

JAN 26 2009

---

## A BILL FOR AN ACT

RELATING TO MEDICAID.

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

1           SECTION 1. Recently, the state department of human  
2 services procured for the administering of a new managed care  
3 program, QUEST Expanded Access, for the aged, blind and disabled  
4 population. The bids were awarded to only two for-profit  
5 insurance companies to provide medicaid coverage for Hawaii  
6 37,000 aged, blind and disabled residents. Several states have  
7 found a number of serious violations of law and medicaid fraud  
8 in administering similar medicaid programs through for-profit  
9 insurance companies. As a result, laws and legislation across  
10 the nation have surfaced that permit only nonprofit and  
11 government-related entities to bid on medicaid contracts.

12           The purpose of this Act is to require all future medicaid  
13 procurement contracts to be awarded only to qualified nonprofit  
14 entities.

15           SECTION 2. Chapter 103F, Hawaii Revised Statutes, is  
16 amended by adding a new section to be appropriately designated  
17 and to read as follows:



1        "S103F- Procurement of medicaid contracts; nonprofits.

2        For the procurement of all medicaid contracts in the State, the

3        department of human services shall solicit proposals only from

4        nonprofit insurance entities and award contracts only to

5        nonprofit insurance entities."

6        SECTION 3. This Act does not affect rights and duties that

7        matured, penalties that were incurred, and proceedings that were

8        begun, before its effective date.

9        SECTION 4. New statutory material is underscored.

10       SECTION 5. This Act shall take effect upon its approval.

11

INTRODUCED BY:

David Y. Ige

Therese Chun Oalland

Maureen J. [Signature]

John [Signature]

Randy H. Baker



**Report Title:**

Medicaid; Procurement; Health and Human Services

**Description:**

Requires the department of human services to award medicaid contracts to nonprofit insurance entities only.

