



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

GOV. MSG. NO. 1055

July 11, 2005

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

I am transmitting herewith HB1060 HD2 SD2, without my approval, and with the statement of objections relating to the measure.

HB1060 HD2 SD2

A BILL FOR AN ACT RELATING TO
MEDICAID.

Sincerely,



LINDA LINGLE

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2005

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1060

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 1060, entitled "A Bill for an Act Relating to Medicaid."

The purpose of this bill is to add a new section to chapter 346, Hawaii Revised Statutes, to guarantee a payment methodology to federally qualified health centers and rural health clinics in accordance with the Social Security Act.

This bill is objectionable because the Department of Human Services already pays federally qualified health centers and rural health clinics according to the payment methodology required by section 1902(bb) of the Social Security Act. A State statute imposing this obligation is unnecessary and would result in additional State legal and fiscal obligations.

The language in the bill that purports to make services of federally qualified health centers and rural health clinics "mandatory services" is unnecessary and could result in confusion to providers and beneficiaries. Services of federally qualified health centers and rural health clinics are not included in any of the federal categories of mandatory services, but are included in the federal definition of "medical assistance." Therefore, Medicaid state plan services rendered by federally qualified health centers and rural health clinics to eligible Medicaid recipients are covered in accordance with federal law. Furthermore, stating that these services are "mandatory services" suggests that the bill is giving federally qualified health centers and rural health clinics greater rights than they

currently enjoy.

Should federal law change, this bill could obligate the State to fully fund services rendered by federally qualified health centers and rural health clinics, even if federal matching funds were not available. While I strongly support the continuation and growth of community health centers, the decision to reimburse federally qualified health centers and rural health clinics wholly out of State funds should be left to the Legislature in session at the time the issue arises.

For the foregoing reasons, I am returning House Bill No. 1060 without my approval.

Respectfully,



LINDA LINGLE
Governor of Hawaii