
A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The State's worsening economy has impacted many
2 state programs including those overseen by the department of
3 human services. Frequently, many entities that contract with
4 the department of human services are not reimbursed for services
5 provided in a timely fashion. This is a problem for many
6 entities doing business with the department of human services,
7 including social service agencies as well as contracted health
8 plans providing services to those enrolled in the State's
9 managed medicaid program, QUEST.

10 Many health plans in the State contract with the department
11 of human services to participate as QUEST health plans because
12 it is a community service. Unfortunately, delays in payments
13 make it increasingly difficult to provide these services during
14 dire economic times.

15 In addition, when health plans do not meet the requirements
16 of Hawaii's clean claims law for the processing and timely
17 payment of claims, interest payments are incurred on these

1 delinquent payments. When the State delays payments to health
2 plans for services already provided, a plan may ultimately end
3 up paying interest on these amounts when the delay in payment is
4 clearly beyond the control of the health plan.

5 In order to prevent this from continuing to occur, the
6 legislature believes that QUEST health plans should be exempt
7 from the interest accrual provisions of the clean claims act
8 only in those instances in which delays are caused by nonpayment
9 from either the federal or state government. In addition, the
10 legislature believes that the State should pay a penalty for
11 late payments to the health care plans, and that additional
12 funding for the QUEST plans should be appropriated from the
13 state hurricane relief fund to continue medicaid coverage for
14 Compact of Free Association migrants.

15 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 "§346- Medicaid payments. (a) The State shall pay a
19 health plan with which it has contracted under the State's
20 medicaid program according to the terms of the contract. If
21 circumstances prevent the State from complying with this
22 section, the State shall pay the health plan interest on any

1 amounts remaining unpaid at a rate equal to fifteen per cent per
2 year, commencing on the day after payment is due and ending on
3 the date of payment.

4 (b) This section shall not apply in those cases where a
5 delay in payment is due to:

6 (1) A bona fide dispute between the State or any county
7 and the contracting health plan concerning the
8 services or goods contracted for;

9 (2) A labor dispute;

10 (3) A power or mechanical failure;

11 (4) Fire; or

12 (5) Acts of God."

13 SECTION 3. Section 431:13-108, Hawaii Revised Statutes, is
14 amended by amending subsection (g) to read as follows:

15 "(g) Notwithstanding section 478-2 to the contrary,
16 interest shall be allowed at a rate of fifteen per cent a year
17 for money owed by an entity on payment of a claim exceeding the
18 applicable time limitations under this section, as follows:

19 (1) For an uncontested claim:

20 (A) Filed in writing, interest from the first
21 calendar day after the thirty-day period in
22 subsection (b); or

1 (B) Filed electronically, interest from the first
2 calendar day after the fifteen-day period in
3 subsection (b);

4 (2) For a contested claim filed in writing:

5 (A) For which notice was provided under subsection
6 (c), interest from the first calendar day thirty
7 days after the date the additional information is
8 received; or

9 (B) For which notice was not provided within the time
10 specified under subsection (c), interest from the
11 first calendar day after the claim is received;
12 or

13 (3) For a contested claim filed electronically:

14 (A) For which notice was provided under subsection
15 (c), interest from the first calendar day fifteen
16 days after the additional information is
17 received; or

18 (B) For which notice was not provided within the time
19 specified under subsection (c), interest from the
20 first calendar day after the claim is received.

21 The commissioner may suspend the accrual of interest if the
22 commissioner determines that the entity's failure to pay a claim

1 within the applicable time limitations was the result of a major
2 disaster or of an unanticipated major computer system failure.

3 Accrual of interest shall be suspended automatically if the
4 entity's failure to pay a claim within the applicable time
5 limitations is the result of late payment to the entity by the
6 state or federal government for services provided to
7 beneficiaries of a government program."

8 SECTION 4. Notwithstanding provisions of chapter 431P,
9 Hawaii Revised Statutes, to the contrary, there is appropriated
10 out of the Hawaii hurricane relief fund the sum of \$70,000,000
11 or so much thereof as may be necessary for fiscal year 2010-2011
12 to partially address the Medicaid shortfall, including but not
13 limited to, reducing the number of months in the delay of
14 payments to plans and the providers of health care services,
15 providing Medicaid coverage to Compact of Free Association
16 migrants, and addressing the increase in Medicaid enrollment.

17 In addition to the appropriation authorized in this
18 section, the department of human services is authorized to
19 expend up to \$140,000,000 or so much thereof as may be necessary
20 for fiscal year 2010-2011 in matching federal funds for the
21 purposes of this section.

1 SECTION 5. The sum appropriated shall be expended by the
2 department of human services for the purposes of this Act.

3 SECTION 6. New statutory material is underscored.

4 SECTION 7. This Act shall take effect on July 1, 2010.

5

Report Title:

QUEST; Interest Payments; State Penalties; Appropriation

Description:

Exempting QUEST plans from paying interest under the clean claims act when delays are due to non-payment by government payers to QUEST plans; requires the State to pay interest on late payments to health care plans related to QUEST; appropriates funds from the Hawaii hurricane relief fund to pay for QUEST and COFA migrants and authorizes the expenditure of matching federal funds. (SD1)

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