

# S.B. NO. 2808

JAN 25 2012

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## 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. Projected  
5 funding shortfalls in key programs and in payroll made it  
6 necessary for the department of human services in the current  
7 fiscal year 2011-2012 to transfer \$11,431,375 in general funds  
8 from HMS 401, Health Care Payments, to HMS 301, HMS 902, HMS  
9 904, and HMS 236 to ensure that critical services would not have  
10 to be eliminated. The shortfalls were as follows:

- 11           (1) HMS 301, Child Protective Services, for purchase of  
12           service contracts to ensure the safety and well-being  
13           of children who have been abused and neglected and to  
14           support foster families;
- 15           (2) HMS 902, General Support for Health Care Payments, for  
16           general administrative costs. The reduction to HMS  
17           902 generated hardship within the Med-QUEST Division,

S.B. NO. 2808

1           which would have been unable to fund even basic  
2           supplies;

3           (3) HMS 904, General Administration for essential  
4           departmental information technology maintenance and  
5           support; and

6           (4) Payroll for HMS 236, Case Management for Self-  
7           Sufficiency Services; HMS 301, Child Protective  
8           Services; HMS 902, General Support for Health Care  
9           Payments; and HMS 904, General Administration. The  
10          payroll shortfalls were created by fiscal restraint  
11          reductions in the fiscal year 2011-2012 budget.

12          In addition, enrollment in Med-QUEST health care programs  
13          continued to increase in fiscal year 2011-2012, creating an  
14          additional shortfall of \$449,782 in HMS 401 for health care  
15          payments for fiscal year 2011-2012.

16          The transfer of funds from HMS 401 was approved by the  
17          governor pursuant to section 95 of Act 164, Session Laws of  
18          Hawaii 2011, which permits transfers of funds between programs  
19          within an expending agency.

20          The purpose of this Act is to appropriate \$11,881,157 in  
21          general funds for an emergency appropriation for fiscal year  
22          2011-2012 for health care payments (HMS 401) to address the  
23          funding shortfall in the Med-QUEST health care programs as the

S.B. NO. 2808

1 result of the transfer of funds in fiscal year 2011-2012 and  
2 increase in medicaid enrollment.

3 This funding will ensure continued timely payments to  
4 contracted health plans and will ensure that there will be no  
5 disruption in the provision of medically necessary services to  
6 program recipients.

7 SECTION 3. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$11,881,157, or so  
9 much thereof as may be necessary for fiscal year 2011-2012 to be  
10 used for health care payments (HMS 401).

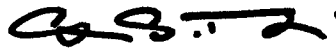
11 SECTION 4. The sums appropriated shall be expended by the  
12 department of human services for the purposes of this Act.

13 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:



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BY REQUEST

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# S.B. NO. 2808

**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 2011-2012 to address the budget shortfall in for the health care payments program (HMS 401) in the Department of Human Services. Effective upon approval.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

## 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 \$11,881,157 in general funds for an emergency appropriation for fiscal year 2011-2012 for health care payments (HMS 401) to address a funding shortfall in the Medicaid program.

MEANS: An emergency appropriation of general funds.

JUSTIFICATION: The budget approved for the Department of Human Services for the current fiscal year did not provide full funding for current year expenditures in key programs and in payroll.

Projected funding shortfalls in these key programs and in payroll made it necessary for the Department of Human Services to transfer \$11,431,375 in general funds from HMS 401, Health Care Payments, and \$314,233 in general fund savings from HMS 903, General Support for Self-Sufficiency, to these key programs and for payroll to ensure that critical services would not have to be eliminated. The shortfalls were as follows:

(1) \$7,404,745 in HMS 301, Child Protective Services, for purchase of service contracts to ensure the safety and well-being of children who have been abused and neglected and to support foster families. These services include family strengthening, counseling, voluntary case management, multi-disciplinary team, foster home recruitment and licensing and other vital services to victims of child abuse and/or neglect and their families. The services are mandated by Federal and State statutes

and court ordered in cases under the jurisdiction of the Family Court;

(2) \$1,546,562 in HMS 902, General Support for Health Care Payments, for general administrative costs. Without the transfer from HMS 401, the Med-QUEST Division would not have been able to fund even basic supplies;

(3) \$500,000 in HMS 904, General Administration, for essential departmental information technology maintenance and support; and

(4) Payroll shortfalls created by fiscal restraint reductions in the fiscal year 2011-2012 of:

(a) \$677,508 in HMS 236, Case Management for Self-Sufficiency Services;

(b) \$604,745 in HMS 301, Child Protective Services;

(c) \$1,022,465 in HMS 902, General Support for Health Care Payments; and

(d) \$594,328 in HMS 904, General Administration.

This transfer of funds was approved by the Governor pursuant to section 95 of Act 164, Session Laws of Hawaii 2011, which permits transfers of funds between programs within an expending agency.

The \$314,233 transferred from HMS 903 is anticipated payroll savings. However, the transfer of the \$11,431,375 from HMS 401 has resulted in the Department not being able to cover payments to the Medicaid health plans and providers for this fiscal year 2011-2012. In addition, enrollment in the Medicaid programs, primarily in the QUEST program, continued to increase, resulting in

a shortfall of another \$449,782 in general funds.

Without this emergency appropriation of general funds, payments to the Medicaid health care plans and providers will have to be deferred for one month at the end of the current fiscal year.

This emergency appropriation will mean that payments to health plans and providers will not need to be deferred. Continuing timely payments to health plans and providers from HMS 401 will ensure that there is no disruption in the provision of medically necessary services to program recipients.

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: \$11,881,157 general funds.

OTHER FUNDS: \$0 federal funds.

PPBS PROGRAM  
DESIGNATION: HMS 401.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval.