

A Bill for an Act Making an Emergency Appropriation to the Department of Human Services for Health Care Payments.

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 Hawaii State Constitution.

SECTION 2. A critical fiscal emergency exists. The number of medical assistance recipients in Hawaii has increased by approximately ten to twelve per cent yearly for the current and previous two fiscal years.

The purpose of this Act is to appropriate \$57,500,000 in general funds and \$96,400,000 in federal funds for an emergency appropriation for fiscal year 2010-2011 for health care payments (HMS 401) to address a funding shortfall in the Medicaid program.

This funding will ensure continued timely payments to contracted health plans and will ensure that there will be no disruption in the provision of medically necessary services to program recipients.

In addition, the Hawaii federal medical assistance percentage which sets the federal match for Medicaid funds will decrease from 62.63 per cent on June 30, 2011, to 51.79 per cent on July 1, 2011. If \$57,500,000 is not appropriated for the current 2010-2011 fiscal year, payments to the health plans must be deferred to the next fiscal year. The State will also lose federal funding because of the reduction in the federal medical assistance percentage on July 1, 2011, and \$6,000,000 will need to be paid with State general funds.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$57,500,000 or so much thereof as may be necessary for fiscal year 2010-2011 to be used for the health care payments program (HMS 401).

SECTION 4. There is appropriated out of federal Medicaid funds the sum of \$96,400,000 or so much thereof as may be necessary for fiscal year 2010-2011 for health care payments (HMS 401) as a federal match.

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

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

(Approved April 26, 2011.)