

JAN 23 2009

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# A BILL FOR AN ACT

RELATING TO HEALTH CARE.

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

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

4           "§432:1- Reimbursement rate. (a) Notwithstanding any  
5 provision of any individual or group hospital or medical service  
6 plan contract, whenever the contract provides reimbursement or  
7 payment for any service, the rate of reimbursement or payment to  
8 the provider of the service shall be the greater of:

9           (1) One hundred thirty-five per cent of the medicare  
10           reimbursement rate applicable to Hawaii for that  
11           service as determined by the United States Centers for  
12           Medicare and Medicaid Services; or

13           (2) The average comparable reimbursement rate established  
14           by the commissioner pursuant to subsection (b).

15           (b) The commissioner shall determine the average  
16 comparable reimbursement rate on an annual basis. The average  
17 comparable reimbursement rate shall equal the mathematical



1 average of the medicaid reimbursement rates of the two states  
2 that most closely resemble Hawaii in terms of cost of living as  
3 determined by the commissioner based on data from the Cost of  
4 Living Index published by The Council for Community and Economic  
5 Research.

6 (c) Failure by a mutual benefit society to comply with  
7 this section shall result in the loss of tax exempt status under  
8 section 432:1-403 as of the date of the first violation. Tax  
9 exempt status may be restored, subject to rules and penalties  
10 adopted by the commissioner, once all violations of this section  
11 have been cured.

12 (d) The commissioner shall adopt rules pursuant to chapter  
13 91 necessary to implement this section."

14 SECTION 2. (a) The office of the auditor shall conduct a  
15 comprehensive financial and management audit of all health plans  
16 offered by each domestic mutual benefit society formed under  
17 article 1 of chapter 432, Hawaii Revised Statutes, that holds at  
18 least a ten per cent market share within the State of Hawaii.

19 (b) The audit shall be submitted to the legislature and  
20 the governor no later than twenty days prior to the convening of  
21 the regular session of 2010.

22 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on July 1, 2009.

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INTRODUCED BY: Josh Green

Therese Ann Culland

Robert J. ...



**Report Title:**

Health Insurance; Mutual Benefit Society; Reimbursement; Auditor

**Description:**

Establishes reimbursement rates for health care providers by mutual benefit societies based on a percentage of the medicare reimbursement rate or an average comparable reimbursement rate established by the insurance commissioner.

