STAND. COM. REP. NO. 1484

Honolulu, Hawaii

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RE: S.B. No. 404 S.D. 2 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committees on Human Services and Health & Homelessness, to which was referred S.B. No. 404, S.D. 2, entitled:

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

beg leave to report as follows:

The purpose of this measure is to preserve access to health care for Medicaid recipients and strengthen the Hospital Sustainability Program by:

- (1) Amending the definition of "private hospital";
- (2) Clarifying the uses of the Hospital Sustainability Program Special Fund;
- (3) Increasing the Hospital Sustainability Fee cap for various facilities;
- (4) Requiring the Department of Human Services to consult and negotiate with the hospital trade association in Hawaii regarding Hospital Sustainability Fee participation and rates;

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- (5) Clarifying the circumstances under which the Hospital Sustainability Fee shall be discontinued and the distribution of remaining funds;
- (6) Repealing the sunset dates of Act 217, Session Laws of Hawaii 2012, and Act 123, Session Laws of Hawaii 2014, thereby making the Hospital Sustainability Program permanent and permanently exempting the Hospital Sustainability Program from the central service and administrative expenses assessments; and
- (7) Appropriating funds out of the Hospital Sustainability Program Special Fund.

Your Committees received testimony in support of this measure from the Department of Human Services, Hawai'i Primary Care Association, Hawai'i Pacific Health, The Queen's Health System, Healthcare Association of Hawaii, Kaiser Permanente Hawai'i, and two individuals.

Your Committees find that the Hospital Sustainability Program (Program) began over ten years ago and has been highly successful in helping support hospitals' ability to continue to provide services to Medicaid recipients. The Hospital Sustainability Program Special Fund receives money from the Hospital Sustainability Fee, which is then used to match with federal Medicaid matching funds. In turn, these monies are used to increase reimbursements to hospitals and payments for performance to the hospitals, which ensures that hospitals in Hawaii can continue to be a critical part of the safety net. The Program has proven successful for providers, beneficiaries, and the State, given that it uses no state general funds. Your Committees believe that the Program has contributed to the overall sustainability of the health care system in Hawaii and should therefore be continued permanently.

Accordingly, this measure ensures the continued success of the Program by repealing the sunset dates of Act 217, Session Laws of Hawaii 2012, and Act 123, Session Laws of Hawaii 2014, thereby making the Program permanent. Repealing the sunset dates also permanently exempts the Program from the central service and administrative expenses assessments, which are estimated to save around \$5,000,000 in central services expenses assessments and \$1,000,000 in administrative expenses each year.

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Your Committees have amended this measure by:

- Reverting to existing statutory language that requires no less than ninety percent of monies in the Hospital Sustainability Program Special Fund to be used to match federal Medicaid funds; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Health & Homelessness that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 404, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 404, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committees on Human Services and Health & Homelessness,

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DELLA AU BELATTI, Chair

JO IN M. MIZUNO Chair



State of Hawaii House of Representatives The Thirty-second Legislature



Record of Votes of the Committee on Human Services

Bill/Resolution No.: SB 404 SD 2	Committee Referral: 1HUS/HLT, FI	ommittee Referral: Date: HDS/HET, FIN 03.21,2023				
 The committee is reconsidering its previous decision on the measure. 						
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)						
HUS Members	Ayes	Ayes (WR)	Nays	Excused		
1. MIZUNO, John M. (C)	· · · · · · · · · · · · · · · · · · ·					
2. AMATO, Terez (VC)				<u>.</u>		
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3. BELATTI, Della Au			医视频带	e ns ke ind		
4. ILAGAN, Greggor						
5. KOBAYASHI, Bertrand		HILFTING TO THE A F & AND AND DO DO DO DO				
6. TAKENOUCHI, Jenna				2007(2 3		
7. NISHIMOTO, Scott Y.						
8. GARCIA, Diamond						
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TOTAL (8)		·		1		
The recommendation is: Adopted Not Adopted If joint referral,						
Vice Chair's or designee's signature:						
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO						

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Record of Votes of the Committee on Health & Homelessness

Bill/Resolution No.: SB404, SD2	Committee Referral: HUS/HLT, FIN	Date	3/21/23				
The committee is reconsidering its previous decision on the measure.							
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)							
HLT Members	Ayes	Ayes (WR)	Nays	Excused			
1. BELATTI, Della Au (C)		an All Career Income and an All State					
2. TAKENOUCHI, Jenna (VC)							
3. AMATO, Terez							
4. ILAGAN, Greggor							
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5. KOBAYASHI, Bertrand	/						
6. MIZUNO, John M.							
7. NISHIMOTO, Scott Y.							
8. GARCIA, Diamond				2			
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TOTAL (8)	7						
The recommendation is: Adopted Instant If joint referral,							
Vice Chair's or designee's signature:							
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