

ACT 2

S.B. NO. 2884

A Bill for an Act Making Emergency Appropriations for Operating Expenses for the State Medical Assistance Program.

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

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with Section 9 of Article VII of the Constitution of the State of Hawaii.

SECTION 2. In accordance with Section 9 of Article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriation contained in this Act will cause the state general fund expenditure ceiling for fiscal year 1991-1992 to be exceeded by \$57,402,712, or 2.03 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is necessary to serve the public interest and to meet the need provided for by this Act.

SECTION 3. Act 296, Session Laws of Hawaii 1991, appropriated a certain designated sum to the department of human services to provide funds for the medical assistance program under the division of health care administration for the fiscal period beginning July 1, 1991, and ending June 30, 1992.

A critical funding emergency exists. The medical assistance program, also known as the Medicaid program, will expend all appropriated funds before the end of the current fiscal year and the division will be unable to meet its fiscal obligation to provide health and health-related services to Medicaid recipients. The increase in health care costs in Hawaii and an increasing service utilization rate are the primary contributing factors to this financial situation. Health care reimbursements have increased, on the average, in excess of sixteen per cent over the previous year's level of expenditures. The extent of the increase in costs was not anticipated and reflects an unusually high escalation.

To prevent the reduction or discontinuance of direct services, additional funds are urgently needed.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$64,000,000, or so much thereof as may be necessary for fiscal year 1991-1992, to be used for health care payments to medical assistance providers, provided that:

- (1) All of the funds appropriated in this Act shall be allotted to the department of human services not as a "loan", but as a free and clear addition to the department's existing budget for the medical assistance program;
- (2) The department of human services' overall budget shall not be restricted in order to generate the additional appropriation; and
- (3) The department of budget and finance shall increase the department of human services' federal spending ceiling by \$47,804,390 to reflect the necessary accompanying increase to accommodate the increased general fund appropriation.

SECTION 5. The sum appropriated shall be expended by the department of human services for the purposes of this Act.

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SECTION 6. This Act shall take effect upon its approval.

(Approved February 19, 1992.)