
A BILL FOR AN ACT

RELATING TO PROFESSIONAL MEDICAID SERVICES.

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

1 SECTION 1. The legislature finds that nearly one third of
2 Hawaii's residents and half of all keiki are enrolled in
3 medicaid. Since the start of the COVID-19 pandemic in March
4 2020, medicaid enrollment has increased by forty per cent.
5 Timely access to providers can prove difficult in rural areas
6 where health care providers are in short supply. In 2022, the
7 State had a shortfall of more than seven hundred fifty full-time
8 physicians and nearly four thousand other patient-facing health
9 care workers, such as nurses, technicians, and patient service
10 representatives.

11 The legislature further finds that due to the significant
12 number of Hawaii residents receiving medicaid coverage, health
13 care providers often receive less reimbursement from medicaid
14 than from medicare or commercial insurances for the same
15 service. While some providers are reimbursed at cost or at the
16 same rates as medicare, such as critical access hospitals,
17 community health centers, and providers who perform certain



1 services, most individual health care providers are not. Lesser
2 reimbursements contribute to increased challenges for providers
3 in sustaining practices and lead to some health care providers
4 limiting or refusing to accept medicaid patients. Investing in
5 medicaid by matching reimbursement levels to those of medicare
6 would improve access to care by allowing more health care
7 providers to accept medicaid patients.

8 The legislature also finds that it is important to focus on
9 home and community-based service providers who serve groups with
10 high utilization of services and who have gone the longest
11 without a rate update, such as case management agencies,
12 community care foster family homes, and adult day health and day
13 care centers. The Centers for Medicare and Medicaid Services is
14 also changing payment methods for nursing facilities. State
15 medicaid agencies will need to adopt new reimbursement
16 methodologies that align with the new federal payment system.
17 These all create opportunities to revise how providers of
18 long-term care are reimbursed to better meet current and future
19 needs.

20 Therefore, the purpose of this Act is to appropriate funds
21 to increase medicaid reimbursements to eligible health care



1 providers up to one hundred per cent of the current medicare fee
2 schedule rates.

3 SECTION 2. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2023-2024 and
6 the same sum or so much thereof as may be necessary for fiscal
7 year 2024-2025 to increase medicaid payments to eligible health
8 care providers in the State up to one hundred per cent of the
9 current medicare fee schedule rates.

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

12 SECTION 3. The appropriations made by this Act shall not
13 lapse at the end of the fiscal year for which the appropriation
14 is made; provided that all moneys from the appropriation are
15 unencumbered as of June 30, 2025, shall lapse as of that date.

16 SECTION 4. This Act shall take effect on June 30, 3000.



S.B. NO. 397
S.D. 2
H.D. 1

Report Title:

Medicaid; Reimbursements; Medicare Fee Schedule Rates;
Appropriation

Description:

Appropriates funds to increase medicaid payments to eligible health care providers in the State up to one hundred per cent of the current medicare fee schedule rates. Effective 6/30/3000.
(HD1)

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