
A BILL FOR AN ACT

RELATING TO MEDICAL CARE.

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

1 SECTION 1. Section 346-59, Hawaii Revised Statutes, is
2 amended to read as follows:
3 "**§346-59 Medical care and long-term supports and services**
4 **payments.** (a) The department shall adopt rules under chapter
5 91 concerning payment to providers of medical care. The
6 department shall determine the rates of payment due to all
7 providers of medical care and long-term supports and services
8 and pay such amounts in accordance with the requirements of the
9 appropriations act and the Social Security Act, as amended.
10 Payments to critical access hospitals for services rendered to
11 medicaid beneficiaries shall be calculated on a cost basis using
12 medicare reasonable cost principles.
13 (b) Rates of payment to providers of medical care who are
14 individual practitioners, including doctors of medicine,
15 dentists, podiatrists, psychologists, osteopaths, optometrists,
16 and other individuals providing services, shall be based upon
17 the Hawaii medicaid fee schedule. The amounts paid shall not



1 exceed the maximum permitted to be paid individual practitioners
2 or other individuals under federal law and regulation, the
3 medicare fee schedule for the current year, the state limits as
4 provided in the appropriation act, or the provider's billed
5 amount.

6 ~~[The appropriation act shall indicate the percentage of the~~
7 ~~medicare fee schedule for the year 2000 to be used as the basis~~
8 ~~for establishing the Hawaii medicaid fee schedule. For any~~
9 ~~subsequent adjustments to the fee schedule, the legislature~~
10 ~~shall specify the extent of the adjustment in the appropriation~~
11 ~~act.]~~

12 (c) In establishing the payment rates for other
13 noninstitutional items and long-term supports and services, the
14 rates shall not exceed the current medicare payment[~~τ~~]; the
15 state limits as provided in the appropriation act[~~τ~~]; the rate
16 determined by the department, which shall be reviewed for
17 services without medicare comparisons on a consistent schedule
18 but no longer than five years in duration; or the provider's
19 billed amount.

20 (d) Payments to health maintenance organizations and
21 prepaid health plans with which the department executes risk



1 contracts for the provision of medical care to eligible public
2 assistance recipients may be made on a prepaid basis. The rate
3 of payment per participating recipient shall be fixed by
4 contract, as determined by the department and the health
5 maintenance organization or the prepaid health plan, but shall
6 not exceed the maximum permitted by federal rules and shall be
7 less than the federal maximum when funds appropriated by the
8 legislature for such contracts require a lesser rate.

9 For purposes of this subsection, "health maintenance
10 organizations" are entities approved as such, and "prepaid
11 health plans" are entities designated as such by the Department
12 of Health and Human Services; and "risk" means the possibility
13 that the health maintenance organization or the prepaid health
14 plan may incur a loss because the cost of providing services may
15 exceed the payments made by the department for services covered
16 under the contract.

17 (e) The department shall prepare each biennial budget
18 request for a medical care appropriation based upon the most
19 current Hawaii medicaid fee schedule available at the time the
20 request is prepared. The legislature shall consider the rates
21 determined pursuant to subsection (c).



1 The director shall submit a report to the legislature on or
2 before January 1 of each year indicating an estimate of the
3 amount of money required to be appropriated to pay providers [at
4 ~~the maximum rates permitted by federal and state rules in the~~
5 ~~upcoming fiscal year.~~] according to the rates determined
6 pursuant to subsection (c)."

7 SECTION 2. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so
9 much thereof as may be necessary for fiscal year 2023-2024 to
10 fund any costs that may arise while the department of human
11 services establishes payment rates pursuant to section 346-
12 59(c), Hawaii Revised Statutes.

13 The sum appropriated shall be expended by the department of
14 human services for the purposes of this Act.

15 SECTION 3. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon its approval;
18 provided that section 2 shall take effect on July 1, 2023.

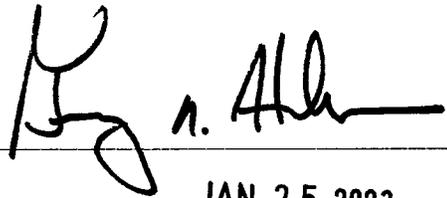
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H.B. NO. 1438

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INTRODUCED BY:



JAN 25 2023



H.B. NO. 1438

Report Title:

Medical Care Payments; Provider Reimbursements; Calculations;
Adjustment of Method; Appropriation

Description:

Adjusts the method by which the department of human services shall calculate payments to providers of medical care and long-term supports and services. Appropriates funds.

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

