

Honolulu, Hawaii

APR 01 2010

RE: H.B. No. 2087
H.D. 1
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2087, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to ensure that health plans contracted with the State to provide services under the State's medicaid program are paid in a timely manner.

Specifically, this measure:

- (1) Requires the State to pay these health plans according to the terms of the contract or, in the absence of terms addressing timeliness, to pay within the first fifteen days of each month but no later than the last day of each month;
- (2) Except under certain circumstances, mandates the State to pay fifteen per cent interest on amounts unpaid;
- (3) Automatically suspends the accrual of interest if an entity's failure to timely pay a claim is due to late payment to the entity by the state or federal government for services provided to beneficiaries of a government program;



- (4) Removes the exemption of medicaid and medigap claims from the definition of "clean claim" to facilitate timely payments; and
- (5) With respect to funding issues:
 - (A) Appropriates an unspecified amount from the hurricane reserve trust fund for fiscal year 2010-2011 to address the medicaid shortfall, including but not limited to reducing the number of months in the delay of payments to plans and the providers of health care services, providing medicaid coverage to Compact of Free Association migrants, and addressing the increase in medicaid enrollment;
 - (B) Authorizes the Department of Human Services to expend up to an unspecified amount for fiscal year 2010-2011 in matching federal funds acquired through the American Recovery and Reinvestment Act for the purposes of this measure; and
 - (C) If the federal government extends the enhanced federal medicaid assistance percentages funds, authorizes the Department of Human Services to expend unspecified amounts:
 - (i) Appropriated from the hurricane reserve trust fund; and
 - (ii) In matching federal funds provided through the American Recovery and Reinvestment Act.

Written comments presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that many health care plans and providers are experiencing financial hardship due to abnormally long delays in receiving payment from the State. In view of the federal government's current advantageous matching of \$2 for every \$1 of state funds spent, your Committee believes that withdrawing moneys from the hurricane reserve trust fund in order to draw down the federal matching funds is an appropriate strategy at this time.

Your Committee has amended this measure by:



- (1) Inserting language in the purpose section that the Legislature acknowledges that the outdated payment methodology used by the Department of Human Services does not comply with national coding standards and that certain claims can only be processed manually, in which case it is not the Legislature's intent to penalize those plans that must manually process claims for reasons beyond their control;
- (2) Including in the definition of "clean claim" any claim that requires manual processing because the claim does not comply with the most recent national coding standards;
- (3) Changing the effective date to July 1, 2010; provided that the definition of "clean claim", as amended by section 4 of the measure, takes effect on January 1, 2011; and
- (4) Making technical amendments to conform to standard drafting conventions.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2087, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2087, H.D. 1, S.D. 2.


Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONNA MERCADO KIM, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2087 HD/SDI	HMS/CPN, WAM	3/31/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred			/	
TOTAL	11	0	1	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes