
A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES FOR THE MED-QUEST DIVISION.

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

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 A critical fiscal emergency exists. A funding shortfall in
5 the current fiscal year 2013-2014 in general support for health
6 care payments (HMS 902) is projected because the Hawaii health
7 connector has not yet reimbursed the department of human
8 services for all of the services and moneys provided to the
9 connector by the department.

10 The purpose of this Act is to appropriate \$4,854,037 in
11 general funds for an emergency appropriation for fiscal year
12 2013-2014 for general support for health care payments (HMS 902)
13 to address the funding shortfall in the medicaid program
14 resulting from the delay in reimbursement.

15 The department of human services provided services and
16 funding to or for the sole benefit of the Hawaii health
17 connector to develop components of the health insurance exchange



1 required by the federal Patient Protection and Affordable Care
2 Act. In addition, the Centers for Medicare and Medicaid
3 Services requires that 5.25 per cent of department design,
4 development, and implementation costs as well as maintenance and
5 operations costs for the new Medicaid Kauhale On-Line
6 Eligibility Assistance system, or KOLEA, be cost-allocated to
7 the connector.

8 The services provided and the required 5.25 per cent cost
9 allocation for KOLEA were paid for with general funds encumbered
10 from HMS 902 with the understanding that the connector would
11 reimburse the department through the connector's own federal
12 funds. While encumbered, the department is unable to use these
13 funds for other purposes.

14 As of November 1, 2013, the costs allocated to the
15 connector that were owed or expected to be owed to the
16 department of human services for state fiscal year 2013-2014
17 totaled \$6,020,727 as follows:

- 18 (1) Allocated costs incurred for work performed on KOLEA
19 design, development, and implementation, in the amount
20 of \$4,329,956;
- 21 (2) Allocated costs incurred for work performed on KOLEA
22 maintenance and operations in the amount of \$306,161;



- 1 (3) Costs incurred for work performed that would have
2 allowed connector system functionality so individuals
3 could browse for and select qualified health plans for
4 both medicaid and the connector at the same time, in
5 the amount of \$450,800;
- 6 (4) Costs incurred for work performed on the transition
7 necessary to revise the connector system to separate
8 the browsing and selection functions for medicaid and
9 the connector when the design was changed, in the
10 amount of \$418,950;
- 11 (5) Costs incurred for work performed to allow the
12 connector to interface with the state data services
13 hub in the amount of \$296,940;
- 14 (6) Costs incurred for work performed to revise the file
15 format and interface control document as previously
16 agreed upon so that the connector could process
17 electronically transferred files, in the amount of
18 \$52,920; and
- 19 (7) Costs expected to be incurred for work to be performed
20 as agreed by the connector to allow the connector to
21 perform remote identity proofing, in the amount of
22 \$165,000.



1 As of January 29, 2014, the department had received
2 reimbursements for the services provided in the total amount of
3 \$1,166,690 as follows:

- 4 (1) Costs incurred for work performed that would have
5 allowed connector system functionality so individuals
6 could browse for and select qualified health plans for
7 both medicaid and the connector at the same time, in
8 the amount of \$450,800;
- 9 (2) Costs incurred for work performed on the transition
10 necessary to revise the connector system to separate
11 the browsing and selection functions for medicaid and
12 the connector when the design was changed, in the
13 amount of \$418,950; and
- 14 (3) Costs incurred for work performed to allow the
15 connector to interface with the state data services
16 hub in the amount of \$296,940.

17 Because the department has not received the remaining
18 moneys owed from the connector, it is necessary for the
19 department to request an emergency appropriation of \$4,854,037.
20 The requested emergency appropriation will ensure that the
21 department is able to fund its core operations and continue to
22 serve its beneficiaries.



1 SECTION 2. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$4,854,037 or so much
3 thereof as may be necessary for fiscal year 2013-2014 to be used
4 for general support for health care payments (HMS 902); provided
5 that any moneys received by the department of human services as
6 a reimbursement from the Hawaii Health Connector for the
7 development of components of the health insurance exchange
8 required by the federal Patient Protection and Affordable Care
9 Act shall lapse to the credit of the general fund.

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

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



Report Title:

General Support for Health Care Payments (HMS 902); Emergency Appropriation

Description:

Makes an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2013-2014 to address the budget shortfall for the general support for health care payments program (HMS 902) in the Department of Human Services. (SD1)

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