JOSH GREEN, M.D.
GOVERNOR OF HAWAIʻI
KE KIAʻĀINA O KA MOKUʻĀINA ʻO HAWAIʻI

DEPT. COMM. NO. 293

KENNETH S. FINK, M.D., M.P.H., M.G.A.
DIRECTOR OF HEALTH
KA LUNA HOʻOKELE

STATE OF HAWAI'I
DEPARTMENT OF HEALTH
KA ʻOIHANA OLAKINO
P. O. BOX 3378
HONOLULU, HI 96801-3378

In reply, please refer to:
File:

January 8, 2026

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Nadine K. Nakamura,
Speaker
and Members of the House of
Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Annual Report that Outlines the Status of the Office of Health Care Assurance Special Fund, Including the Amount of Moneys Deposited into and Expended from the Fund, and Sources of Receipts and Uses of Expenditures to the Legislature, pursuant to Chapter 321, Section 1.4, Hawaii Revised Statutes.

In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at:

https://health.hawaii.gov/opppd/department-of-health-reports-to-2026-legislature/

Sincerely,

Kenneth S. Fink, M.D., M.P.H., M.G.A.
Director of Health

Enclosures

c: Legislative Reference Bureau
Hawaii State Library System (2)
Hamilton Library

REPORT TO THE THIRTY-THIRD LEGISLATURE
STATE OF HAWAII
2026

PURSUANT TO SECTION 321-1.4, HAWAII REVISED STATUTES, REQUESTING THE DEPARTMENT OF HEALTH TO SUBMIT AN ANNUAL REPORT THAT OUTLINES THE STATUS OF THE OFFICE OF HEALTH CARE ASSURANCE SPECIAL FUND, INCLUDING THE AMOUNT OF MONEYS DEPOSITED INTO AND EXPENDED FROM THE FUND, AND SOURCES OF RECEIPTS AND USES OF EXPENDITURES

PREPARED BY:
STATE OF HAWAII
DEPARTMENT OF HEALTH
DECEMBER 2025

EXECUTIVE SUMMARY

In accordance with Section 321-1.4, HRS, the Department of Health is submitting a report to the 2025 Legislature that identifies the amount of moneys deposited into and expended from the Office of Health Care Assurance Special Fund and the sources of receipts and uses of expenditures.

Act 120, H.B. No. 1664 of the 1999 Legislative Session established the hospital and medical facilities special fund in order that moneys collected would be expended to assist in offsetting program expenses of the department's hospital and medical facilities branch. Act 188, H.B. No. 1357 of the 2001 Legislative Session amended the original intent of the special fund to offset educational program expenses and enhance the capacity of the program to improve public outreach efforts and consultations to industries regulated and educate the public, staff of the department, hospitals, nursing homes and care homes and industries regulated. Act 90, H.B. No. 1368 of the 2007 Legislative Session renamed the special fund to reflect the current name of the Office of Health Care Assurance (OHCA). It also requires that moneys collected by OHCA in the form of fees and fines be deposited into this account and allows the special fund to be used to offset OHCA's operational expenses.

The balance as of June 30, 2025, is $975,537.07.

REPORT TO THE LEGISLATURE
IN COMPLIANCE WITH SECTION 321-1.4, HRS

Introduction:

The Department of Health (DOH) is committed to ensure the health, welfare, and safety of all individuals receiving health care services in all facility settings in the State. In order to achieve this goal, the department has established minimal standards for licensure and certification that is monitored through inspections and investigations. As deficiencies are identified, the department requires corrective action by health care facilities.

Initial (new) license or certificate fees and license and certificate renewal fees for health care facilities and agencies are assessed under the authority of Section 321-11.5, HRS, and Section 321-544, HRS.

All administrative penalties are imposed and collected pursuant Section 321-20, HRS.

Fees paid by applicants for initial (new) licenses or certifications of health care facilities, current license holders for license or certification renewals, and on enforcement actions taken by DOH such as on unlicensed care homes are non-refundable and deposited into the Office of Health Care Assurance (OHCA) Special Fund.

Conclusion:

Revenues were generated from licensure fees and fines and penalties resulting from enforcement actions. Most revenues are from licensure fees assessed on all state licensed or certified health care facilities pursuant to Chapter 11-103.1, Licensure and Certification Fees for Health Care Facilities and Agencies, Hawaii Administrative Rules (HAR). Health care facilities and agencies include adult residential care homes (ARCH), assisted living facilities (ALF), community care foster family homes (CCFFH), dietitians, durable medical equipment (DME) suppliers, freestanding ambulatory surgical centers (ASC), home care agencies (HCA), home health agencies (HHA), hospitals, intermediate care facilities for individuals with intellectual disabilities (ICF-IID), skilled nursing facilities (SNF), and others.

HAR 11-103.1 was effective on September 16, 2022, and was preceded by HAR 11-103, which established licensure and certification fees on all health care facilities in Hawaii. OHCA began collecting state licensure and certification fees in April 2019.

During state FY 2025, OHCA collected and deposited $775,840.22 in state licensure fees and enforcement fines and penalties. This figure includes earned interest.

There were $370,230.70 in total expenditures on attorney general investigator costs to assist on investigations on unlicensed care homes, office supplies, computer equipment, salaries, contracted services and other miscellaneous fees. OHCA was

authorized to expend $750,000 during FY2025 for this contract to create a robust management information system (MIS) for OHCA. The funds were paid in full in the amount of $750,000 in July 2025, which is included in the encumbrance total.

Below is the balance as of June 30, 2025.

Beginning Balance (July 1, 2024)	Revenues	Cash Transfer	Expenditures/ Encumbrances	Balance (June 30, 2025)
$1,400,867.61	$775,840.22	$0.00	$1,201,170.76	$975,537.07