
A BILL FOR AN ACT

RELATING TO HEALTH CARE.

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

1 SECTION 1. The legislature finds that the department of
2 human services has instituted a positive enrollment policy
3 whereby a QUEST and QUEST Expanded Access recipient must
4 reenroll in the recipient's health plan within ten days. If the
5 recipient fails to do so, the department of human services
6 automatically assigns the individual to a health plan, which may
7 or may not be the recipient's existing plan.

8 These positive enrollment requirements cause confusion,
9 delay needed health care procedures, disrupt case management,
10 and result in the loss of contact between QUEST and QUEST
11 Expanded Access recipients and their current primary care
12 providers. Further, positive enrollment incurs additional costs
13 and imposes additional administrative burdens on QUEST and QUEST
14 Expanded Access providers and the department of human services.

15 The department of human services advocates the policy of
16 positive enrollment as a means of increasing competition among
17 service providers, lowering the cost of healthcare overall,



1 allowing for new plans to enter into the market, and expanding
2 the scope of services provided to QUEST and QUEST Expanded
3 Access Recipients.

4 The purpose of this Act is to minimize confusion and the
5 disruption of health care services to QUEST and QUEST Expanded
6 Access recipients by eliminating the positive enrollment policy
7 and requiring insurance entities who contract with the State to
8 provide Medicaid coverage to enter into written contracts with
9 at least fifty per cent of hospitals and providers in their
10 coverage area.

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

14 **"§346- Requirements for participating insurance entity.**
15 Within ninety days any insurance entity contracted by the State
16 to provide medicaid coverage shall enter into written contracts
17 with a minimum of fifty per cent of the hospitals and providers
18 of healthcare services in the insurance entity's coverage areas.
19 For purposes of this section, a letter of intent shall not be
20 deemed a written contract."

21 SECTION 3. Section 346-59, Hawaii Revised Statutes, is
22 amended to read as follows:



1 **"§346-59 Medical care payments.** (a) The department shall
2 adopt rules under chapter 91 concerning payment to providers of
3 medical care. The department shall determine the rates of
4 payment due to all providers of medical care, and pay such
5 amounts in accordance with the requirements of the
6 appropriations act and the Social Security Act, as amended.
7 Payments to critical access hospitals for services rendered to
8 medicaid beneficiaries shall be calculated on a cost basis using
9 medicare reasonable cost principles.

10 (b) Rates of payment to providers of medical care who are
11 individual practitioners, including doctors of medicine,
12 dentists, podiatrists, psychologists, osteopaths, optometrists,
13 and other individuals providing services, shall be based upon
14 the Hawaii medicaid fee schedule. The amounts paid shall not
15 exceed the maximum permitted to be paid individual practitioners
16 or other individuals under federal law and regulation, the
17 medicare fee schedule for the current year, the state limits as
18 provided in the appropriation act, or the provider's billed
19 amount.

20 The appropriation act shall indicate the percentage of the
21 medicare fee schedule for the year 2000 to be used as the basis
22 for establishing the Hawaii medicaid fee schedule. For any



1 subsequent adjustments to the fee schedule, the legislature
2 shall specify the extent of the adjustment in the appropriation
3 act.

4 (c) In establishing the payment rates for other
5 noninstitutional items and services, the rates shall not exceed
6 the current medicare payment, the state limits as provided in
7 the appropriation act, the rate determined by the department, or
8 the provider's billed amount.

9 (d) Payments to health maintenance organizations and
10 prepaid health plans with which the department executes risk
11 contracts for the provision of medical care to eligible public
12 assistance recipients may be made on a prepaid basis. The rate
13 of payment per participating recipient shall be fixed by
14 contract, as determined by the department and the health
15 maintenance organization or the prepaid health plan, but shall
16 not exceed the maximum permitted by federal rules and shall be
17 less than the federal maximum when funds appropriated by the
18 legislature for such contracts require a lesser rate. For
19 purposes of this subsection, "health maintenance organizations"
20 are entities approved as such, and "prepaid health plans" are
21 entities designated as such by the Department of Health and
22 Human Services; and "risk" means the possibility that the health



1 maintenance organization or the prepaid health plan may incur a
2 loss because the cost of providing services may exceed the
3 payments made by the department for services covered under the
4 contract.

5 (e) The department shall prepare each biennial budget
6 request for a medical care appropriation based upon the most
7 current Hawaii medicaid fee schedule available at the time the
8 request is prepared.

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

14 (f) The department shall not require an enrolled member of
15 the QUEST and QUEST expanded access programs to re-enroll and
16 select a QUEST or QUEST expanded access health plan unless the
17 QUEST or QUEST expanded access health plan ceases to actively
18 continue providing services and coverage to its members.

19 (g) The department shall conduct a public awareness
20 campaign to educate medicaid QUEST and QUEST expanded access
21 recipients about their new plan options, including a provider



1 directory of fully contracted providers in each plan to assist
2 beneficiaries in their decision-making.

3 (h) The director of human services shall adopt, amend, or
4 repeal rules, pursuant to chapter 91, to provide for the request
5 for proposal requirements included in this section."

6 SECTION 4. New statutory material is underscored.

7 SECTION 5. This Act shall take effect on January 1, 2050.



Report Title:

Medicaid; QUEST; DHS; Positive Enrollment; Insurance Entities

Description:

Eliminates positive enrollment for QUEST and QUEST Expanded Access recipients. Requires insurance entities contracting to provide Medicaid services to enter into written contracts with at least fifty per cent of hospitals and providers in their coverage areas. Takes effect January 1, 2050. (SB1344 HD1)

