

STAND. COM. REP. NO.

1306

Honolulu, Hawaii

, 2025

**MAR 18**

RE: S.B. No. 1443

S.D. 1

H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committee on Health, to which was referred S.B. No. 1443, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF HEALTH,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish maximum payment rates for medical care for patients of the Hawaii State Hospital or in the custody of the Director of Health at another psychiatric facility;
- (2) Authorize the Department of Health to establish payment rates for long-term care services for certain types of patients; and
- (3) Exempt the Department of Health from the Hawaii Public Procurement Code for the procurement of medical care for certain types of patients.

Your Committee received testimony in support of this measure from the Department of Health and State Council on Mental Health.

2025-2684 SB1443 HD1 HSCR HMSO



Your Committee finds that although some aging patients at the Hawaii State Hospital (State Hospital) are psychiatrically stable, legally cleared for hospital discharge, and have long-term care needs that are more appropriate for community-based residential care than in-patient psychiatric hospitalization, no long-term care provider has agreed to take these patients at Medicaid rates. As a result, the State Hospital has become the default long-term care facility.

Your Committee further finds that when a patient at the State Hospital requires medical care outside of the State Hospital, hospital staff must perform all of the administrative work to obtain a procurement exemption, negotiate payment rates, and enter into a contract with the health care provider. When providers submit bills to the State Hospital, hospital staff must manually review the billing and codes, resulting in significant delays in payments to providers. Your Committee believes that streamlining this process by allowing the Department of Health a limited exemption from the Hawaii Public Procurement Code and establishing payment rates for certain types of medical care will ensure timely payments to health care providers and significantly reduce administrative burden on hospital staff.

Your Committee has amended this measure by:

- (1) Changing its effective date to upon approval; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1443, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1443, S.D. 1, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committee on Health,

  
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GREGG TAKAYAMA, Chair



