

JAN 22 2010

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Medicaid is a state program that provides
2 health care to certain low-income individuals and families. The
3 State sets the criteria for eligibility, determines the services
4 that are available, and administers the program. As with all
5 states, Hawaii's medicaid program is funded in large part by the
6 federal government.

7 Medicaid operates in partnership with Hawaii's health care
8 providers, as it does not employ health care practitioners, but
9 rather, pays health care providers for services rendered to
10 medicaid participants.

11 Prior to 1994, medicaid paid providers directly on a fee-
12 for-services basis. In 1994, the Quest program was implemented
13 to provide health care to many medicaid participants through a
14 managed care approach. The State now contracts with health care
15 insurance plans and pays each plan a capitated amount for each
16 participant. The health plans in turn pay providers that
17 deliver care to medicaid participants.



1 QuestEx was implemented to provide care on a managed care
2 basis to the medicaid aged, blind, and disabled population.
3 Since QuestEx began operating, health care providers have
4 experienced many cases of delayed payments from health care
5 plans contracted by the State. As a result of the delays, many
6 providers have experienced severe financial difficulties that
7 impact the providers' ability to deliver quality care.

8 The "clean claims" law found in section 431:13-108, Hawaii
9 Revised Statutes, requires health plans to pay providers on a
10 timely basis when uncontested claims are submitted.
11 Specifically, the law requires payments to be made within thirty
12 days for clean claims submitted in writing, and within fifteen
13 days for clean claims submitted electronically.

14 However, the law contains an exemption for medicaid. As a
15 result, health plans contracted by the State under medicaid may
16 delay payments without penalty while health care providers are
17 left to suffer.

18 The purpose of this Act is to repeal the exemption for
19 health plans contracted by the State under medicaid from the
20 clean claims law.



1 SECTION 2. Section 431:13-108, Hawaii Revised Statutes, is
2 amended by amending the definition of "clean claim" in
3 subsection (j) to read as follows:

4 "Clean claim" ~~[means]~~:

5 (1) Means a claim in which the information in the
6 possession of an entity adequately indicates that:

7 ~~[(1)]~~ (A) The claim is for a covered health care service
8 provided by an eligible health care provider to a
9 covered person under the contract;

10 ~~[(2)]~~ (B) The claim has no material defect or impropriety;

11 ~~[(3)]~~ (C) There is no dispute regarding the amount claimed;
12 and

13 ~~[(4)]~~ (D) The payer has no reason to believe that the claim
14 was submitted fraudulently.

15 ~~[The term does]~~ (2) Does not include:

16 ~~[(1)]~~ (A) Claims for payment of expenses incurred during a
17 period of time when premiums were delinquent;

18 ~~[(2)]~~ (B) Claims that are submitted fraudulently or that
19 are based upon material misrepresentations; and

20 ~~[(3)]~~ ~~Medicaid or Medigap claims; and~~

21 ~~[(4)]~~ (C) Claims that require a coordination of benefits,
22 subrogation, or preexisting condition



1 investigations, or that involve third-party
2 liability."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on July 1, 2010.

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INTRODUCED BY:

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Report Title:

Medicaid; Health Insurance; Payment

Description:

Requires health insurers to promptly pay claims for services to medicaid recipients, by repealing the exemption for medicaid claims from the clean claims law.

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