

Honolulu, Hawaii

Feb 26 , 2010

RE: H.B. No. 2087
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred H.B. No. 2087 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

beg leave to report as follows:

The purpose of this bill is to ensure that health plans providing services under government programs are not unfairly charged interest under the Clean Claims Law, by exempting these health plans from interest accrual on late payments to service providers that are caused by delayed government reimbursements to the health plan for those services.

The Hawaii Medical Service Association, Kaiser Permanente, and Ohana Health Plan testified in support of this bill. The Department of Human Services opposed this measure. The Healthcare Association of Hawaii and AlohaCare provided comments.

The Clean Claims Law requires health plans to pay providers within certain timeframes, and imposes interest on late payments. When government entities delay payments to health plans for services provided as part of a government program, the health plan must pay interest on late payments to providers even though the delay was beyond the control of the health plan. This bill exempts health plans from paying interest for delays caused by late government reimbursements.



Your Committees have amended this bill by:

- (1) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity and style, including clarifying that Medicaid and Medigap claims are exempt from the Clean Claims Law.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2087, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 2087, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



JON RIKI KARAMATSU, Chair



ROBERT N. HERKES, Chair



