

Honolulu, Hawaii

MAR 21 2025RE: H.B. No. 1179
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred H.B. No. 1179, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RURAL EMERGENCY HOSPITALS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Create a framework for the licensure of rural emergency hospitals by the Department of Health; and
- (2) Provide for the continuation of Medicaid policy protections for hospitals transitioning to a rural emergency hospital designation.

Your Committee received testimony in support of this measure from the Maui Health System, Hawaii Health Systems Corporation, and Healthcare Association of Hawaii.

Your Committee received comments on this measure from the Department of Human Services and Department of Health.

Your Committee finds that the federal government has recently authorized the creation of rural emergency hospitals, a new type of Medicare provider meant to help address the concerning increase in rural hospital closures nationwide. Your Committee further



finds that rural emergency hospitals provide rural communities with emergency department services, observation care, and tailored outpatient medical and health services, including laboratory and imaging services. Your Committee additionally finds that by adopting the rural emergency hospital designation, a hospital can focus on these important services while eliminating certain high-cost services that the community is not utilizing, such as inpatient care. Your Committee notes that hospitals must first be recognized as a rural emergency hospital at the state level before they can pursue the new rural emergency hospital designation with the federal Centers for Medicare and Medicaid Services. Accordingly, this measure establishes a framework for the licensure of rural emergency hospitals by the Department of Health to allow these hospitals to be designated as rural emergency hospitals at the federal level and allocate their limited resources to better address the needs of the community that the hospitals serve.

Your Committee has amended this measure by:

- (1) Clarifying that the Department of Health is authorized, not required, to license a hospital as a rural emergency hospital under certain conditions;
- (2) Inserting language to require that hospitals seeking licensure as a rural emergency hospital from the Department of Health shall pass inspection and receive a recommendation from the Department of Health to the federal Centers for Medicare and Medicaid Services to operate as a rural emergency hospital;
- (3) Deleting language that would have required any reference in state law or the Hawaii Administrative Rules to a critical access hospital, a hospital-based unit to a critical access hospital, or a sub-provider to a critical access hospital, to be interpreted to also reference a rural emergency hospital, a hospital-based unit to a rural emergency hospital, or a sub-provider to a rural emergency hospital;
- (4) Inserting language to define "rural emergency hospital" to mean a hospital licensed as a rural emergency hospital by the Department of Health that was previously

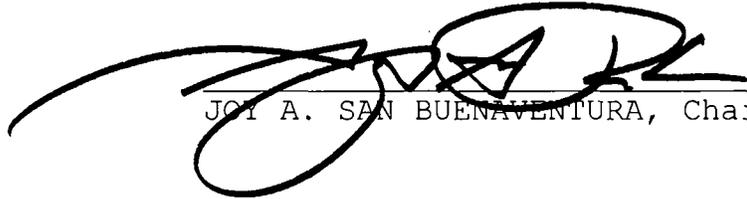


designated and operating as a critical access hospital as of December 27, 2020;

- (5) Deleting language that would have required the Department of Health to adopt rules for licensing of rural emergency hospitals;
- (6) Amending the new definition of "rural emergency hospital" in section 346-1, Hawaii Revised Statutes, to mean a hospital licensed as a rural emergency hospital by the Department of Health that was previously designated and operating as a critical access hospital as of December 27, 2020;
- (7) Inserting an effective date of December 31, 2050, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1179, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1179, H.D. 1, S.D. 1, and be referred to your Committees on Commerce and Consumer Protection and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



Joy A. SAN BUENAVENTURA, Chair



