

STAND. COM. REP. NO. 2767

Honolulu, Hawaii

MAR 02 2012

RE: S.B. No. 2467  
S.D. 2

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2467, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOSPITALS,"

begs leave to report as follows:

The purpose and intent of this measure is to ensure access to health care for medicaid recipients.

Specifically, this measure:

- (1) Establishes a hospital sustainability fee assessed on provider fees on health care items or services provided by hospitals; and
- (2) Establishes a hospital sustainability program special fund to receive moneys from the hospital sustainability fee to receive federal medicaid matching funds under the QUEST expanded medicaid section 1115 demonstration waiver.

Your Committee received written comments in support of this measure from the Department of Human Services. Your Committee received written comments on this measure from the Department of Budget and Finance; Hawaii Medical Service Association; and the Hawaii Health Systems Corporation.

Your Committee finds that federal funding to help sustain Hawaii's hospitals may be accessed through a provider fee like the

SB2467 SD2 SSCR LRB 12-1908.doc



one now assessed in forty-six states and the District of Columbia. In Hawaii, provider fees would increase the State's ability to draw down additional matching federal funds at a time when constraints on the State's budget have forced a reduction in payments and benefits. The additional federal matching funds obtained under the fee program would reduce the amount of losses incurred by hospitals.

Your Committee notes the concerns of the Hawaii Health Systems Corporation and Healthcare Association of Hawaii, including:

- (1) The nearly three month lag time to recoup the amount of the sustainability fee paid from the enhanced reimbursements from QUEST and QEXA plans;
- (2) The lack of deadlines for the draw down of federal funds, payment of enhanced capitation rates to QUEST and QEXA plans, and enhanced reimbursements from QUEST and QEXA to the providers;
- (3) Specification of the data source used to assess the hospital sustainability fee;
- (4) Receipt of enhanced reimbursements by hospitals that are not participating providers for QUEST and QEXA; and
- (5) The possibility that the Department of Human Services may impose an administrative assessment in an amount that exceeds the actual cost of administering the fee program.

Your Committee has amended this measure by:

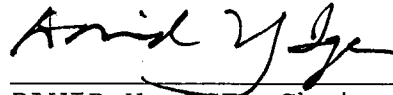
- (1) Correcting the citation to the definition of "hospital" in the Hawaii Administrative Rules; and
- (2) Making technical nonsubstantive amendments for the purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2467, S.D. 1, as amended herein, and recommends that it pass



Third Reading in the form attached hereto as S.B. No. 2467,  
S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



---

DAVID Y. IGE, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2467, SD1	HMS/HTH, WAM	2/28/12
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
IGE, David Y. (C)	✓	
KIDANI, Michelle N. (VC)	✓	
CHUN OAKLAND, Suzanne	✓	
DELA CRUZ, Donovan M.		✓
ENGLISH, J. Kalani	✓	
ESPERO, Will	✓	
FUKUNAGA, Carol	✓	
KIM, Donna Mercado	✓	
KAHELE, Gilbert	✓	
KOUCHI, Ronald D.		✓
RYAN, Pohai	✓	
TOKUDA, Jill N.	✓	
WAKAI, Glenn	✓	
SLOM, Sam		✓
<b>TOTAL</b>	11	0
1	2	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>		
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy		

\*Only one measure per Record of Votes