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# A BILL FOR AN ACT

RELATING TO HEALTH CARE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that health care  
2 institutions in the State expend significant financial resources  
3 providing care to medicare beneficiaries with extraordinary  
4 medical needs and to uninsured patients who lack the ability to  
5 pay. These costs are borne unevenly across these institutions,  
6 threatening the long-term sustainability of essential health  
7 care services.

8       The purpose of this Act is to balance the financial burden  
9 of high-cost medicare and uninsured patients among health care  
10 institutions that receive state funding by requiring:

11       (1) Hospitals and hospital systems to submit annual  
12       certified reports regarding costs associated with  
13       medicare and uninsured patients to the department of  
14       health, Hawaii health systems corporation, and state  
15       health planning and development agency;

16       (2) The department of health, Hawaii health systems  
17       corporation, and state health planning and development



1 agency to review the reports, establish standards and  
2 procedures, and adopt rules;

3 (3) The department of health to consider the reports when  
4 determining the department's budget request and  
5 designate financial assistance requests in an  
6 equitable way; and

7 (4) The office of the auditor to conduct periodic audits  
8 of the financial assistance distributed to hospitals  
9 and hospital systems.

10 SECTION 2. Chapter 323D, Hawaii Revised Statutes, is  
11 amended by adding a new section to be appropriately designated  
12 and to read as follows:

13 "§323D- Mandatory reporting; medicare and uninsured  
14 patients; audits; rules; budget. (a) Every hospital or  
15 hospital system that receives any state general fund  
16 appropriation, capital improvement funds, or other state  
17 financial assistance shall submit an annual report certified by  
18 the auditor to the department of health, Hawaii health systems  
19 corporation, and state health planning and development agency  
20 that provides the following information:



(1) The number of medicare patients whose annual cost of care exceeded \$50,000 and the total amount expended by the hospital or hospital system to provide care to these patients; and

(2) The number of uninsured patients whose annual cost of care exceeded \$5,000 and the total amount expended by the hospital or hospital system to provide care to these patients.

(b) The department of health, in coordination with the Hawaii health systems corporation and the state health planning and development agency, shall:

(1) Review and verify the reports submitted pursuant to subsection (a);

(2) Establish uniform accounting standards and reporting procedures; and

(3) Adopt rules pursuant to chapter 91 necessary to carry out the purposes of this section, including rules related to:

(A) Cost accounting methodologies;

(B) Patient eligibility determinations;

(C) Reporting formats and timelines;



1           (D) Verification and audit procedures; and

2           (E) Redistribution calculations.

3           (c) In determining the amount of general fund  
4 appropriations, capital improvement funding, or other state  
5 financial assistance to be requested in the department of  
6 health's budget, the department of health shall consider the  
7 reports filed pursuant to subsection (a) and designate financial  
8 assistance requests, not to exceed \$ \_\_\_\_\_, in such a way as  
9 to equitably distribute the financial burden associated with  
10 medicare and uninsured patients across all state hospitals and  
11 hospital systems.

12           (d) The office of the auditor shall conduct periodic  
13 audits of the funds distributed to hospitals and hospital  
14 systems pursuant to subsection (c) to ensure compliance with  
15 this section.

16           (e) For the purposes of this section, "hospital" means an  
17 institution licensed by the department of health pursuant to  
18 section 321-14.5."


19           SECTION 3. New statutory material is underscored.

20           SECTION 4. This Act shall take effect upon its approval.



H.B. NO. 2501

INTRODUCED BY:

  
JAN 28 2026



# H.B. NO. 2501

**Report Title:**

DOH; HHSC; SHPDA; Auditor; Hospitals; Hospital Systems; Medicare Patients; Uninsured Patients; Reports; Rules; Financial Assistance

**Description:**

Requires hospitals and hospital systems to submit annual certified reports regarding costs associated with Medicare and uninsured patients to the Department of Health, Hawaii Health Systems Corporation, and State Health Planning and Development Agency. Requires the Department of Health, Hawaii Health Systems Corporation, and State Health Planning and Development Agency to review the reports, establish standards and procedures, and adopt rules. Requires the Department of Health to consider the reports when determining the department's budget request and designate financial assistance requests in an equitable way. Requires the Office of the Auditor to conduct periodic audits of the financial assistance distributed to hospitals and hospital systems.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

