

STAND. COM. REP. NO. 1677

Honolulu, Hawaii

APR 09 2021

RE: H.B. No. 474  
H.D. 2  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 474, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the administration of the hospital sustainability program.

More specifically, the measure:

- (1) Extends the hospital sustainability program through June 30, 2024;
- (2) Increases the proportion of moneys in the hospital sustainability program special fund that shall be used to match federal Medicaid funds from eighty-eight percent to ninety percent;
- (3) Authorizes moneys from the hospital sustainability program special fund to be used to match federal Medicaid funds, with the combined total to fund Medicaid services including supportive housing, behavioral health care, vaccinations, preventive health care, primary care, and home and community-based services;



- (4) Provides that the aggregate net benefit for private hospitals shall not be less than the aggregate net benefit provided by the hospital sustainability program for fiscal year 2021;
- (5) Increases the maximum hospital sustainability fee from four percent to five and one-half percent of a hospital's net patient service revenue;
- (6) Repeals the exemption from hospital sustainability fees that is currently afforded to children's hospitals and psychiatric hospitals;
- (7) Provides that inpatient and outpatient services at certain private hospitals may be assessed at a different rate than at other private hospitals;
- (8) Extends the due date for payment of the hospital sustainability fee from the thirtieth day to the sixtieth day after the end of each calendar month; and
- (9) Specifies that certain moneys shall be distributed pursuant to requirements of the hospital sustainability program special fund.

Your Committee received written comments in support of this measure from the Department of Human Services, Hawaii Primary Care Association, Kaiser Permanente Hawaii, Healthcare Association of Hawaii, The Queen's Health Systems, and Hawaii Pacific Health.

Your Committee finds that the hospital sustainability program has assisted the State in strengthening the healthcare system in Hawaii. Your Committee recognizes that hospitals face many challenges due to the coronavirus disease 2019 (COVID-19) pandemic. Your Committee notes that provider fees collected from hospitals can facilitate increases in Medicaid payments without imposing burdens on the State's budget and will assist hospitals to continue to serve uninsured and underinsured patients.

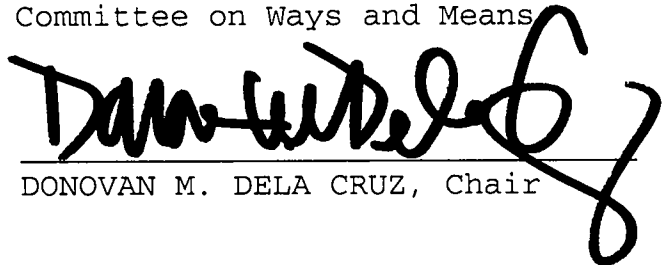


Your Committee has amended this measure by:

- (1) Changing the appropriation of moneys from the hospital sustainability program special fund from \$325,000,000 to an unspecified amount;
- (2) Changing the effective date to June 29, 2050, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

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 H.B. No. 474, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 474, H.D. 2, S.D. 2.

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



DONOVAN M. DELA CRUZ, Chair



