

STAND. COM. REP. NO.

2319

Honolulu, Hawaii

FEB 12 2010

RE: S.B. No. 2030

S.D. 1

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

Madam:

Your Committees on Human Services and Commerce and Consumer Protection, to which was referred S.B. No. 2030 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

beg leave to report as follows:

The purpose of this measure is to exempt QUEST plans from paying interest under the clean claims act when delays are due to non-payment by government payers to QUEST plans.

Testimony in support of this measure was submitted by Ohana Health Plan, Kaiser Permanente, and Hawaii Medical Service Association (HMSA). Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs and the Department of Human Services. Comments on this measure were submitted by Aloha Care. Written testimony presented to the Committees may be reviewed on the Legislature's website.

Your Committees find that the Medicaid and QUEST programs are vital to the health of many low-income individuals and families. The State has contracted with several health care providers to deliver services to these recipients. Your Committees also find that many of the health care plans are now experiencing long delays in receiving payments from the State. Consequently these health care plans must delay payments to doctors, hospitals, and those ultimately providing the service. This measure will provide an incentive for the State to make timely payments to health plans under contract with the State for its Medicaid program.



Your Committees further find that there is a significant shortfall in Medicaid funds to meet the growing enrollment in this program by families and individuals in need. The Department of Human Services is contemplating a potential four month delay in payments to health care plans. The estimated amount of funds this delay would equate to is approximately \$400,000,000. This delay in payment to health care plans would impact payment to health care providers and negatively impact patient care and access to health care. The delay also forces health plans to incur interest penalties if they are not timely with their payments to health care providers.

In addition, the Department of Human Services anticipates implementing a program called Basic Health Hawaii, which would incur additional costs to the plans to start up this new program beginning July 1, 2010.

Further, the Department of Health intends to transfer behavioral health clients currently under their responsibility to the Department of Human Services QUEST and QUEST Expanded programs by March 1, 2010, which will exacerbate the Medicaid shortfall even further.

Your Committees additionally find that it is not good business practice to delay payments for such long periods of time with no consequences as the delays have a negative ripple effect on the provision and accessibility of health care.

Accordingly, your Committees have amended this measure by requiring the State to pay interest on delayed payments, unless certain circumstances apply. Your Committees have also added an appropriation of \$70,000,000 from the Hawaii hurricane relief fund as a funding source to partially address the Medicaid shortfall, including but not limited to, reducing the number of months in the delay of payments to plans and other providers of health care services, providing Medicaid coverage to Compact of Free Association migrants, and addressing the need of Medicaid enrollment. In addition, your Committees have included language that authorizes the Department of Human Services to expend up to \$140,000,000 in federal funds to augment the \$70,000,000 State appropriation.

As affirmed by the records of votes of the members of your Committees on Human Services and Commerce and Consumer Protection that are attached to this report, your Committees are in accord



with the intent and purpose of S.B. No. 2030, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2030, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Human Services and Commerce and Consumer Protection,



ROSALYN H. BAKER, Chair




SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Human Services
HMS

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|--|--|------------------------|----------|----------|
| Bill / Resolution No.:* 582030 | Committee Referral: HMS/CPN, WAM | Date: 2/9/10 | | |
| <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 |
| CHUN OAKLAND, Suzanne (C) | ✓ | | | |
| IHARA, Jr., Les (VC) | | ✓ | | |
| GREEN, M.D., Josh | ✓ | | | |
| HEMMINGS, Fred | | | | ✓ |
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| TOTAL | 2 | 1 | 0 | 1 |
| 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

