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## A BILL FOR AN ACT

RELATING TO HEALTH.

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

1           SECTION 1. The legislature finds that medicaid is the  
2   cornerstone of health care for the most needy in our population.  
3   Furthermore, the legislature has previously recognized that it  
4   is in the public interest to ensure that health care payments  
5   made with state funds or controlled by the State are sufficient  
6   to cover the actual costs of care. However, inadequate payment  
7   and reimbursement from medicaid have compromised access to  
8   medical care not only for the uninsured and those covered by  
9   medicaid but also for individuals who are covered by private  
10   employer-based health insurance.

11           As documented in numerous media reports, medical care  
12   services, especially in specialty-care coverage in rural areas  
13   and on the neighbor islands, has reached crisis proportions.

14           Hawaii's physicians serving medicaid-eligible persons have  
15   been adversely affected by the inadequacy of medicaid  
16   reimbursements and payments.



1           The purpose of this Act is to increase the payment for  
2 physician services for medicaid-eligible persons, including fee-  
3 for-service and QUEST-eligible individuals.

4           SECTION 2. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$8,000,000 or so much  
6 thereof as may be necessary for fiscal year 2009-2010 and the  
7 same sum or so much thereof that may be necessary for fiscal  
8 year 2010-2011 to increase moneys paid out for physician  
9 services for the care of medicaid-eligible persons, including  
10 fee-for-service and QUEST physician services.

11           The sums appropriated shall be expended by the department  
12 of human services for the purposes of this Act; provided that:

13           (1) The sum is equitably distributed between medicaid fee-  
14 for-service physician services and health plans that  
15 provide QUEST physician services so that the health  
16 plans can increase the payment for these physician  
17 services; and

18           (2) The increased moneys, when added to the amount of  
19 reimbursement payable under the medicaid fee schedule,  
20 shall in no event exceed 100 per cent of the current  
21 medicare fee schedule applicable to Hawaii.



1 SECTION 3. The department of human services shall include  
2 in its supplemental budget request for fiscal year 2010-2011 a  
3 sum at least equal to the sum appropriated in section 2 in  
4 addition to its baseline medicaid request that will allow for  
5 increased moneys to be paid out for physician services for  
6 medicaid eligible persons, including fee-for-service and QUEST  
7 physician services. The department shall report the amount of  
8 the baseline medicaid sum and the additional funds to be paid  
9 out for physician services to the legislature no later than  
10 twenty days prior to the convening of the regular session of  
11 2010.

12 SECTION 4. The department of human services shall report  
13 to the legislature no later than twenty days prior to the  
14 convening of the regular session of 2010 with the amount of  
15 funding necessary to:

- 16 (1) Continue the increased payments for physician services  
17 up to 100 per cent of the current medicare fee  
18 schedule applicable to Hawaii; and  
19 (2) Increase payments up to 100 per cent of the current  
20 medicare fee schedule applicable to Hawaii to all  
21 medicaid fee-for-service and QUEST providers, if  
22 approved.



1 SECTION 5. This Act shall take effect on July 1, 2009.

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INTRODUCED BY:

*John M. Pappas*  
*Tom Brown*

JAN 26 2009



**Report Title:**

Medicaid Fee Schedule Rate Increase

**Description:**

Appropriates funds in each year of the 2009-2011 fiscal biennium to increase the payments for physician services provided by QUEST and medicare fee-for-service providers up to 100 per cent of the current medicare rate. Requires the Department of Human Services (DHS) to report to the Legislature prior to the 2010 Regular Session with (1) the amount of baseline medicaid and additional funds needed for fiscal year 2010-2011, and (2) the amount of funding required to continue increased payments for physician services and to increase reimbursements for all fee-for-service providers. Requires DHS to seek an appropriation in an amount equal to at least the amount appropriated in 2009-2010 for additional payments for physician services.

