

STAND. COM. REP. NO.

2757

Honolulu, Hawaii

MAR 18 2010

RE: H.B. No. 2087
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committees on Human Services and Commerce and Consumer Protection, to which was referred H.B. No. 2087, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

beg leave to report as follows:

The purpose of this measure is to ensure that health plans providing services under government programs, specifically QUEST and QUEST-Ex, are not unfairly charged interest under the Clean Claims Law, by exempting these health plans from interest accrual on late payments to service providers that are caused by delayed government reimbursements to the health plan for those services.

Testimony in support of this measure was submitted by the Healthcare Association of Hawaii and the Hawaii Medical Service Association. Testimony in opposition was submitted by the Department of Human Services. Written comments were submitted by AlohaCare, the Hawaii Chapter of the American Physical Therapy Association, Ohana Health Plan, and Kaiser Permanente. Written testimony presented to the Committees may be reviewed on the Legislature's website.

Your Committees find that there is a critical Medicaid shortfall that affects the most vulnerable people in our State, and with the current state budget crisis, many health care plans and providers are experiencing abnormally long delays in payment from the State. The health care plans are often forced to pay their providers while not getting paid by the State, which creates



a financial hardship for them. Your Committees additionally find that withdrawing moneys from the hurricane reserve trust fund in order to draw down federal matching funds is an appropriate strategy since the current match is enhanced by the federal government. The Department of Human Services has estimated that there is a potential for their budget shortfall to reach \$150,000,000 for the next two fiscal years, and currently the federal government is allowing for a \$2 reimbursement for every \$1 spent by the State on Medicare expenses through the American Recovery and Reinvestment Act up until December 31, 2010.

Accordingly, your Committees have amended the measure by replacing its contents with the contents of S.B. No. 2598. S.D. 2. As amended, this measure:

- (1) Adds a new section to chapters 103F and 346, Hawaii Revised Statutes, that:
 - (A) Requires the State to pay to any health plan contracted under the State's Medicaid program interest at the rate of 15 per cent per year on any unpaid amounts owed by the State and due; provided that certain exceptions shall apply; and
 - (B) Automatically suspends the accrual of interest if an entity's failure to timely pay a claim is due to late payment to the entity by the State or federal government for services provided to beneficiaries of a government program;
- (2) Retains language exempting health plans providing services under government programs such as QUEST and QUEST-EX from interest accrual on payments to service providers that are late due to delayed government reimbursements; and
- (3) Authorizes an appropriation from the Hurricane Reserve Trust Fund and the expenditure of federal matching funds acquired from the American Recovery and Reinvestment Act to address the Medicaid shortfall, including reducing delays in payments to health plans, providing Medicaid to Compact of Free Association migrants, and addressing increased Medicaid enrollment.



As affirmed by the records of votes of the members of your Committees on Human Services and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2087, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2087, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Commerce and Consumer
Protection,


ROSALYN H. BAKER, Chair


SUZANNE CHUN OAKLAND, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* HB 2087 HDI	Committee Referral: HMS / CPN, WAM	Date: 3-9-10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
GREEN, M.D., Josh	✓			
HEMMINGS, Fred	✓			
TOTAL	4	0	0	2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between;"> <div> Distribution: Original File with Committee Report </div> <div> Yellow Clerk's Office </div> <div> Pink Drafting Agency </div> <div> Goldenrod Committee File Copy </div> </div>				

***Only one measure per Record of Votes**

Record of Votes
Committee on Commerce and Consumer Protection
CPN

*Only one measure per Record of Votes