

JAN 26 2011

A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES FOR HEALTH CARE PAYMENTS.

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

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 SECTION 2. A critical fiscal emergency exists. The number
5 of medical assistance recipients in Hawaii has increased by
6 approximately 10 per cent to 12 per cent yearly for the current
7 and previous two fiscal years.

8 The purpose of this Act is to appropriate \$57,500,000 in
9 general funds and \$96,400,000 in federal funds for an emergency
10 appropriation for fiscal year 2010-2011 for health care payments
11 (HMS 401) to address a funding shortfall in the Medicaid
12 program.

13 This funding will ensure continued timely payments to
14 contracted health plans and will ensure that there will be no
15 disruption in the provision of medically necessary services to
16 program recipients.

1 In addition, the Hawaii federal medical assistance
2 percentage which sets the federal match for medicaid funds will
3 decrease from 62.63 per cent on June 30, 2011, to 51.79 per cent
4 on July 1, 2011. If the \$57,500,000 is not appropriated for the
5 current 2010-2011 fiscal year, not only will payments to the
6 health plans have to be deferred to the next fiscal year but the
7 State will also lose \$6,000,000 in federal funding because of
8 the reduction in the federal medical assistance percentage on
9 July 1, 2011. The \$6,000,000 will need to be paid with State
10 general funds.

11 SECTION 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$57,500,000, or so
13 much thereof as may be necessary for fiscal year 2010-2011, to
14 be used for the health care payments program (HMS 401).

15 SECTION 4. There is appropriated out of federal Medicaid
16 funds the sum of \$96,400,000, or so much thereof as may be
17 necessary for fiscal year 2010-2011, for health care payments
18 (HMS 401) as a federal match.

19 SECTION 5. The sums appropriated shall be expended by the
20 department of human services for the purposes of this Act.

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S.B. NO. 1292

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

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INTRODUCED BY: ASIA

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BY REQUEST

Report Title:

Health Care Payments (HMS 401); Emergency Appropriation

Description:

Makes an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2010-2011 to address the budget shortfall in for the health care payments program (HMS 401) in the Department of Human Services. Effective upon approval.

JUSTIFICATION SHEET

DEPARTMENT: Human Services.

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES FOR HEALTH CARE PAYMENTS.

PURPOSE: To appropriate \$57,500,000 in general funds and \$96,400,000 in federal funds for an emergency appropriation for fiscal year 2010-2011 for health care payments (HMS 401) to address a funding shortfall in the Medicaid program.

MEANS: An emergency appropriation of State general funds and a corresponding federal fund appropriation match.

JUSTIFICATION: As a result of the economic downturn, eligibility for the State's health care insurance programs has increased by 10 to 12 per cent yearly for the current and previous two years. Last 2009-2010 fiscal year, the department deferred two months of health plan capitation payments to the current 2010-2011 fiscal year.

The budget for the current fiscal year did not provide full funding for current year expenditures and expenditures deferred from the previous year.

A shortfall of approximately \$145,000,000 was anticipated for the end of this 2010-2011 state fiscal year. Due to the extension of the increased federal medical assistance percentage (FMAP) through Section 201 of the Education, Jobs and Medicaid Assistance Act of 2010 (P.L.111-226) and measures implemented by the Department to decrease expenditures, a shortfall of \$57,500,000 in State general funds is now projected.

Because the FMAP decreases from 62.63 per cent on June 30, 2011 to 51.79 per cent on July 1, 2011, if the \$57,500,000 is not appropriated for the current fiscal year, payments to the health plans will have to be deferred to the next fiscal year and the State will also lose \$6,000,000 in federal funding that will instead need to be paid with State general funds.

Not deferring payments and continuing timely payments to health plans will also ensure no disruption in the provision of medically necessary services to program recipients.

In addition, \$96,400,000 needs to be correspondingly appropriated in HMS 401 out of federal Medicaid funds as a federal match in fiscal year 2010-2011.

Impact on the public: This appropriation will ensure the uninterrupted provision of medically necessary services to low-income adults and children.

Impact on the department and other agencies: The department will be able to make timely payments to health care providers and plans.

GENERAL FUND:	\$57,500,000
OTHER FUNDS:	\$96,400,000 federal funds.
PPBS PROGRAM DESIGNATION:	HMS 401.
OTHER AFFECTED AGENCIES:	None.
EFFECTIVE DATE:	Upon approval.