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## A BILL FOR AN ACT

RELATING TO CORRECTIONS.

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

1           SECTION 1. The legislature finds that states may  
2 significantly reduce correctional health care costs by billing  
3 medicaid for eligible inpatient hospital and professional health  
4 care. The legislature further finds that by billing medicaid  
5 for these eligible expenses, states may transfer the majority of  
6 these costs to the federal government. In addition, states may  
7 realize further savings, as medicaid rates are typically lower  
8 than the rates that states currently pay for correctional health  
9 care.

10           The legislature further finds that states have saved  
11 millions of dollars by implementing technology systems to  
12 eliminate and recover correctional health care overpayments.  
13 Several states already use this best practice and bill medicaid  
14 for eligible inpatient health care costs. California, for  
15 example, has saved over \$12,000,000 in inmate health care costs  
16 since implementing automated payment detection and overpayment  
17 prevention and recovery systems to reduce correctional health  
18 care overpayments. In addition, the legislature believes that



1 the costs for implementing these technologies will be offset by  
2 the savings that they produce for the State.

3 The purpose of this Act is to authorize the department of  
4 public safety to submit eligible claims for inmate medical  
5 services to medicaid for payment and to implement appropriate  
6 technologies to automate billing, payment detection, and  
7 overpayment recovery.

8 SECTION 2. Chapter 353, Hawaii Revised Statutes, is  
9 amended by adding a new section to part I to be appropriately  
10 designated and to read as follows:

11 "§353- Payment for eligible medical services; medicaid.

12 (a) The department may adopt rules, pursuant to chapter 91, for  
13 submitting claims for eligible inmate medical services for  
14 payment by medicaid or other federal cost-sharing programs that  
15 may be available to provide payment for inmate medical services.

16 (b) The department may implement technology systems that  
17 automate billing, payment, claims resolution, and recovery of  
18 overpayments. These systems shall include a procedure for  
19 conducting post-payment reviews that ensure that diagnoses and  
20 procedure codes are accurate and supported by physician  
21 documentation and medical records."

22 SECTION 3. New statutory material is underscored.





# H.B. NO. 344

**Report Title:**

Corrections; Inmate Medical Services; Medicaid

**Description:**

Authorizes DPS to adopt rules for submitting eligible claims for inmate health care to medicaid. Authorizes DPS to implement automated systems for billing, payment, and recovery of overpayments.

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