
A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES FOR THE MED-QUEST DIVISION.

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

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 A critical fiscal emergency exists. A funding shortfall in
5 the current fiscal year 2013-2014 in general support for health
6 care payments (HMS 902) is projected because the Hawaii health
7 connector has not yet reimbursed the department of human
8 services for services and moneys provided to it by the
9 department of human services.

10 The department of human services provided services and
11 funding to or for the sole benefit of the Hawaii health
12 connector to develop components of the health insurance exchange
13 required by the federal Patient Protection and Affordable Care
14 Act. In addition, the Centers for Medicare and Medicaid
15 Services requires that 5.25 per cent of department design,
16 development, and implementation costs, as well as maintenance
17 and operations costs for the new Medicaid Kauhale On-Line



1 Eligibility Assistance system, or KOLEA, be cost-allocated to
2 the Hawaii health connector.

3 The services provided and the required 5.25 per cent cost
4 allocation for KOLEA were paid for with general funds encumbered
5 from HMS 902 with the understanding that the Hawaii health
6 connector would reimburse the department of human services
7 through the Hawaii health connector's own federal funds. While
8 encumbered, the department of human services is unable to use
9 these funds for other purposes.

10 As of November 1, 2013, the costs allocated to the Hawaii
11 health connector that are owed or expected to be owed to the
12 department of human services for state fiscal year 2013-2014
13 totaled \$6,020,727 as follows:

- 14 (1) \$4,329,956 for allocated costs incurred for work
15 performed on KOLEA design, development, and
16 implementation;
- 17 (2) \$306,161 for allocated costs incurred for work
18 performed on KOLEA maintenance and operations;
- 19 (3) \$450,800 for costs incurred for work performed that
20 would have allowed the Hawaii health connector system
21 to be functional so individuals could browse for and



- 1 select qualified health plans for both medicaid and
2 the Hawaii health connector at the same time;
- 3 (4) \$418,950 for costs incurred for work performed on the
4 transition necessary to revise the Hawaii health
5 connector system to separate the browsing and
6 selection functions for medicaid and the Hawaii health
7 connector after a design change;
- 8 (5) \$296,940 for costs incurred for work performed to
9 allow the Hawaii health connector to interface with
10 the state data services hub;
- 11 (6) \$52,920 for costs incurred for work performed to
12 revise the file format and interface control document
13 as previously agreed upon so that the Hawaii health
14 connector could process electronically transferred
15 files; and
- 16 (7) \$165,000 for costs expected to be incurred for work to
17 be performed as agreed by the Hawaii health connector
18 to allow the Hawaii health connector to perform remote
19 identity proofing.

20 As of January 29, 2014, the department had received
21 reimbursements for the services provided in the total amount of
22 \$1,166,690 as follows:



- 1 (1) Costs incurred for work performed that would have
2 allowed connector system functionality so individuals
3 could browse for and select qualified health plans for
4 both medicaid and the connector at the same time, in
5 the amount of \$450,800;
- 6 (2) Costs incurred for work performed on the transition
7 necessary to revise the connector system to separate
8 the browsing and selection functions for medicaid and
9 the connector when the design was changed, in the
10 amount of \$418,950; and
- 11 (3) Costs incurred for work performed to allow the
12 connector to interface with the state data services
13 hub in the amount of \$296,940.

14 Because the department has not received the remaining
15 moneys owed from the connector, it is necessary for the
16 department to request an emergency appropriation of \$4,854,037.
17 The requested emergency appropriation will ensure that the
18 department is able to fund its core operations and continue to
19 serve its beneficiaries.

20 The purpose of this Act is to appropriate \$ in
21 general funds for an emergency appropriation for fiscal year
22 2013-2014 for general support for health care payments (HMS 902)



1 to address the funding shortfall in the medicaid program
2 resulting from the delay in reimbursement.

3 SECTION 2. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2013-2014 to be used
6 for general support for health care payments (HMS 902).

7 The sum appropriated shall be expended by the department of
8 human services for the purposes of this Act.

9 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

General Support for Health Care Payments (HMS 902); Emergency
Appropriation

Description:

Makes an emergency appropriation from the general revenues for
Fiscal Year 2013-2014 to address the budget shortfall for the
General Support for Health Care Payments (HMS 902) in the
Department of Human Services. Effective 7/1/2050. (SD2)

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