

Honolulu, Hawaii

APR 10 2015

RE: H.B. No. 581
H.D. 1
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 581, H.D. 1, 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 ensure that Medicaid patients have access to hospital care.

More specifically, the measure:

- (1) Continues the Hospital Sustainability Program for an additional year;
- (2) Specifies that the inpatient hospital sustainability fee shall not exceed 2.400 percent of net inpatient hospital service revenue;
- (3) Specifies that the Department of Health shall use moneys from the hospital sustainability program special fund to make direct supplemental uncompensated care and upper payment limit payments to private hospitals based on the amount made available by the State's section 1115 waiver to cover the uncompensated care costs incurred by



private hospitals for serving Medicaid and uninsured individuals during fiscal year 2015-2016;

- (4) Specifies that level II trauma centers shall receive increased Medicaid reimbursements for each Medicaid day reported;
- (5) Specifies that specialty children's hospitals that are exempt from the inpatient and outpatient hospital sustainability fee assessments shall receive increased Medicaid reimbursements for each Medicaid discharge reported; and
- (6) Appropriates funds from the hospital sustainability program special fund for fiscal year 2015-2016.

Your Committee received written comments in support of this measure from The Chamber of Commerce of Hawaii, Hawaii Health Systems Corporation, the Hawaii Primary Care Association, the Healthcare Association of Hawaii, and The Queen's Health Systems.

Your Committee finds that Medicaid payments to hospitals continue to be less than the actual costs of the care that the hospitals provide. The Legislature created the Hospital Sustainability Program by enacting Act 217, Session Laws of Hawaii 2012, to increase Medicaid payments to hospitals to ensure that Medicaid patients have access to the hospital care that they need.

Accordingly, your Committee finds that continuing the Hospital Sustainability Program will benefit Hawaii residents by ensuring more sustainable hospitals and increased access to necessary medical care.

Your Committee has amended this measure by:

- (1) Specifying that the inpatient hospital sustainability fee shall be 1.892 percent of net inpatient hospital service revenue;
- (2) Providing that any hospital that was not in private operation during 2014 shall be exempt from hospital sustainability fees on inpatient and outpatient care services;



- (3) Providing that direct payments from the hospital sustainability program special fund to private hospitals shall be \$88,000,000 to cover uncompensated care costs;
- (4) Providing that direct payments from the hospital sustainability program special fund to designated level II trauma centers shall be \$3,975,442;
- (5) Clarifying that the Department of Health shall designate the level II trauma centers and specialty children's hospitals to which direct upper payment limit payments shall be made with hospital sustainability program special fund moneys;
- (6) Specifying that eligible hospitals shall receive payments from the hospital sustainability program special fund based on their medicaid utilization; and
- (7) 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. 581, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 581, H.D. 1, S.D. 2.

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



JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB581 HDI SD1	Committee Referral: HTH/HSW, WAM	Date: 3/21/15 4-6-15 (VKD)		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.				✓
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUE, Lorraine R.	✓			
RIVIERE, Gil	✓			
RUDERMAN, Russell E.	✓			
SLOM, Sam	✓			
TOTAL	10	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">M. D. M.</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes