



STATE OF HAWAII
DEPARTMENT OF HEALTH
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**Testimony in SUPPORT of S.B. 1138
RELATING TO THE OFFICE OF HEALTH CARE ASSURANCE SPECIAL FUND.**

SENATOR JARRETT KEOHOKALOOLE, CHAIR
SENATE COMMITTEE ON HEALTH

Hearing Date: Wednesday, February 10, 2021

Room Number:

1 **Fiscal Implications:** The intent of this bill is to lessen reliance on general funds by shifting
2 costs to special funds. This can only happen if the legislature retains funds in the OHCA special
3 fund for the Department's use.

4 **Department Testimony:** The Department STRONGLY SUPPORTS this bill and respectfully
5 requests additional amendments as proposed below to lessen reliance on general funds especially
6 during this period of budget uncertainty resulting from the state's economic impacts due to the
7 COVID-19 pandemic.

8 Through the additional requested amendments, the Department respectfully requests to
9 remove spending limits in statute and replace it with the authority to establish the spending limit
10 through the budget process which must be done anyway even with a spending limit in statute.
11 This would allow spending to fluctuate from year to year as needed. In anticipation of passage
12 of this bill the Department requested an OHCA special fund spending ceiling of \$800,000 per
13 fiscal year in its budget request to cover costs of salaries and fringe benefits to fund unbudgeted
14 positions, fund contracts that support licensure survey activities and operating modernization,
15 and to offset other general fund reductions.

1 In addition, this bill would allow the Department to retain revenue in the special fund to
2 provide more special fund funding to the Office of Health Care Assurance (OHCA) and further
3 reduce reliance on general funds during the pandemic.

4 Finally, this bill would authorize in statute contingency spending on unplanned and
5 emergency items as approved by the Director of Health consistent with the purpose of the OHCA
6 special fund. For example, if in effect last year, it would have allowed spending on
7 communication technologies for skilled nursing facilities' residents to virtually communicate
8 with family during the pandemic and on emergency personal protection equipment (PPE) for
9 residential care homes. Fortunately, federal civil monetary penalty (CMP) and CARES Act
10 funds were available but CMP and other federal funds might not be available for future
11 emergencies. The state and OHCA would have to rely on other funding sources or not respond
12 timely to emergencies.

13 Thank you for the opportunity to testify in STRONG SUPPORT on this measure with the
14 additional amendments as requested and with the added request to retain funds in the OHCA
15 special fund for the Department's use.

16 Below are requested amendments to this bill.

17 **Offered Amendments:**

18 SECTION 1. The purpose of this Act is to [~~increase~~]
19 establish the ceiling of the office of healthcare assurance
20 special fund through the state budget process, to offset
21 increasing operational expenses that include contracts to
22 implement a new management information system and background

1 checks system, as well as diminish dependence on the general
2 fund, and to authorize emergency spending beyond the established
3 budget ceiling. Furthermore, in response to the COVID-19
4 pandemic, there is increased need for public and health care
5 facility education and outreach to assure appropriate and high-
6 quality healthcare facility access.

7 SECTION 2. Section 321-1.4, Hawaii Revised Statutes, is
8 amended by amending subsections (b) and (c) to read as follows:

9 "(b) Moneys in the special fund shall be expended by the
10 department of health:

11 (1) To assist in offsetting operating costs and
12 educational program expenses of the department of
13 health's office of health care assurance; and

14 (2) For the purpose of enhancing the capacity of
15 office of health care assurance programs to:

16 (A) Improve public health outreach efforts,
17 program and community development, and
18 consultations to industries regulated;

19 (B) Educate the public, the staff of the
20 department of health, and other departments
21 within the State, as well as staff and

1 providers of all health care facilities and
2 agencies regulated; ~~and]~~

3 (C) Administer and support the durable medical
4 equipment supplier license program
5 established pursuant to part XLIII[-]; and

6 (D) Expend funds in excess of the approved
7 spending ceiling for emergencies as approved
8 by the Director of Health. Emergencies may
9 be identified as man-made or acts of God.
10 Funds shall only be expended for purposes
11 identified in this section (b) and total
12 funds expended shall not exceed the
13 reasonably anticipated special fund balance
14 as of June 30 of that year less any reserve
15 balance. A reserve balance of not less than
16 \$5,000 shall be maintained as of June 30.

17 ~~[Not more than [\$327,000] \$500,000 of the s]~~ Special funds
18 may be used during any fiscal year for the activities carried
19 out by the office of health care assurance. [

20 ~~(c) Any amount in the special fund in excess of [\$387,500]~~
21 ~~\$600,000 on June 30 of each year shall be deposited into the~~
22 ~~general funds.]"~~



**Testimony to the Senate Committee on Health
Wednesday, February 10, 2021; 1:00 p.m.
Via Videoconference**

RE: SENATE BILL NO. 1138, RELATING TO THE OFFICE OF HEALTHCARE ASSURANCE SPECIAL FUND..

Chair Keohokalole, Vice Chair Baker, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** Senate Bill No. 1138, RELATING TO THE OFFICE OF HEALTHCARE ASSURANCE SPECIAL FUND.

The bill, as received by your Committee, is part of the Administration's Package, and would increase the monetary expenditure ceiling on the Office of Healthcare Assurance Special Fund from \$327,000 to \$500,000, The bill would also clarify that balances in excess of \$600,000 instead of \$387,000 be deposited into the General Fund.

By way of background, the HPCA represents Hawaii Federally-Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

Ever since COVID-19 hit Hawaii's shores, FQHCs have worked with our partner health care providers and the State Department of Health, the Counties of Hawaii, Kauai, and Maui, and the City and County of Honolulu to plan and implement the enormous task of immunizing Hawaii's citizens. The federal government has helped enormously by fast-tracking the vaccine and paying for the hundreds of millions of doses that will need to be distributed throughout our Nation. However, the federal government is not paying for the administrative costs of delivering this medication to citizens. This includes, among other things, the purchase of needles, syringes, personal protection equipment, as well as the time of health care professionals away from their normal duties to perform this added responsibility.

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Because these costs were not previously budgeted, the Administration has had to scramble to find resources within existing budgets to, among other things, start the immunizations of first responders and health care providers. That they had gotten us this far, the Administration should be commended for their creativity and willingness to work with the providers.

The immunization plan is just one example of how COVID has forced the Administration to find resources to provide for services that were not previously budgeted. Because COVID has impacted how health care is delivered, its impacts have been systemic and profound.

This bill would provide the Office of Healthcare Assurance with broader flexibility to address these types of expenses by raising the expenditure ceiling on its special fund. This will ensure that essential services will continue to protect and preserve the welfare of our citizenry.

For these reasons, the HPCA urges your favorable consideration of this important measure.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.