

ACT 4

S.B. NO. 1690

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. Act 252, Session Laws of Hawaii 1994, appropriated a certain designated sum to the department of human services to provide funds for the medical assistance program under the med-QUEST division for the fiscal period beginning July 1, 1994, and ending June 30, 1995.

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 who are Aged, Blind or Disabled (ABD). Under the current "Fee-For-Service" (FFS) system of reimbursement, the increase in health care costs in Hawaii, the increase in service utilization rate, and the growth in eligible recipients are the primary contributing factors to this financial situation. The extent of the increase in costs was not anticipated and reflects an unusually high escalation over the previous year.

To prevent the reduction or discontinuance of direct medical services for our (ABD) recipients, additional funds are urgently needed.

SECTION 3. There are hereby appropriated or authorized from the sources of funding indicated below the following sums, or so much thereof as may be necessary for fiscal year 1994-1995, and to be used for health care payments to medical providers:

General Funds: \$11,000,000

Other Federal Funds: \$11,000,000

provided that:

- (1) All of the funds appropriated in this Act shall be allotted to the department of human services for the medical assistance program;
- (2) The department of human services' overall budget shall not be restricted in order to generate the additional appropriation.

SECTION 4. The sums appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 5. This Act shall take effect upon its approval.

(Approved March 20, 1995.)