
A BILL FOR AN ACT

RELATING TO THE HOSPITAL AND MEDICAL FACILITIES SPECIAL FUND.

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

1 SECTION 1. Section 321-1.4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§321-1.4 [~~Hospital and medical facilities~~] Office of
4 health care assurance special fund; deposits; expenditures. (a)

5 There is established within the department of health, to be
6 administered by the department of health, the [~~hospital and~~
7 ~~medical facilities~~] office of health care assurance special fund
8 into which shall be deposited moneys collected under section
9 321-11.5(b) [~~-~~] and all administrative penalties imposed and
10 collected by the office of health care assurance pursuant to
11 section 321-20.

12 (b) Moneys in the special fund shall be expended by the
13 department:

14 (1) To assist in offsetting operating costs and
15 educational program expenses of the department's
16 [~~hospital and medical facilities branch,~~] office of
17 health care assurance; and

H.B. NO. 1368

1 (2) For the purpose of enhancing the capacity of [~~hospital~~
2 ~~and medical facilities~~] office of health care
3 assurance programs to:

4 (A) Improve public health outreach efforts, program
5 and community development, and consultations to
6 industries regulated; and

7 (B) Educate the public, the staff of the department
8 of health, [~~hospitals, nursing homes, and care~~
9 ~~homes, and industries~~] other departments within
10 the State, as well as staff and providers of all
11 health care facilities and agencies regulated.

12 Not more than [~~\$230,000~~] \$300,000 of the special fund may be
13 used during any fiscal year for [~~education.~~] the activities
14 carried out by the office of health care assurance.

15 (c) Any amount in the special fund in excess of \$356,000
16 on June 30 of each year shall be deposited into the general
17 fund.

18 (d) The department of health shall submit a report to the
19 legislature concerning the status of the special fund, including
20 the amount of moneys deposited into and expended from the
21 special fund, and the sources of receipts and uses of

H.B. NO. 1368

1 expenditures, no later than twenty days prior to the convening
2 of each regular session."

3 SECTION 2. Section 321-11.5, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) All fees paid and collected pursuant to this section
6 and rules adopted in accordance with chapter 91 from facilities
7 seeking licensure or certification by the department, including
8 but not limited to hospitals, nursing homes, home health
9 agencies, intermediate care facilities for the mentally
10 retarded, freestanding outpatient surgical facilities, adult day
11 health care centers, rural health centers, laboratories, adult
12 residential care homes, expanded adult residential care homes,
13 developmental disability domiciliary homes, assisted living
14 facilities, therapeutic living programs, and special treatment
15 facilities, shall be deposited into the [~~hospital and medical~~
16 ~~facilities~~] office of health care assurance special fund created
17 under section 321-1.4. Any other entities required by law to be
18 licensed by the department shall also be subject to reasonable
19 fees established by the department by rules adopted in
20 accordance with chapter 91."

21 SECTION 3. Section 321-15.6, Hawaii Revised Statutes, is
22 amended by amending subsection (g) to read as follows:

H.B. NO. 1368

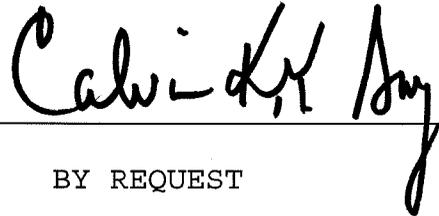
1 "(g) Any fines collected by the department for violations
2 of this section shall be deposited into the [~~general~~] office of
3 health care assurance special fund."

4 SECTION 4. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:


BY REQUEST

JAN 22 2007

JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO THE HOSPITAL AND MEDICAL FACILITIES SPECIAL FUND.

PURPOSE: To (1) rename the special fund to reflect the current name of the Office of Health Care Assurance (OHCA), formerly known as the Hospital and Medical Facilities Branch (HMF); (2) require that all moneys collected by OHCA in the form of fees and fines be deposited into that account; and (3) allow the moneys deposited into the special fund to be used to offset OHCA's operational expenses.

MEANS: Amend sections 321-1.4 and 321-11.5(b), Hawaii Revised Statutes (HRS).

JUSTIFICATION: Currently moneys in this fund may be expended only to assist in offsetting OHCA's educational program expenses. Due to the increasing demands placed on OHCA, operating expenses have increased. Additional funds are needed to meet the increased costs of travel (air, ground transportation, per diem), mileage of staff, costs for office supplies, equipment, overtime, training of staff to ensure competence, (registration costs for training, travel costs if out-of-state, etc.), training of providers (materials development and purchase, cost of meeting sites, etc.).

The state licensing section's responsibilities have increased under section 321-15.6, HRS, which was enacted in 2003 and requires unannounced visits to adult residential care homes statewide. With this new

requirement, OHCA's travel to the neighbor islands and mileage on Oahu has increased. Previously, staff traveled to the neighbor islands once quarterly to conduct inspections. With this additional requirement, staff needs to travel to the neighbor islands at least once or twice monthly for period of up to 4 days, to ensure that inspections are unannounced. Often operators are not at home, thus re-visits are required.

There has also been an increase in the number of complaints received statewide from an average of 5-8 complaints per month to 8-14 complaints per month.

With the increased total number of unannounced and complaint visits, there has also been an increase in the need to conduct follow-up visits to community-based settings due to an increased number of citations issued at the serious and substantive level resulting from visits.

There is a need to ensure staff competency to carry out their responsibilities. Currently there are no operating costs to pay for registration fees, materials, and travel if training is out-of-state. In the past OHCA has relied on resources we have been able to obtain free of charge, and in one instance we were able to send two staff to attend training provided by the Department of the Attorney General, Medicaid Investigation Division (MID). However, free training opportunities are no longer readily available. Relying on training on an inconsistent basis will not ensure adequate training of staff.

In order for OHCA to carry out its functions, it needs adequate funding

and competent staff. As the general fund may not always be adequate to fund all mandates, this measure will allow for OHCA to offset operating costs in lieu of annual requests for budget increases.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: HTH 720.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.