified health centers. (a) Mutual
3 benefit societies shall reimburse critical access hospitals as
4 defined in section 346D-1 at a rate not less than one hundred
5 and one per cent of costs, consistent with the medicare
6 reimbursement rate, for all services rendered to health plan
7 beneficiaries.

8 (b) Mutual benefit societies shall pay federally qualified
9 health centers as defined in Section 1905(l) of the Social
10 Security Act (42 United States Code 1396d) no less than their
11 respective prospective payment system rates determined pursuant
12 to sections 346-53.6 to 346-53.64.

13 (c) Nothing in this section shall be construed to
14 determine a maximum amount that a mutual benefit society may pay
15 to a critical access hospital or federally qualified health
16 center for services to plan beneficiaries.

17 (d) The commissioner may adopt administrative rules
18 pursuant to chapter 91 to effectuate the purpose of this
19 section. The commissioner may require mutual benefit societies
20 to annually demonstrate compliance with this section, including
21 validation of payment rates in accordance with medicare interim
22 rate letters.



1 The commissioner may require critical access hospitals and
2 federally qualified health centers to provide information as
3 requested by the commissioner to clarify, supplement, or rebut
4 information supplied by a mutual benefit society; provided that
5 the release of information by a critical access hospital or
6 federally qualified health center shall be subject to the
7 provisions of the Health Insurance Portability and
8 Accountability Access Act of 1996."

9 SECTION 4. Chapter 432, article 2, Hawaii Revised
10 Statutes, is amended by adding a new section to be appropriately
11 designated and to read as follows:

12 "§432:2- Cost-based payments to critical access
13 hospitals and federally qualified health centers. (a)
14 Fraternal benefit societies shall reimburse critical access
15 hospitals as defined in section 346D-1 at a rate not less than
16 one hundred and one per cent of costs, consistent with the
17 medicare reimbursement rate, for all services rendered to health
18 plan beneficiaries.

19 (b) Fraternal benefit societies shall pay federally
20 qualified health centers as defined in Section 1905(1) of the
21 Social Security Act (42 United States Code 1396d) no less than



1 their respective prospective payment system rates determined
2 pursuant to sections 346-53.6 to 346-53.64.

3 (c) Nothing in this section shall be construed to
4 determine a maximum amount that a fraternal benefit society may
5 pay to a critical access hospital or federally qualified health
6 center for services to plan beneficiaries.

7 (d) The commissioner may adopt administrative rules
8 pursuant to chapter 91 to effectuate the purpose of this
9 section. The commissioner may require fraternal benefit
10 societies to annually demonstrate compliance with this section,
11 including validation of payment rates in accordance with
12 medicare interim rate letters.

13 The commissioner may require critical access hospitals and
14 federally qualified health centers to provide information as
15 requested by the commissioner to clarify, supplement, or rebut
16 information supplied by a fraternal benefit society; provided
17 that the release of information by a critical access hospital or
18 federally qualified health center shall be subject to the
19 provisions of the Health Insurance Portability and
20 Accountability Access Act of 1996."



1 SECTION 5. Chapter 432D, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§432D- Cost-based payments to critical access hospitals
5 and federally qualified health centers. (a) Health maintenance
6 organizations other than government payors shall reimburse
7 critical access hospitals as defined in section 346D-1 at a rate
8 not less than one hundred and one per cent of costs, consistent
9 with the medicare reimbursement rate, for all services rendered
10 to health plan beneficiaries.

11 (b) Health maintenance organizations other than government
12 payors shall pay federally qualified health centers as defined
13 in Section 1905(l) of the Social Security Act (42 United States
14 Code 1396d) no less than their respective prospective payment
15 system rates determined pursuant to sections 346-53.6 to 346-
16 53.64.

17 (c) Nothing in this section shall be construed to
18 determine a maximum amount that a health maintenance
19 organization other than a government payor may pay to a critical
20 access hospital or federally qualified health center for
21 services to plan beneficiaries.



1 (d) The commissioner may adopt administrative rules
2 pursuant to chapter 91 to effectuate the purpose of this
3 section. The commissioner may require health maintenance
4 organizations other than government payors to annually
5 demonstrate compliance with this section, including validation
6 of payment rates in accordance with medicare interim rate
7 letters.

8 The commissioner may require critical access hospitals and
9 federally qualified health centers to provide information as
10 requested by the commissioner to clarify, supplement, or rebut
11 information supplied by a health maintenance organization other
12 than a government payor; provided that the release of
13 information by a critical access hospital or federally qualified
14 health center shall be subject to the provisions of the Health
15 Insurance Portability and Accountability Access Act of 1996.

16 (e) As used in this section:

17 "Government payor" means a state or federal government
18 entity that provides medical assistance in the form of
19 reimbursement to a health care provider for the cost of
20 providing health care to an enrollee, or a nongovernmental party
21 contracted by a government entity to do so."

22 SECTION 6. New statutory material is underscored.



1 SECTION 7. This Act shall take effect on July 1, 2020.



Report Title:

Health Plan Payments; Critical Access Hospitals; Federally
Qualified Health Centers

Description:

Requires commercial health plans licensed to do business in the
State to pay no less than 101% of costs for all services
provided to plan beneficiaries by critical access hospitals and
federally qualified health centers. (HB708 HD1)

