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# A BILL FOR AN ACT

RELATING TO INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

- 1           SECTION 1. (a) The legislative auditor shall prepare a  
2 written report on the adequacy of health plan reimbursements to  
3 physicians and hospitals in Hawaii. This report shall include,  
4 to the extent practicable:
- 5           (1) A survey of the amount of compensation or salary of  
6           the active, practicing doctors in Hawaii in the  
7           following areas of specialty:
- 8           (A) Internal medicine;  
9           (B) Obstetrics and gynecology;  
10          (C) Pediatrics;  
11          (D) Neurology;  
12          (E) Anesthesiology; and  
13          (F) Orthopedics;
- 14          (2) A comparison of Hawaii physician compensation or  
15          salary information to national physician salary  
16          information;



- 1           (3) A survey of the patient co-share payments in Hawaii
- 2                    compared to patient co-share payments in other states;
- 3           (4) A survey of the Hawaii Medical Service Association,
- 4                    Hawaii Management Alliance Association, Kaiser
- 5                    Foundation Health Plan, Summerlin Life and Health
- 6                    Insurance Company, and University Health Alliance to
- 7                    determine:
- 8            (A) The reimbursements given to physicians for the
- 9                    top twenty-five most used medical procedures in
- 10                   each area of specialty listed under paragraph
- 11                   (1);
- 12           (B) The reimbursements from the twenty-five most used
- 13                   office codes;
- 14           (C) The reimbursements from the twenty-five most used
- 15                   hospital based codes;
- 16           (D) A comparison of the reimbursements surveyed in
- 17                   subparagraphs (A), (B), and (C) with the Medicare
- 18                   and Medicaid rate for the same service; and
- 19           (E) The identification of the current procedural
- 20                   terminology codes for the reimbursements, if
- 21                   applicable;



- 1 provided that the reimbursements studied should be the  
2 maximum eligible amount that is both the plan payment  
3 and any co-payment or co-share due from the member;
- 4 (5) A comparison of the reimbursements in paragraph (4)  
5 with the reimbursements in other states;
- 6 (6) A survey of selected providers, including physicians  
7 and hospitals, to provide examples of the actual costs  
8 of providing health care services in Hawaii;
- 9 (7) A survey of students at the John A. Burns School of  
10 Medicine to determine whether low reimbursements  
11 create a disincentive to practice in Hawaii;
- 12 (8) A survey reflecting the shortfalls in payments by  
13 medicare, medicaid, and private insurance to cover  
14 costs incurred by hospitals and physicians;
- 15 (9) A survey to compare insurance premiums paid by  
16 individuals and employers for health plan coverage in  
17 Hawaii with insurance premiums paid in other states;  
18 and
- 19 (10) A survey to compare the average costs of malpractice  
20 insurance premiums incurred by physicians and by  
21 specialties in Hawaii with other states.



1 (b) Each health plan listed in subsection (a)(4) shall  
2 submit, at the time and in the form prescribed by the  
3 legislative auditor, the information deemed necessary by the  
4 legislative auditor to complete the report required under this  
5 section. Proprietary or trade secret information submitted in  
6 compliance with this section shall remain confidential and  
7 protected from discovery, production, and disclosure for as long  
8 as the legislative auditor deems necessary.

9 In the final report submitted to the legislature, the  
10 legislative auditor shall report confidential data without  
11 disclosing the identity of the source of the data.

12 (c) The legislative auditor shall report the legislative  
13 auditor's findings and recommendations to the legislature not  
14 later than twenty days prior to the convening of the regular  
15 session of 2010.

16 SECTION 2. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$ or so much  
18 thereof as may be necessary for fiscal year 2008-2009 for the  
19 hiring of a consultant to assist the legislative auditor in  
20 preparing this report and for the purchase of information.



1           The sum appropriated shall be expended by the office of the  
2 legislative auditor for the purposes of this Act.

3           SECTION 3. This Act shall take effect on July 1, 2008.



S.B. NO. 2864  
S.D. 2  
H.D. 1

**Report Title:**

Health Insurance Reimbursements

**Description:**

Requires the legislative auditor to conduct a study of the adequacy of health plan reimbursements to providers. (SB2864 HD1)

SB2864 HD1 HMS 2008-3197

