
A BILL FOR AN ACT

RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

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

- 1 SECTION 1. Section 36-27, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
- 3 "(a) Except as provided in this section, and
4 notwithstanding any other law to the contrary, from time to
5 time, the director of finance, for the purpose of defraying the
6 prorated estimate of central service expenses of government in
7 relation to all special funds, except the:
- 8 (1) Special out-of-school time instructional program fund
9 under section 302A-1310;
- 10 (2) School cafeteria special funds of the department of
11 education;
- 12 (3) Special funds of the University of Hawaii;
- 13 (4) State educational facilities improvement special fund;
- 14 (5) Convention center enterprise special fund under
15 section 201B-8;
- 16 (6) Special funds established by section 206E-6;
- 17 (7) Housing loan program revenue bond special fund;



H.B. NO. 582

- 1 (8) Housing project bond special fund;
- 2 (9) Aloha Tower fund created by section 206J-17;
- 3 (10) Funds of the employees' retirement system created by
- 4 section 88-109;
- 5 (11) Hawaii hurricane relief fund established under chapter
- 6 431P;
- 7 (12) Hawaii health systems corporation special funds and
- 8 the subaccounts of its regional system boards;
- 9 (13) Tourism special fund established under section 201B-
- 10 11;
- 11 (14) Universal service fund established under section 269-
- 12 42;
- 13 (15) Emergency and budget reserve fund under section 328L-
- 14 3;
- 15 (16) Public schools special fees and charges fund under
- 16 section 302A-1130;
- 17 (17) Sport fish special fund under section 187A-9.5;
- 18 (18) Glass advance disposal fee established by section
- 19 342G-82;
- 20 (19) Center for nursing special fund under section 304A-
- 21 2163;



- 1 (20) Passenger facility charge special fund established by
2 section 261-5.5;
- 3 (21) Court interpreting services revolving fund under
4 section 607-1.5;
- 5 (22) Hawaii cancer research special fund;
- 6 (23) Community health centers special fund;
- 7 (24) Emergency medical services special fund;
- 8 (25) Rental motor vehicle customer facility charge special
9 fund established under section 261-5.6;
- 10 (26) Shared services technology special fund under section
11 27-43;
- 12 (27) Automated victim information and notification system
13 special fund established under section 353-136;
- 14 (28) Deposit beverage container deposit special fund under
15 section 342G-104; and
- 16 (29) Hospital sustainability program special fund under Act
17 217, Session Laws of Hawaii 2012, as amended by Act
18 141, Session Laws of Hawaii 2013;
- 19 ~~[(30)] Nursing facility sustainability program special fund~~
20 ~~under Act 156, Session Laws of Hawaii 2012;~~



1 ~~[(31)]~~ (30) Hawaii 3R's school improvement fund~~[+]~~ under
2 section 302A-1502.4; and
3 ~~[(32)]~~ (31) After-school plus program revolving fund under
4 section 302A-1149.5,
5 shall deduct five per cent of all receipts of all special funds,
6 which deduction shall be transferred to the general fund of the
7 State and become general realizations of the State. All
8 officers of the State and other persons having power to allocate
9 or disburse any special funds shall cooperate with the director
10 in effecting these transfers. To determine the proper revenue
11 base upon which the central service assessment is to be
12 calculated, the director shall adopt rules pursuant to chapter
13 91 for the purpose of suspending or limiting the application of
14 the central service assessment of any fund. No later than
15 twenty days prior to the convening of each regular session of
16 the legislature, the director shall report all central service
17 assessments made during the preceding fiscal year."

18 SECTION 2. Section 36-30, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) Each special fund, except the:



- 1 (1) Transportation use special fund established by section
- 2 261D-1;
- 3 (2) Special out-of-school time instructional program fund
- 4 under section 302A-1310;
- 5 (3) School cafeteria special funds of the department of
- 6 education;
- 7 (4) Special funds of the University of Hawaii;
- 8 (5) State educational facilities improvement special fund;
- 9 (6) Special funds established by section 206E-6;
- 10 (7) Aloha Tower fund created by section 206J-17;
- 11 (8) Funds of the employees' retirement system created by
- 12 section 88-109;
- 13 (9) Hawaii hurricane relief fund established under section
- 14 431P-2;
- 15 (10) Convention center enterprise special fund established
- 16 under section 201B-8;
- 17 (11) Hawaii health systems corporation special funds and
- 18 the subaccounts of its regional system boards;
- 19 (12) Tourism special fund established under section 201B-
- 20 11;



- 1 (13) Universal service fund established under section 269-
- 2 42;
- 3 (14) Emergency and budget reserve fund under section 328L-
- 4 3;
- 5 (15) Public schools special fees and charges fund under
- 6 section 302A-1130;
- 7 (16) Sport fish special fund under section 187A-9.5;
- 8 (17) Center for nursing special fund under section 304A-
- 9 2163;
- 10 (18) Passenger facility charge special fund established by
- 11 section 261-5.5;
- 12 (19) Court interpreting services revolving fund under
- 13 section 607-1.5;
- 14 (20) Hawaii cancer research special fund;
- 15 (21) Community health centers special fund;
- 16 (22) Emergency medical services special fund;
- 17 (23) Rental motor vehicle customer facility charge special
- 18 fund established under section 261-5.6;
- 19 (24) Shared services technology special fund under section
- 20 27-43;



H.B. NO. 582

1 ~~[(25) Nursing facility sustainability program special fund~~
2 ~~established pursuant to Act 156, Session Laws of~~
3 ~~Hawaii 2012,~~

4 ~~-(26)]~~ (25) Automated victim information and notification
5 system special fund established under section 353-136;
6 and

7 ~~[-(27)]~~ (26) Hospital sustainability program special fund
8 under Act 217, Session Laws of Hawaii 2012, as amended
9 by Act 141, Session Laws of Hawaii 2013,

10 shall be responsible for its pro rata share of the
11 administrative expenses incurred by the department responsible
12 for the operations supported by the special fund concerned."

13 SECTION 3. Act 156, Session Laws of Hawaii 2012, as
14 amended by section 2 of Act 142, Session Laws of Hawaii 2013, as
15 amended by section 1 of Act 124, Session Laws of Hawaii 2014, is
16 amended by amending section 2 as follows:

17 1. By amending subsection (c) of § -4, Hawaii Revised
18 Statutes, to read:

19 "(c) Revenue from the nursing facility sustainability fee
20 shall be used exclusively as follows:



- 1 (1) No less than eighty-eight per cent of the revenue from
2 the nursing facility sustainability fee shall be used
3 to match federal medicaid funds, with the combined
4 total to be used to enhance capitated rates to
5 medicaid managed care health plans for the purpose of
6 increasing medicaid payments to private nursing
7 facilities;
- 8 (2) Twelve per cent of the revenue from the nursing
9 facility sustainability fee may be used by the
10 department for other departmental purposes; and
- 11 (3) All moneys remaining in the special fund on December
12 30, [~~2015,~~ 2016, shall be distributed to nursing
13 facilities within thirty days in the same proportions
14 as received from the nursing facilities."

15 2. By amending § -10, Hawaii Revised Statutes, to read:
16 "§ -10 Enhanced rates to medicaid managed care health
17 plans. In accordance with title 42 Code of Federal Regulations
18 section 438, the department shall use revenues from the nursing
19 facility sustainability fee and federal matching funds to
20 enhance the capitated rates paid to medicaid managed care health



1 plans for the state fiscal [~~year~~] years 2014-2015 and 2015-2016,
2 consistent with the following objectives:

3 (1) The rate enhancement shall be used exclusively for
4 increasing reimbursements to private nursing
5 facilities to support the availability of services and
6 to ensure access to care to the medicaid managed care
7 health plan enrollees;

8 (2) The rate enhancement shall be made part of the monthly
9 capitated rates by the department to medicaid managed
10 care health plans, which shall provide documentation
11 to the department and the nursing facility trade
12 associations located in Hawaii certifying that the
13 revenues received under paragraph (1) are used in
14 accordance with this section;

15 (3) The rate enhancement shall be actuarially sound and
16 approved by the federal government for federal fund
17 participation; and

18 (4) The department shall modify the fee-for-service
19 reimbursement rates of the nursing facilities to
20 recognize the medicaid portion of the nursing facility
21 sustainability fee as an additional cost of serving



H.B. NO. 582

1 medicaid patients, and to provide a uniform percentage
2 increase in pre-existing facility-specific rates."

3 3. By amending subsection (a) of § -13, Hawaii Revised
4 Statutes, to read:

5 "(a) Collection of the nursing facility sustainability fee
6 under section -5 shall be discontinued if:

7 (1) The waiver in section -7 or the enhanced capitation
8 rates in section -10 have not been approved by the
9 Centers for Medicare and Medicaid Services;

10 (2) The department reduces funding for nursing facility
11 services below the state appropriation in effect on
12 June 30, [~~2014~~] 2015;

13 (3) The department or any other state agency uses the
14 money in the special fund for any use other than the
15 uses permitted pursuant to this chapter; or

16 (4) Federal financial participation to match the nursing
17 facility sustainability fee becomes unavailable under
18 federal law. In such case, the department shall
19 terminate the collection of the fee beginning on the
20 effective date of the federal statutory, regulatory,
21 or interpretive change."



1 SECTION 4. Act 156, Session Laws of Hawaii 2012, as
2 amended by section 3 of Act 142, Session Laws of Hawaii 2013, as
3 amended by section 2 of Act 124, Session Laws of Hawaii 2014, is
4 amended by amending section 5 to read as follows:

5 "SECTION 5. This Act shall take effect on July 1, 2012,
6 and shall be repealed on June 30, [~~2015~~] 2016; provided that
7 section -4, Hawaii Revised Statutes, established by section 2
8 of this Act, shall be repealed on December 31, [~~2015~~] 2016."

9 SECTION 5. There is appropriated out of the nursing
10 facility sustainability program special fund the sum of
11 \$14,000,000 or so much thereof as may be necessary for fiscal
12 year 2015-2016 for uses consistent with the nursing facility
13 sustainability program special fund.

14 The sum appropriated shall be expended by the department of
15 human services for the purposes of this Act.

16 SECTION 6. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.



H.B. NO. 582

1 SECTION 7. This Act shall take effect on July 1, 2015;
2 provided that:

3 (1) Sections 1 and 2 of this Act shall take effect on
4 December 31, 2016; and

5 (2) Sections 3 and 4 of this Act shall take effect on June
6 29, 2015.
7

INTRODUCED BY: Atta A Bhatti

Basil Kejan

Tom Brown

[Signature]
[Signature]

JAN 23 2015



H.B. NO. 582

Report Title:

Nursing Facility Sustainability Program; Appropriation

Description:

Continues the Nursing Facility Sustainability Program for one year; appropriates funds out of the Nursing Facility Sustainability Program Special Fund for Fiscal Year 2015-2016.

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

