



GOV. MSG. NO. 381

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

March 18, 2010

The Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Madam President:

In accordance with Section 9, Article VII of the Constitution of the State of Hawaii, I am requesting your immediate consideration and passage of a \$40,000,000 FY 10 emergency general fund appropriation for the health care payments program (HMS 401) and a corresponding federal match to address a funding shortfall in the Medicaid program. To ensure that the emergency appropriation remains budget neutral, we are also proposing to make offsetting reductions to Act 162, SLH 2009, to reduce the HMS 401 budget by \$40,000,000 in general funds for FY 11.

We have drafted the language for the FY 10 emergency appropriation and the offsetting reduction to Act 162, SLH 2009, and defer to the Legislature to find a suitable bill to insert our draft language.

Because the Medicaid program is essential for the public health, safety and welfare of the people of the State of Hawaii, we would appreciate your prompt attention to this matter. The Departments of Human Services and Budget and Finance will be available to answer any questions you may have on this request.

Sincerely,



LINDA LINGLE

Attachment

c: Honorable Donna Mercado Kim

A BILL FOR AN ACT

(TITLE).

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

1 SECTION 1. This Act is recommended by the Governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 SECTION 2. The purpose of this Act is to:

- 5 1. Make a \$40,000,000 emergency general fund appropriation for
6 fiscal year 2009-2010 for the health care payments program
7 (HMS 401) to address a funding shortfall in the Medicaid
8 program; and
9 2. Make a corresponding \$80,000,000 federal fund appropriation
10 for fiscal year 2009-2010 for the health care payments
11 program (HMS 401) as a federal match; and
12 3. Make an offsetting reduction to Act 162, Session Laws of
13 Hawaii 2009, to reduce the HMS 401 budget by \$40,000,000 in
14 general funds for fiscal year 2010-2011.

15 The Medicaid program projects a \$342 million budget
16 shortfall this year, including \$84 million in general funds and
17 \$258 million in federal funds. To put this in perspective,
18 every month, Medicaid pays out more than \$100 million (in
19 general and federal funds) to the health plans and to other

___ .B. NO. .D. _

1 Medicaid providers; thus, the \$342 million shortfall will result
2 in the deferral of about three months of payments (April, May
3 and June).

4 This Act will advance \$40 million in general funds, which
5 will also draw down about \$80 million in federal matching funds,
6 to cover the April shortfall and other expenses. This will
7 ensure that the Medicaid program will only defer two months of
8 payments into fiscal year 2011. Similar to last year, the
9 deferred amount will be promptly paid off in July, with the
10 beginning of the new fiscal year.

11 SECTION 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$40,000,000 or so
13 much thereof as may be necessary for fiscal year 2009-2010 for
14 health care payments under HMS 401 to address the funding
15 shortfall in the Medicaid program.

16 SECTION 4. There is appropriated out of federal Medicaid
17 funds the sum of \$80,000,000 or so much thereof as may be
18 necessary for fiscal year 2009-2010 for health care payments
19 under HMS 401 as a federal match for State funds.

20 SECTION 5. The sums appropriated shall be expended by the
21 department of human services for the purposes of this Act.

22 SECTION 6. Act 162, Session Laws of Hawaii 2009, is
23 amended by amending item F.17 in section 3 to read as follows:

___ .B. NO. ___ .D. ___

1 F. SOCIAL SERVICES

2 "17. HMS 401 - HEALTH CARE PAYMENTS

3	OPERATING	HMS	459,037,132A	[525,219,050A]
4				<u>485,219,050A</u>
5			701,911,653N	700,824,253N
6			44,409,563U	44,409,563U
7			175,189,095V	93,162,323V"

8 SECTION 7. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 8. This Act shall take effect upon its approval.