

ACT 297

S.B. NO. 3270

A Bill for an Act Relating to Public Health.

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

SECTION 1. The legislature finds that approximately ten per cent of the population of the State of Hawaii has no public or private health insurance. The legislature further finds that, according to the Kaiser Commission on Medicaid and the Uninsured:

- (1) Four out of five uninsured people are in working families;
- (2) Uninsured people are more likely than those with insurance to be hospitalized for conditions that could have been avoided;
- (3) Uninsured people with various forms of cancer are more likely to be diagnosed with late-stage cancer, resulting in higher rates of death and disability; and
- (4) Nearly forty per cent of uninsured adults skipped a recommended medical test or treatment, and twenty per cent say they needed but did not obtain care for a serious problem during the past year.

The significant number of uninsured residents has a considerable economic impact on the State's hospitals, community health centers, and other participants in the health care industry, threatening their ability to effectively serve the whole community.

It is in the best interests of the State to ensure access to primary and preventive health care for its residents. In addition to a healthier population, providing access to care reduces state expenditures attributable to hospital and emergency room services for preventable injuries or illnesses.

The legislature further finds that the most effective means to encourage access to primary health care for residents without health insurance is through Hawaii's system of federally qualified health centers, which:

- (1) Are nonprofit, community-based organizations whose purpose and expertise lie in serving people who otherwise have limited access to care;
- (2) Provide culturally and linguistically appropriate health care and a broad range of primary care and preventive services and are located in areas where people have limited access to other health care providers because of geographic and socioeconomic barriers;
- (3) Contribute greatly to the economies and livability of the communities they serve; and
- (4) Are cost-effective providers whose care results in healthier patients and decreased emergency, specialty, and in-patient services.

The legislature further finds that, while federally qualified health centers are the best system of community-based primary care for uninsured people, financial support for community health centers is inadequate to meet increasing demands.

The purpose of this Act is to provide cost-effective care for Hawaii residents who are uninsured, while at the same time ensuring that the community health center system remains financially viable and stable in the face of a growing population of uninsured residents.

SECTION 2. Chapter 346, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§346- Federally qualified health centers; rural health clinics; reimbursement. (a) Notwithstanding any law or waiver to the contrary, federally qualified health centers and rural health clinics, as defined in section 1905(1) of the Social

Security Act (42 U.S.C. 1396 et seq.), shall be reimbursed in accordance with section 1902(bb) of the Social Security Act, as that section was originally added in 2000 by section 702(b) of Public Law No. 106-554 and as amended in 2001 by section 2(b)(1) of Public Law 107-121, and services of federally qualified health centers and rural health clinics shall remain mandatory services as provided in sections 1902(a)(10)(A) and 1905(a)(2)(B) and (C) of the Social Security Act.

(b) Reimbursement rates paid to federally qualified health centers may be adjusted if costs exceed 1.75 per cent for changes related to the intensity, duration, or amount of service provided, facilities, regulatory requirements, or other extraordinary circumstances; provided that the federally qualified health center shall submit to the department an adjusted cost report covering a period of the previous two years. The director shall review the filing within a period of sixty days. The period may be extended by the director for an additional period not to exceed thirty days upon written notice to the filer. A filing shall be deemed to be approved unless disapproved by the director within the initial filing period or any extension thereof.

(c) The State may terminate the reimbursement methodology set forth in this section only in the event that changes in the relevant sections of the Social Security Act prohibit this reimbursement methodology.’’

SECTION 3. The department of health shall provide resources to nonprofit, community-based health care providers for direct medical care for the uninsured, including primary medical, dental, behavioral health care, and ancillary services, including education, follow-up, and outreach, and pharmacy services. Distribution of funds may be on a ‘‘per visit’’ basis, taking into consideration need on all islands.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,000,000, or so much thereof as may be necessary for fiscal year 2006-2007, for direct medical care to the uninsured.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 5. New statutory material is underscored.¹

SECTION 6. This Act shall take effect on July 1, 2006.

(Became law on July 11, 2006, without the Governor’s signature, pursuant to Art. III, §16, State Constitution.)

Note

1. Edited pursuant to HRS §23G-16.5.