

STAND. COM. REP. NO.

1484

Honolulu, Hawaii

MAR 24

, 2023

RE: S.B. No. 404
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Human Services and Health & Homelessness,
to which was referred S.B. No. 404, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HOSPITAL SUSTAINABILITY
PROGRAM,"

beg leave to report as follows:

The purpose of this measure is to preserve access to health
care for Medicaid recipients and strengthen the Hospital
Sustainability Program by:

- (1) Amending the definition of "private hospital";
- (2) Clarifying the uses of the Hospital Sustainability
Program Special Fund;
- (3) Increasing the Hospital Sustainability Fee cap for
various facilities;
- (4) Requiring the Department of Human Services to consult
and negotiate with the hospital trade association in
Hawaii regarding Hospital Sustainability Fee
participation and rates;

2023-2776 SB404 HD1 HSCR HMSO



- (5) Clarifying the circumstances under which the Hospital Sustainability Fee shall be discontinued and the distribution of remaining funds;
- (6) Repealing the sunset dates of Act 217, Session Laws of Hawaii 2012, and Act 123, Session Laws of Hawaii 2014, thereby making the Hospital Sustainability Program permanent and permanently exempting the Hospital Sustainability Program from the central service and administrative expenses assessments; and
- (7) Appropriating funds out of the Hospital Sustainability Program Special Fund.

Your Committees received testimony in support of this measure from the Department of Human Services, Hawai'i Primary Care Association, Hawai'i Pacific Health, The Queen's Health System, Healthcare Association of Hawaii, Kaiser Permanente Hawai'i, and two individuals.

Your Committees find that the Hospital Sustainability Program (Program) began over ten years ago and has been highly successful in helping support hospitals' ability to continue to provide services to Medicaid recipients. The Hospital Sustainability Program Special Fund receives money from the Hospital Sustainability Fee, which is then used to match with federal Medicaid matching funds. In turn, these monies are used to increase reimbursements to hospitals and payments for performance to the hospitals, which ensures that hospitals in Hawaii can continue to be a critical part of the safety net. The Program has proven successful for providers, beneficiaries, and the State, given that it uses no state general funds. Your Committees believe that the Program has contributed to the overall sustainability of the health care system in Hawaii and should therefore be continued permanently.

Accordingly, this measure ensures the continued success of the Program by repealing the sunset dates of Act 217, Session Laws of Hawaii 2012, and Act 123, Session Laws of Hawaii 2014, thereby making the Program permanent. Repealing the sunset dates also permanently exempts the Program from the central service and administrative expenses assessments, which are estimated to save around \$5,000,000 in central services expenses assessments and \$1,000,000 in administrative expenses each year.



Your Committees have amended this measure by:

- (1) Reverting to existing statutory language that requires no less than ninety percent of monies in the Hospital Sustainability Program Special Fund to be used to match federal Medicaid funds; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Health & Homelessness that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 404, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 404, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Health & Homelessness,



DELLA AU BELATTI, Chair



JOHN M. MIZUNO, Chair



