

A Bill for an Act Relating to the Department of Social Services and Housing.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 346-59, Hawaii Revised Statutes, is amended to read:

“§346-59 **Medical care payments.** (a) The department shall adopt rules under chapter 91 concerning payment to providers of medical care. The department shall determine the rates of payment due to all providers of medical care, and pay such amounts in accordance with the requirements of the appropriations act and the Social Security Act, as amended.

(b) Rates of payment to providers of medical care who are individual practitioners, including doctors of medicine, dentistry, podiatry, osteopathy, optometry, and other individuals providing services [which the department chooses to include in its scope of medical care services], shall be based upon the profile, or adjusted profile, of usual and customary fees selected by the legislature as the basis of the appropriation for such care for any fiscal year. The amounts paid shall not exceed the maximum¹ permitted to be paid individual practitioners or other individuals under federal [rules promulgated pursuant to the Social Security Act, as amended.] law and regulation and shall not exceed the reasonable charge under the medicare program, based on the same profile base year selected by the legislature for the medicaid profiles, the state limits as provided in the appropriation act, and the provider’s billed amount.

The appropriation act shall indicate the profile used as the basis for the appropriation of each fiscal year. If that profile has been adjusted by the legislature, the legislature shall specify the extent of the adjustment in the appropriation act.

(c) In establishing the payment rates for other noninstitutional items and services, the rates shall not exceed the current medicare reasonable charge, the state limits as provided in the appropriation act, the rate determined by the department, and the provider’s billed amount.

(d) Notwithstanding any other provisions of this chapter, the department may establish a demonstration project which guarantees a six-month enrollment in a health maintenance organization or prepaid health plan for those AFDC families voluntarily agree to participate in the project.

[(c)] (e) Payments to health maintenance organizations with which the department contracts for the provision of medical care to eligible public assistance recipients may be made on a prepaid basis. The rate of payment per participating recipient shall be fixed by contract, as determined by the department and the health maintenance organization, but shall not exceed the maximum¹ permitted by federal rules and shall be less than the federal maximum when funds appropriated by the legislature for such contracts require a lesser rate. For purposes of this subsection, “health maintenance organizations” means entities designated as such by the Department of Health[, Education, and Welfare.] and Human Services or other prepaid health plans.

[(d)] (f) The department shall prepare each biennial budget request for a medical care appropriation based upon the most current usual and customary fee profile available at the time the request is prepared.

The director shall submit a report to the legislature on or before January 1 of each year indicating an estimate of the amount of money required to be appropriated to pay providers at the maximum rates permitted by federal and state rules in the upcoming fiscal year.”

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 9, 1983.)

Note

1. “s” missing.