A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

SECTION 1. The legislature finds that Hawaii is currently experiencing a shortage of primary care physicians, particularly on the neighbor islands. The latest estimates from the Hawaii/Pacific Basin Area Health Education Center finds that Hawaii is short seven hundred physicians when compared to similarly sized communities across the country. It is estimated that this number could grow to a shortage of fifteen hundred physicians in the next decade as more physicians retire early or leave Hawaii to practice in other states.

One reason for the growing physician shortage is a lack of adequate reimbursement rates. Currently, primary care physicians receive a portion of their reimbursement under certain insurance plans as a capitated rate of $24 per-member-per-month. This reimbursement does not change regardless of how many times the physician sees that particular member over the course of the month. This $24 per-member-per-month rate has not changed despite increasing costs to live and practice in Hawaii.
and statewide increases in the minimum wage. Based on this rate, a solo practitioner must work over two hundred hours per month and care for over fifteen hundred patients to receive a fair and reasonable salary, not including costs for overhead, staff, or supplies. Furthermore, more insurance companies are moving away from a fee-for-service model of reimbursement and towards capitated payments, a move that may negatively impact patient care by encouraging doctors to see fewer patients, discourage them from accepting new patients, or cause doctors to leave Hawaii to practice in other states with a lower cost of living and a higher capitated payment rate.

The purpose of this Act is to require the insurance commissioner to perform a study on capitated rates, comparing Hawaii's current practices with those of other states.

SECTION 2. The insurance commissioner shall perform a study analyzing the capitated rate reimbursement model used by some of Hawaii's insurance providers and comparing this to the reimbursement models of insurance providers in other states. This study shall examine:

(1) The quality and accessibility of healthcare for the patients;
(2) The quality and accessibility of primary care physician services;
(3) The costs to operate healthcare provider businesses including independent healthcare providers, healthcare clinics, and hospitals;
(4) The level of reimbursement to healthcare providers in both Hawaii and other states with similarly-sized communities and whether the reimbursements are sufficient to ensure the viability of providers' business; and
(5) The correlation, if any, between increases in the minimum wage and increases in capitated payment rates in other states.

SECTION 3. The insurance commissioner shall submit a report of findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2020.

SECTION 4. This Act shall take effect upon its approval.
Report Title:
Health Insurance; Capitated Rates; Study; Insurance Commissioner

Description:
Requires the Insurance Commissioner to perform a study on capitated payment rates in Hawaii that compares the payment model in Hawaii with the payment models in other states.

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