

JAN 26 2009

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Currently, some insurers who do not have a
2 contract with the State for provision of pre-hospital ambulance
3 treatment and transport services send claim remittances or
4 direct payments to patients. This practice burdens the patient
5 with billing processing, burdens the State with the cost of
6 collection services to collect payment from the patient, and
7 creates an unnecessary situation of possible bad debt for the
8 patient.

9 The purpose of this Act is to require insurers, mutual
10 benefit societies, and health maintenance organizations to make
11 direct payments to the State that funds provision of pre-
12 hospital ambulance treatment and transport services.

13 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
14 amended by adding to article 10A a new section to be
15 appropriately designated and to read as follows:

16 "§431:10A- Direct payment for pre-hospital ambulance
17 treatment and transport services. (a) Any accident and health

1 or sickness insurer that offers coverage for pre-hospital
2 ambulance treatment and transport services shall provide for
3 direct payment to the State for provision of pre-hospital
4 ambulance treatment and transport services.

5 (b) Subsection (a) shall not apply to any transaction
6 between the State for provision of pre-hospital ambulance
7 treatment and transport services and an insurer if the parties
8 have entered into a contract providing for direct payment.

9 (c) For purposes of this section, "direct payment" means:

10 (1) The State shall file a claim on behalf of the enrollee
11 for provision of pre-hospital ambulance treatment and
12 transport services with the insurer;

13 (2) The insurer shall pay the State for provision of pre-
14 hospital ambulance treatment and transport services
15 directly within sixty days of receipt of a claim filed
16 by the State; and

17 (3) The State shall not make a demand for payment from the
18 enrollee for provision of pre-hospital ambulance
19 treatment and transport until payment has been
20 received from the insurer. Thereafter, the State may
21 make a demand for payment from the enrollee for any

1 unpaid portion of the services provided to the
2 enrollee."

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

6 "§432:1- Direct payment for pre-hospital ambulance
7 treatment and transport services. (a) A mutual benefit society
8 that offers coverage for pre-hospital ambulance treatment and
9 transport, shall provide for direct payment to the State for
10 provision of pre-hospital ambulance treatment and transport
11 services.

12 (b) Subsection (a) shall not apply to any transaction
13 between the State for provision of pre-hospital ambulance
14 treatment and transport services and a mutual benefit society if
15 the parties have entered into a contract providing for direct
16 payment.

17 (c) For purposes of this subdivision, "direct payment"
18 means:

19 (1) The State shall file a claim on behalf of the enrollee
20 for provision of pre-hospital ambulance treatment and
21 transport with the mutual benefit society;

- 1 (2) The mutual benefit society shall pay the State for
2 provision of pre-hospital ambulance treatment and
3 transport services directly within sixty days of
4 receipt of a claim filed by the State; and
- 5 (3) The State shall not demand payment from the enrollee
6 for provision of pre-hospital ambulance treatment and
7 transport provider until payment has been received
8 from the mutual benefit society. Thereafter, the
9 State may make a may demand for payment from the
10 enrollee for any unpaid portion of the provider's fee."

11 SECTION 4. Chapter 432D, Hawaii Revised Statutes, is
12 amended by adding a new section to be appropriately designated
13 and to read as follows:

14 **"§432D- Direct payment for pre-hospital ambulance**
15 **treatment and transport services.** (a) A health maintenance
16 organization that offers coverage for pre-hospital ambulance
17 treatment and transport, shall provide for direct payment to the
18 State for provision of pre-hospital ambulance treatment and
19 transport services.

20 (b) Subsection (a) shall not apply to any transaction
21 between the State for provision of pre-hospital ambulance
22 treatment and transport services and a health maintenance

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1 organization if the parties have entered into a contract
2 providing for direct payment.

3 (c) For purposes of this subdivision, "direct payment"
4 means:

5 (1) The State shall file a claim on behalf of the enrollee
6 for provision of pre-hospital ambulance treatment and
7 transport with the health maintenance organization;

8 (2) The health maintenance organization shall pay the
9 State for provision of pre-hospital ambulance
10 treatment and transport services directly within sixty
11 days of receipt of a claim filed by the State; and

12 (3) The State shall not demand payment from the enrollee
13 for provision of pre-hospital ambulance treatment and
14 transport provider until payment has been received
15 from the health maintenance organization. Thereafter,
16 the State may make a demand for payment from the
17 enrollee for any unpaid portion of the provider's fee."

18 SECTION 5. New statutory material is underscored.

19 SECTION 6. This Act shall take effect upon its approval.

21 INTRODUCED BY: _____

22 BY REQUEST

Report Title:

Insurance; Direct Payment; Healthcare

Description:

Requires direct payment to the State for provision of pre-hospital ambulance treatment and transport services.

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JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO INSURANCE.

PURPOSE: Require accident and health or sickness insurance plans, mutual benefit societies, and health maintenance organizations to provide direct payment to the State for provision of pre-hospital ambulance treatment and transport services.

MEANS: Add a new section to article 10A of Hawaii Revised Statutes ("HRS") chapter 431, article 1 of HRS chapter 432 and HRS chapter 432D.

JUSTIFICATION: This measure will require accident and health or sickness insurance plans, mutual benefit societies, and health maintenance organizations to provide direct payment to the State for provision of pre-hospital ambulance treatment and transport services. Without this measure, the plans may send payment directly to the patient, potentially leading to delay in the provider receiving payment and increasing costs for collection.

Impact on the public: All individuals who receive pre-hospital ambulance treatment and transport services that are covered by some type of payment plan will have that benefit paid directly to State, simplifying the process for the public.

Impact on the department and other agencies: The department expects that direct payment will lead to a reduced cost of collecting payment for services and thus increase the overall revenues to the State.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION:

HTH-730.

OTHER AFFECTED
AGENCIES:

Department of Commerce and Consumer Affairs.

EFFECTIVE DATE:

Upon approval.