

Honolulu, Hawaii

APR 28 2016

RE: S.B. No. 2330  
S.D. 2  
H.D. 2  
C.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2330, S.D. 2, H.D. 2, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to provide funding for and to extend the hospital sustainability program for one year. This measure also amends provisions related to:

- (1) The use of revenues derived from the hospital sustainability fee to enhance reimbursement rates and the drawdown of matched federal funds;
- (2) Hospital sustainability fee schedules, payment dates, and rates; and



- (3) The applicability of the hospital sustainability program to various types of hospitals, including certain children's, rehabilitation, and psychiatric hospitals.

Recognizing that Medicaid payments to hospitals were far below the actual costs of care, the Legislature created the hospital sustainability program by enacting Act 217, Session Laws of Hawaii 2012, which increases Medicaid payments to hospitals. The program achieves this increase by assessing a fee on hospitals, using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to hospitals. Because of this program, Medicaid payments are now closer to the actual costs of care, thereby reducing losses and improving the financial stability of hospital systems. The program has made it possible for hospitals to cover eighty-six percent of their costs related to Medicaid patients, up from seventy-five percent without the program. Your Committee on Conference finds that the hospital sustainability program helps to ensure that Medicaid patients will maintain access to needed hospital care.

Your Committee on Conference has amended this measure by:

- (1) Specifying that payments made by Medicaid managed care health plans shall be made within thirty business days upon receipt of monthly capitation rates from the Department of Human Services;
- (2) Inserting an appropriation amount of \$65,000,000 out of the hospital sustainability program special fund for fiscal year 2016-2017 for the purposes of the hospital sustainability program special fund;
- (3) Changing the effective date to June 29, 2016; and
- (4) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2330, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2330, S.D. 2, H.D. 2, C.D. 1.



Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

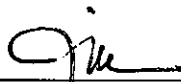
  
DELLA AU BELATTI, Co-Chair

  
ROSALYN H. BAKER, Chair

  
DEE MORIKAWA, Co-Chair

  
SUZANNE CHUN OAKLAND, Co-Chair

  
BERTRAND KOBAYASHI, Co-Chair

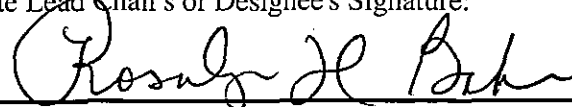
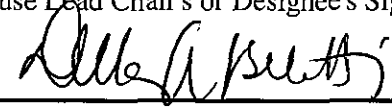
  
JILL N. TOKUDA, Co-Chair



# Hawaii State Legislature

CUR 16-16

## Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: <b>SB 2330, SD 2, HD 2</b>					Date/Time: <b>4/21/16 10:08AM</b>				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				BELATTI, Della Au, Co-Chr.	✓			
CHUN OAKLAND, Suzanne, Co-Chr.	✓				MORIKAWA, Dee, Co-Chr.	✓			
TOKUDA, Jill N., Co-Chr.	✓				KOBAYASHI, Bertrand, Co-Chr.	✓			
KIDANI, Michelle N.	✓				CREAGAN, Richard P.	✓			
SLOM, Sam				✓	TUPOLA, Andria P.L.				✓
TOTAL	4	-	-	1	TOTAL	4	-	-	1
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
<div style="display: flex; justify-content: space-between;"> <div> <b>Distribution:</b>            Original  <i>File with Conference Committee Report</i> </div> <div> <b>Yellow</b>  <i>House Clerk's Office</i> </div> <div> <b>Pink</b>  <i>Senate Clerk's Office</i> </div> <div> <b>Goldenrod</b>  <i>Drafting Agency</i> </div> </div>									