SENATE FLOOR AMENDMENT

FLOOR AMENDMENT NO. 8 **Date** APR 11 2006

TO: House Bill No. 2043, H.D.2, S.D. 2

SECTION 1. House Bill No. 2043, H.D.2, S.D. 2, is amended to read as follows:

1. By designating sections 1 and 2 of the bill as "PART I."

2. By adding a new part to the bill to be designated as PART II and to read as follows:

"PART II

SECTION 3. Section 346-59, Hawaii Revised Statutes, is amended to read as follows:

"**§346-59 Medical care payments.** (a) The department shall adopt rules under chapter 91 concerning payment to providers of medical care. The department shall determine the rates of payment due to all providers of medical care, and pay such amounts in accordance with the requirements of the appropriations act and the Social Security Act, as amended. Payments to critical access hospitals for services rendered to medicaid beneficiaries shall be calculated on a cost basis using medicare reasonable cost principles.

(b) Rates of payment to providers of medical care who are individual practitioners, including doctors of medicine, dentists, podiatrists, psychologists, osteopaths, optometrists, and other individuals providing services, shall be based upon the Hawaii medicaid fee schedule. The amounts paid shall not exceed the maximum permitted to be paid individual practitioners or other individuals under federal law and regulation, the medicare fee schedule for the current year, the state limits as provided in the appropriation act, or the provider's billed amount.

The appropriation act shall indicate the percentage of the medicare fee schedule for the year 2000 to be used as the basis for establishing the Hawaii medicaid fee schedule. For any subsequent adjustments to the fee schedule, the legislature shall specify the extent of the adjustment in the appropriation act.

(c) In establishing the payment rates for other noninstitutional items and services, the rates shall not exceed the current medicare payment, the state limits as provided in the appropriation act, the rate determined by the department, or the provider's billed amount.

(d) 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" are entities approved as such, and "prepaid health plans" are entities designated as such by the Department of Health and Human Services; 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.

(e) The department shall prepare each biennial budget request for a medical care appropriation based upon the most current Hawaii medicaid fee schedule available at the time the request is prepared.

The director shall submit a report to the legislature on or before January 1 of each year indicating an estimate of the amount of money required to be appropriated to pay providers at the maximum rates permitted by federal and state rules in the upcoming fiscal year.

<u>(f) The department shall not require an enrolled member of the QUEST program to re-enroll and select a QUEST health plan unless the QUEST health plan ceases to actively continue providing services and coverage to its members.</u>""

3. By designating and amending sections 3 and 4 to read as follows:

"PART III

SECTION [~~3.~~] 4. New statutory material is underscored.

SECTION [4.] 5. This Act shall take effect on July 1, 2050[~~.~~]; provided that section 3 shall take effect on approval and apply retroactively to March 1, 2006."

Offered by: Suzanne Chun Oakland X) **Carried**

( ) **Failed to Carry**

( ) **Withdrawn**

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