

Honolulu, Hawaii

FEB - 7 2023

RE: S.B. No. 397  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred S.B. No. 397 entitled:

"A BILL FOR AN ACT RELATING TO PROFESSIONAL MEDICAID SERVICES,"

begs leave to report as follows:

The purpose and intent of this measure is to appropriate funds to increase Medicaid reimbursements to eligible health care professionals to match the current Medicare fee schedule.

Your Committee received testimony in support of this measure from the Department of Human Services; State Council on Developmental Disabilities; University of Hawai'i System; AlohaCare; AARP Hawai'i; Hawaii Association of Health Plans; Healthcare Association of Hawaii; Hawai'i State Center for Nursing; Hawai'i Association of Professional Nurses; Kaiser Permanente Hawai'i; Palolo Chinese Home; Hilo Medical Center Foundation; Aloha House, Inc.; Democratic Party of Hawai'i Kūpuna Caucus' Health and Medical Services Sub-Committee; Kauai Community Health Alliance; Hawai'i Pacific Health; Hawaii Substance Abuse Coalition; Hawai'i Health & Harm Reduction Center; One Kalakaua Senior Living Association; The Queen's Health System; Hawaii Provider Shortage Crisis Task Force; and eight individuals.

Your Committee finds that health care in Hawaii is financed primarily by Medicare, Medicaid, and private health care



insurance. According to the Department of Human Services, Medicaid enrollment has increased in the State by over forty percent in the last three years. As a result, nearly one-third of Hawaii residents are covered by Medicaid. Due to the significant number of Hawaii residents enrolled in Medicaid, health care providers who care for Medicaid recipients are receiving less reimbursement than those who provide the same care for patients covered by Medicare or private health care insurance. Moreover, while some providers (including critical access hospitals, community health centers, and providers who perform certain services) are reimbursed at cost or at the same rates as Medicare, most individual health care professionals (including physicians, psychiatrists, psychologists, and advanced practice registered nurses) are not. Your Committee further finds that the lesser reimbursement rate contributes to the challenges these providers face in sustaining their practices, leading some to limit or refuse to accept Medicaid patients, and adding to Hawaii's health professional shortage.

Your Committee also finds that with the additional general fund appropriation of \$30,000,000 provided by this measure, the Department of Human Services with federal approval, will qualify to access federal matching funds of approximately \$43,000,000, which will be used to implement the Medicaid reimbursement rate increase to eligible health care professionals in the State who provide care for Medicaid recipients. The increase may encourage health care providers to accept Medicaid patients and improve access to health care for Medicaid patients in the State.

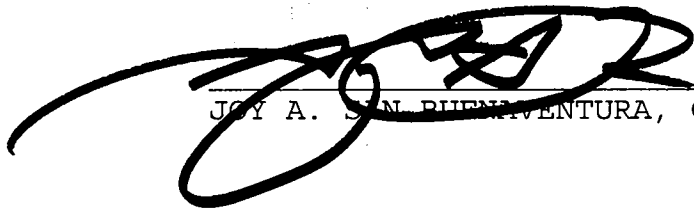
Your Committee has amended this measure by:

- (1) Inserting an effective date of December 31, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 397, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 397, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Health and Human  
Services,



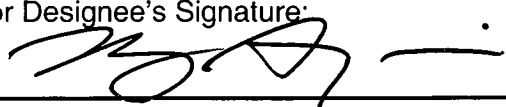
---

Joy A. San Buenaventura, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Health and Human Services**  
**HHS**

Bill / Resolution No.:* <i>SB 397</i>	Committee Referral: <i>HHS, LAM</i>	Date: <i>2/3/23</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
SAN BUENAVENTURA, Joy A. (C)	✓			
AQUINO, Henry J.C. (VC)	✓			
MORIWAKI, Sharon Y.	✓			
SHIMABUKURO, Maile S.L.	✓			
AWA, Brenton	✓			
<b>TOTAL</b>	<b>5</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes