



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

GOV. MSG. NO. 1226

June 24, 2014

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 24, 2014, the following bill was signed into law:

HB2293 HD2 SD2 CD1

RELATING TO THE HOSPITAL SUSTAINABILITY
PROGRAM
ACT 123 (14)

Sincerely,

NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM.

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

1 SECTION 1. Act 217, Session Laws of Hawaii 2012, as
2 amended by section 1 of Act 141, Session Laws of Hawaii 2013, is
3 amended by amending section 2 as follows:

4 1. By amending the definitions of "net patient service
5 revenue" and "private hospital" in section -3, Hawaii Revised
6 Statutes, to read:

7 "Net patient service revenue" means gross revenue from
8 inpatient and outpatient care provided to hospital patients
9 converted to net patient revenue utilizing data from Worksheets
10 G-2 and G-3 of each hospital's medicare cost report for fiscal
11 year ~~[2010-2011-]~~ 2011-2012. If the hospital is new or did not
12 file a fiscal year medicare cost report, the department shall
13 obtain the hospital's net patient service revenue from the most
14 recent period available. . . .

15 "Private hospital" means those non-public hospitals named
16 in attachment A of the medicaid section 1115 demonstration
17 waiver that were in operation in calendar year ~~[2012]~~ 2013 and
18 are currently operating."



2. By amending subsections (c) and (d) of section -5,
Hawaii Revised Statutes, to read:

"(c) The hospital sustainability fee for inpatient care services may differ from the fee for outpatient care services but the fees shall not in the aggregate exceed three per cent of net patient service revenue as derived from the hospital's medicare cost report ending during state fiscal year [~~2010-2011~~] 2011-2012. The inpatient hospital sustainability fee shall be [~~2.365~~] 2.175 per cent of net inpatient hospital service revenue. The outpatient hospital sustainability fee shall be three per cent of net outpatient hospital service revenue. Each fee shall be the same percentage for all affected hospitals, subject to subsection (d).

(d) The department shall exempt children's hospitals, federal hospitals, public hospitals, rehabilitation hospitals, psychiatric hospitals, and any hospital that was not in operation during any part of calendar year [~~2012~~] 2013 from the hospital sustainability fees on inpatient services. In addition, the department shall exempt hospitals with net outpatient revenue of less than [~~\$42,500,000~~] \$45,000,000 per year (based on fiscal year [~~2010-2011~~] 2011-2012 reports), public hospitals, and any hospital that was not in operation



1 during any part of calendar year [~~2012~~] 2013 from the hospital
2 sustainability fee on outpatient care services."

3 3. By amending subsection (a) of section -10, Hawaii
4 Revised Statutes, to read:

5 "(a) The department shall use moneys from the hospital
6 sustainability program special fund to make direct payments to
7 private hospitals in an amount equal to [~~\$81,309,367~~]
8 \$85,000,000 to cover the uncompensated care costs incurred by
9 private hospitals for serving medicaid and uninsured individuals
10 during state fiscal year [~~2013-2014.~~] 2014-2015."

11 4. By amending subsection (c) of section -10, Hawaii
12 Revised Statutes, to read:

13 "(c) Each eligible hospital's quarterly payment shall be
14 equal to one-quarter of its uncompensated care costs for the
15 fiscal year in which payment is made, as derived from the
16 uncompensated care costs reported by all private hospitals for
17 fiscal year [~~2010-2011.~~] 2011-2012."

18 SECTION 2. Act 217, Session Laws of Hawaii 2012, as
19 amended by section 2 of Act 141, Session Laws of Hawaii 2013, is
20 amended by amending section 5 to read as follows:

21 "SECTION 5. This Act shall take effect on July 1, 2012,
22 and shall be repealed on June 30, [~~2014.~~] 2015; provided that



1 section [~~4-(e)~~], -4 , Hawaii Revised Statutes, in section 2
2 of this Act shall be repealed on December 31, [~~2014~~] 2015."

3 SECTION 3. Section 36-27, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Except as provided in this section, and
6 notwithstanding any other law to the contrary, from time to
7 time, the director of finance, for the purpose of defraying the
8 prorated estimate of central service expenses of government in
9 relation to all special funds, except the:

- 10 (1) Special out-of-school time instructional program fund
11 under section 302A-1310;
- 12 (2) School cafeteria special funds of the department of
13 education;
- 14 (3) Special funds of the University of Hawaii;
- 15 (4) State educational facilities improvement special fund;
- 16 (5) Convention center enterprise special fund under
17 section 201B-8;
- 18 (6) Special funds established by section 206E-6;
- 19 (7) Housing loan program revenue bond special fund;
- 20 (8) Housing project bond special fund;
- 21 (9) Aloha Tower fund created by section 206J-17;



- 1 (10) Funds of the employees' retirement system created by
2 section 88-109;
- 3 (11) Hawaii hurricane relief fund established under chapter
4 431P;
- 5 (12) Hawaii health systems corporation special funds and
6 the subaccounts of its regional system boards;
- 7 (13) Tourism special fund established under section 201B-
8 11;
- 9 (14) Universal service fund established under section 269-
10 42;
- 11 (15) Emergency and budget reserve fund under section 328L-
12 3;
- 13 (16) Public schools special fees and charges fund under
14 section 302A-1130;
- 15 (17) Sport fish special fund under section 187A-9.5;
- 16 (18) Glass advance disposal fee established by section
17 342G-82;
- 18 (19) Center for nursing special fund under section 304A-
19 2163;
- 20 (20) Passenger facility charge special fund established by
21 section 261-5.5;



- 1 (21) Court interpreting services revolving fund under
2 section 607-1.5;
- 3 (22) Hawaii cancer research special fund;
- 4 (23) Community health centers special fund;
- 5 (24) Emergency medical services special fund;
- 6 (25) Rental motor vehicle customer facility charge special
7 fund established under section 261-5.6;
- 8 (26) Shared services technology special fund under section
9 27-43;
- 10 (27) Automated victim information and notification system
11 special fund established under section 353-136; ~~and~~
- 12 ~~[+]~~ (28) ~~[+]~~ Deposit beverage container deposit special fund
13 under section 342G-104~~[+]~~; and
- 14 (29) Hospital sustainability program special fund under Act
15 217, Session Laws of Hawaii 2012, as amended by Act
16 141, Session Laws of Hawaii 2013,
- 17 shall deduct five per cent of all receipts of all special funds,
18 which deduction shall be transferred to the general fund of the
19 State and become general realizations of the State. All
20 officers of the State and other persons having power to allocate
21 or disburse any special funds shall cooperate with the director
22 in effecting these transfers. To determine the proper revenue



1 base upon which the central service assessment is to be
2 calculated, the director shall adopt rules pursuant to chapter
3 91 for the purpose of suspending or limiting the application of
4 the central service assessment of any fund. No later than
5 twenty days prior to the convening of each regular session of
6 the legislature, the director shall report all central service
7 assessments made during the preceding fiscal year."

8 SECTION 4. Section 36-30, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) Each special fund, except the:

11 (1) Transportation use special fund established by section
12 261D-1;

13 (2) Special out-of-school time instructional program fund
14 under section 302A-1310;

15 (3) School cafeteria special funds of the department of
16 education;

17 (4) Special funds of the University of Hawaii;

18 (5) State educational facilities improvement special fund;

19 (6) Special funds established by section 206E-6;

20 (7) Aloha Tower fund created by section 206J-17;

21 (8) Funds of the employees' retirement system created by
22 section 88-109;



- 1 (9) Hawaii hurricane relief fund established under section
2 431P-2;
- 3 (10) Convention center enterprise special fund established
4 under section 201B-8;
- 5 (11) Hawaii health systems corporation special funds and
6 the subaccounts of its regional system boards;
- 7 (12) Tourism special fund established under section 201B-
8 11;
- 9 (13) Universal service fund established under section 269-
10 42;
- 11 (14) Emergency and budget reserve fund under section 328L-
12 3;
- 13 (15) Public schools special fees and charges fund under
14 section 302A-1130;
- 15 (16) Sport fish special fund under section 187A-9.5;
- 16 (17) Center for nursing special fund under section 304A-
17 2163;
- 18 (18) Passenger facility charge special fund established by
19 section 261-5.5;
- 20 (19) Court interpreting services revolving fund under
21 section 607-1.5;
- 22 (20) Hawaii cancer research special fund;



- 1 (21) Community health centers special fund;
2 (22) Emergency medical services special fund;
3 (23) Rental motor vehicle customer facility charge special
4 fund established under section 261-5.6;
5 (24) Shared services technology special fund under section
6 27-43;
7 (25) Nursing facility sustainability program special fund,
8 under Act 156, Session Laws of Hawaii 2012;
9 (26) Automated victim information and notification system
10 special fund established under section 353-136; and
11 (27) Hospital sustainability program special fund under Act
12 217, Session Laws of Hawaii 2012, as amended by Act
13 141, Session Laws of Hawaii 2013,

14 shall be responsible for its pro rata share of the
15 administrative expenses incurred by the department responsible
16 for the operations supported by the special fund concerned."

17 SECTION 5. There is appropriated out of the hospital
18 sustainability program special fund the sum of \$50,000,000 or so
19 much thereof as may be necessary for fiscal year 2014-2015 to be
20 used for the purposes of the hospital sustainability program
21 special fund.



1 The sum appropriated shall be expended by the department of
2 human services for the purposes of this Act.

3 SECTION 6. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 7. This Act shall take effect on June 29, 2014;
6 provided that section 5 shall take effect on July 1, 2014.

APPROVED this 24 day of JUN , 2014



GOVERNOR OF THE STATE OF HAWAII

