

ACT 107

H.B. NO. 2056-86

A Bill for an Act Relating to Medical Care Payments.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 346-59, Hawaii Revised Statutes, is amended by amending subsections (d) and (e) to read as follows:

“(d) Notwithstanding any other provisions of this chapter, the department may establish a demonstration project which guarantees a six-month enrollment in a health maintenance organization [or prepaid health plan] under a risk contract and designated as such by the United States Department of

Health and Human Services for those [AFDC families] eligible public assistance recipients who voluntarily agree to participate in the project.

(e) Payments to health maintenance organizations and prepaid health plans with which the department executes risk contracts for the provision of medical care to eligible public assistance recipients may be made on a prepaid basis. The rate of payment per participating recipient shall be fixed by contract, as determined by the department and the health maintenance organization[,] or the prepaid health plan, but shall not exceed the maximum permitted by federal rules and shall be less than the federal maximum when funds appropriated by the legislature for such contracts require a lesser rate. For purposes of this subsection, "health maintenance organizations" [means] are entities approved as such, and "prepaid health plans" are entities designated as such by the Department of Health and Human Services [or other prepaid health plans.]; and "risk" means the possibility that the health maintenance organization or the prepaid health plan may incur a loss because the cost of providing services may exceed the payments made by the department for services covered under the contract."

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

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

(Approved April 29, 1986.)