

**S.B. NO. 1411**

JAN 23 2025

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**A BILL FOR AN ACT**

RELATING TO MEDICAID THIRD PARTY LIABILITY.

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

1           SECTION 1. The legislature finds that section 202 of the  
2 Consolidated Appropriations Act, 2022 amended section  
3 1902(a)(25)(I) of the Social Security Act to require state  
4 medicaid programs to have state laws in place that bar  
5 responsible third party payers, other than Medicare plans, from  
6 refusing payment for an item or service solely on the basis that  
7 such item or service did not receive prior authorization under  
8 the third party payer's rules. It also modified the requirement  
9 for a third party payer to respond to a state inquiry regarding  
10 a health claim that is submitted not later than three years  
11 after the provision of such item or service to specify that the  
12 third party must respond within sixty days of receiving the  
13 inquiry.

14           The purpose of this Act is to amend state law to comply  
15 with the amended federal requirements of section 202.

16           SECTION 2. Section 431L-2.5, Hawaii Revised Statutes, is  
17 amended to read as follows:

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1           "§431L-2.5 Insurer requirements. Any health insurer as  
2 identified in section 431L-1 shall:

3           (1) Provide upon the request of the State, information for  
4 all of its members to determine during what period the  
5 individual or the individual's spouse or dependents  
6 may be or may have been covered by a health insurer  
7 and the nature of the coverage that is or was provided  
8 by the health insurer, including the name, address,  
9 and identifying number of the plan in a manner  
10 prescribed by the State;

11          (2) Beginning in 2014, provide to an independent, third  
12 party entity, no more than quarterly, a report listing  
13 its members. The third party entity shall match this  
14 report with one provided by the department of human  
15 services and provide the department of human services  
16 with third party liability information for medical  
17 assistance recipients. The department of human  
18 services shall determine the minimum data required to  
19 ensure the validity of matches, which may include  
20 name, date of birth, and social security number, as  
21 available. The information provided by the health  
22 insurers to the third party entity shall not be used

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1 for any purpose other than that specified in this  
2 chapter. The department of human services shall  
3 provide for representation by private health insurers  
4 in evaluating the qualifications of potential third  
5 party entities and determining the minimum data fields  
6 for matching;

7 (3) Accept the State's right of recovery and the  
8 assignment to the State of any right of an individual  
9 or other entity to payment from the party for a health  
10 care item or service for which payment has been made  
11 for medical assistance under title 42 United States  
12 Code section 1396a (section 1902 of the Social  
13 Security Act);

14 (4) Respond to any inquiry by the State within sixty  
15 calendar days regarding a health care claim for  
16 [~~payment for~~] any health care item or service that is  
17 submitted not later than three years after the date of  
18 the provision of the health care item or service;  
19 [and]

20 (5) Agree not to deny a claim submitted by the State  
21 solely on the basis of the date of submission of the  
22 claim, the type or format of the claim form, [~~or~~] a

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1 failure to present proper documentation at the point-  
2 of-sale that is the basis of the claim, or a failure  
3 to obtain a prior authorization for the item or  
4 service for which the claim is being submitted, in the  
5 case of a responsible third party, if:

6 (A) The claim is submitted by the State within the  
7 three-year period beginning on the date on which  
8 the health care item or service was furnished;  
9 and

10 (B) Any action by the State to enforce its rights  
11 with respect to the claim is commenced within six  
12 years of the State's submission of the claim[-];  
13 and

14 (6) Agree, when a responsible third party requires prior  
15 authorization for an item or service furnished to an  
16 individual eligible to receive medical assistance  
17 under the state medical assistance program, to accept  
18 authorization provided by the state medical assistance  
19 program that the item or service is covered under the  
20 state medical assistance program for that individual,  
21 as if the authorization were the prior authorization  
22 made by the third party for the item or service."

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1 SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

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

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5

INTRODUCED BY: 

6

BY REQUEST

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**Report Title:**

Medicaid; Third Party Liability

**Description:**

Amends third party liability provisions for medical assistance program claims for payment as required under the Consolidated Appropriations Act, 2022.

*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

**SB. NO. 1411**

DEPARTMENT: Human Services

TITLE: A BILL FOR AN ACT RELATING TO MEDICAID THIRD PARTY LIABILITY.

PURPOSE: To conform state law to federal law by increasing accountability and transparency under new Medicaid requirements for health insurers and other third parties that are legally liable for health care services received by Medicaid beneficiaries to pay for those services.

MEANS: Amend section 431L-2.5, Hawaii Revised Statutes (HRS).

JUSTIFICATION: State law needs to be updated to conform to new third party liability requirements included in the Consolidated Appropriations Act, 2022 (Public Law 117-103).

Impact on the public: The bill requires liable third party payers to be responsible for reimbursing Medicaid providers based on the standards in the Medicaid program and prohibits them from denying payment based on other standards.

Impact on the department and other agencies: The bill will allow the department to submit a required Medicaid State Plan Amendment attesting that the State is following Public Law 117-103, which it cannot do without the amendments to section 431L-2.5, HRS.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: Department of Commerce and Consumer Affairs.

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EFFECTIVE DATE:       Effective upon approval.