
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 affected by
4 low reimbursement rates, but rural hospital facilities and
5 publicly supported health centers that serve the economically
6 disadvantaged are especially neglected because of the high cost
7 of providing health care in remote areas with low patient volume
8 and providing comprehensive care to underserved populations with
9 complex health and socioeconomic needs. In recognition of these
10 difficulties, the federal government created critical access
11 hospitals and federally qualified health centers to assist the
12 states with improving access to essential health care services.

13 Critical access hospitals and federally qualified health
14 centers serve those who are covered under medicare and medicaid,
15 as well as those with other types of health coverage. State and
16 federal law determine the reimbursement rates for medicare and
17 medicaid services. The federal Department of Health and Human



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

12 The purpose of this Act is to require health plans,
 13 including government payors and limited benefit health insurance
 14 policy insurers, licensed to do business in Hawaii, to reimburse
 15 critical access hospitals and federally qualified health centers
 16 at rates consistent with medicare and medicaid reimbursement
 17 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 shall reimburse critical access hospitals as defined in
2 section 346D-1 at a rate not less than _____ per cent of
3 costs, consistent with the medicare reimbursement rate for all
4 services rendered to health plan beneficiaries.

5 (b) Health insurers shall pay federally qualified health
6 centers as defined in Section 1905(1) of the Social Security Act
7 (42 U.S.C. 1396d) no less than their respective prospective
8 payment system rates determined pursuant to sections 346-53.6 to
9 346-53.64.

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

14 (d) The commissioner may adopt rules pursuant to chapter
15 91 to effectuate the purpose of this section. The commissioner
16 may require health insurers to annually demonstrate compliance
17 with this section, including validation of payment rates in
18 accordance with medicare interim rate letters.

19 The commissioner may require critical access hospitals and
20 federally qualified health centers to provide information upon
21 request to clarify, supplement, or rebut information supplied by
22 a health insurer; provided that the release of information by a



1 critical access hospital or federally qualified health center
2 shall be subject to the provisions of the Health Insurance
3 Portability and Accountability Act of 1996."

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

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

13 (b) Mutual benefit societies shall pay federally qualified
14 health centers as defined in Section 1905(l) of the Social
15 Security Act (42 U.S.C. 1396d) no less than their respective
16 prospective payment system rates determined pursuant to sections
17 346-53.6 to 346-53.64.

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



1 (d) The commissioner may adopt rules pursuant to chapter
2 91 to effectuate the purpose of this section. The commissioner
3 may require mutual benefit societies to annually demonstrate
4 compliance with this section, including validation of payment
5 rates in accordance with medicare interim rate letters.

6 The commissioner may require critical access hospitals and
7 federally qualified health centers to provide information upon
8 request to clarify, supplement, or rebut information supplied by
9 a mutual benefit society; provided that the release of
10 information by a critical access hospital or federally qualified
11 health center shall be subject to the provisions of the Health
12 Insurance Portability and Accountability Act of 1996."

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

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



1 (b) Fraternal benefit societies shall pay federally
2 qualified health centers as defined in Section 1905(1) of the
3 Social Security Act (42 U.S.C. 1396d) no less than their
4 respective prospective payment system rates determined pursuant
5 to sections 346-53.6 to 346-53.64.

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

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

15 The commissioner may require critical access hospitals and
16 federally qualified health centers to provide information upon
17 request to clarify, supplement, or rebut information supplied by
18 a fraternal benefit society; provided that the release of
19 information by a critical access hospital or federally qualified
20 health center shall be subject to the provisions of the Health
21 Insurance Portability and Accountability 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 shall reimburse critical access hospitals as
7 defined in section 346D-1 at a rate not less than per
8 cent of costs, consistent with the medicare reimbursement rate,
9 for all services rendered to health plan beneficiaries.

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

15 (c) Nothing in this section shall be construed to
16 determine a maximum amount that a health maintenance
17 organization may pay to a critical access hospital or federally
18 qualified health center for services to plan beneficiaries.

19 (d) The commissioner may adopt rules pursuant to chapter
20 91 to effectuate the purpose of this section. The commissioner
21 may require health maintenance organizations to annually
22 demonstrate compliance with this section, including validation



1 of payment rates in accordance with medicare interim rate
2 letters.

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

10 SECTION 6.. New statutory material is underscored.

11 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 all health plans in the State, including government payors, to pay to critical access hospitals no less than an unspecified percentage of costs for all services provided to plan beneficiaries, and to pay to federally qualified health centers no less than their respective prospective payment system rates. Effective July 1, 2020. (SB1140 HD3)

