

# S.B. NO. 2794

JAN 24 2018

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## A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES.

**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 2017-2018 in health care payments (HMS  
6 401) is projected because Congress has not reauthorized the  
7 Children's Health Insurance Program (CHIP). While Hawaii is one  
8 of seventeen states to receive redistribution grants from the  
9 Centers for Medicare & Medicaid services, these temporary  
10 reallocated CHIP funds are running out. The department of human  
11 services estimates that these additional CHIP funds will end  
12 toward the end of February. The department projects the  
13 resulting budget shortfall of \$9,300,000 for state fiscal year  
14 2017-2018.

15           Hawaii's medicaid program provides insurance coverage for  
16 over forty per cent of Hawaii's children, or 146,000 children,  
17 of whom 25,000 are covered by CHIP. The Med-QUEST division of

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1 the department of human services administers the CHIP program as  
2 a medicaid expansion program, and despite federal funding  
3 disruptions, will continue to provide children and families with  
4 health insurance coverage.

5 The purpose of this Act is to appropriate \$9,300,000 in  
6 general funds for fiscal year 2017-2018 for health care payments  
7 (HMS 401) to address the funding shortfall in the medicaid  
8 program resulting from the failure of Congress to reauthorize  
9 the CHIP program or to provide sufficient federal matching  
10 funds.

11 The emergency appropriation will ensure that the department  
12 will continue to provide medical insurance coverage for children  
13 and continue to serve its other medicaid program beneficiaries.

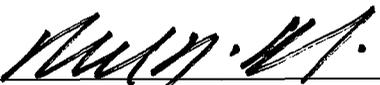
14 SECTION 2. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$9,300,000 or so much  
16 thereof as may be necessary for fiscal year 2017-2018 to be used  
17 for health care payments (HMS 401).

18 SECTION 3. The sum appropriated shall be expended by the  
19 department of human services for the purposes of this Act.

20 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: 

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BY REQUEST

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**Report Title:**

Health Care Payments (HMS 401); Emergency Appropriation

**Description:**

Makes an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2017-2018 to address the budget shortfall for health care payments program (HMS 401) in the Department of Human Services. Effective upon approval.

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

## JUSTIFICATION SHEET

DEPARTMENT: Human Services

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES.

PURPOSE: To appropriate \$9,300,000 in general funds for an emergency appropriation for fiscal year 2017-2018 for Health Care Payments (HMS 401) needed for the Children's Health Insurance Program (CHIP) due to the failure of Congress to reauthorize or provide additional funding for CHIP.

MEANS: An emergency appropriation of state general funds.

JUSTIFICATION: Federal funding for the Children's Health Insurance Program (CHIP) expired on September 30, 2017. Without Congressional action to reauthorize or fund the program, the department of human services Med-QUEST Division (MQD) estimates a \$9,300,000 funding shortfall for the period March through June 2018.

The Children's Health Insurance Program (CHIP) provides no-cost health coverage for eligible children in Hawaii. Coverage includes routine check-ups, immunizations, and dental care. MQD administers Hawaii's CHIP program as a Medicaid expansion program and will continue to provide children and their families with health insurance coverage. Hawaii's Medicaid program covers approximately 146,000 children, or forty-two percent of Hawaii's keiki. Of the 146,000 about 25,000 are covered by CHIP.

Although CHIP has not yet been reauthorized, MQD continues to have CHIP funds available to use. The federal government is authorized to re-allocate unspent CHIP funds to those states who need it. Hawaii has requested and received some re-allocated

dollars for the month of December. MQD has estimates of dollars needed for the months of January and February. MQD projects that it will run out of CHIP funds by the end of February 2018.

For purposes of comparison and information, in Federal Fiscal Year 2016-2017, Hawaii's expenditures for CHIP were: \$58,534,923.00 in federal funds and \$6,024,718.00 in general funds, for a total of: \$64,559,641.

The emergency appropriation will serve as part of the federal fund match and make up the projected shortfall for SFY 2017-2018. If at the end of SFY 2017-2018, the amount of the emergency appropriation exceeds the actual shortfall amount, the remaining balance will be returned to the general fund.

Impact on the public: This appropriation will enable the MQD to fulfill the State's obligations and maintain the current CHIP and medicaid programs, ensuring healthcare insurance coverage medicaid beneficiaries.

Impact on the department and other agencies: The requested emergency appropriation will ensure that the department is able to fund its core operations and make timely payments to health care providers and plans. Without this emergency appropriation it is estimated that cutbacks in expenditures, possible reductions in services or provider reimbursements would need to be made to make up for the shortfall.

GENERAL FUND:	\$9,300,000.
PPBS PROGRAM DESIGNATION:	HMS 401.
OTHER AFFECTED AGENCIES:	None.
EFFECTIVE DATE:	Upon approval.