



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

August 6, 2020

GOV. MSG. NO. 1114

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

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

This is to inform you that on August 6, 2020, the following bill was signed into law:

HB1637 HD1 SD2

RELATING TO HEALTH.
Act 010 (20)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The legislature finds that federal civil
2 monetary penalties may be assessed on medicare certified skilled
3 nursing facilities by the Department of Health and Human
4 Services Centers for Medicare and Medicaid Services and shared
5 with states. Monetary penalties are assessed when facilities
6 are cited for non-compliance with federal certification
7 requirements as found during federal recertification surveys
8 conducted in Hawaii on behalf of the Centers for Medicare and
9 Medicaid Services by the department of health office of health
10 care assurance. Further, the legislature finds that the Centers
11 for Medicare and Medicaid Services have implemented the civil
12 money penalty reinvestment program, a three-year effort to
13 reduce adverse events, improve staffing quality, and improve
14 dementia care in nursing homes. The Centers for Medicare and
15 Medicaid Services must approve any initiatives that are aimed to
16 improve the health and well-being of residents such as music and



1 memory and education programs. Facilities are not allowed to
2 use funds to pay staff salaries or for construction purposes.

3 Further, the Centers for Medicare and Medicaid Services
4 asks that states not have statutes limiting the dollar amount of
5 federal civil monetary penalty funds awarded to projects that
6 benefit nursing home residents. The Centers for Medicare and
7 Medicaid Services considers it a reasonable goal for states to
8 award at least fifty per cent of the fund balance to these
9 projects, beyond funds that are held in an emergency reserve
10 fund. Further, the legislature finds that a civil monetary
11 penalty special fund, into which monetary penalties shared with
12 Hawaii are deposited and expended, was created in the department
13 of health. The civil monetary penalty special fund currently
14 has a spending ceiling of \$30,000 per year. The ceiling was
15 determined during a time of infrequent and lower amounts of
16 assessed monetary penalties. However, during recent years, the
17 special fund balance has increased significantly and, after the
18 deposit of \$371,324 during fiscal year 2018-2019, the balance as
19 of June 30, 2019, was \$1,051,157.

20 The purpose of this Act is to amend the civil monetary
21 penalty special fund statute to eliminate the spending ceiling



1 to align with the federal civil money penalty reinvestment
2 program, thus allowing the department of health to establish an
3 appropriate spending ceiling through the state budget process.

4 SECTION 2. Section 321-30.2, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) There is established the civil monetary penalty
7 special fund, to be administered by the department of health.
8 The fund shall consist of moneys collected by the United States
9 Department of Health and Human Services Centers for Medicare and
10 Medicaid Services as federally imposed civil monetary penalty
11 funds when health care facilities or agencies do not meet
12 medicare certification requirements as determined by the
13 department of health when it conducts medicare certification
14 surveys and complaint investigations on health care facilities
15 or agencies in Hawaii in accordance with section 1864 of the
16 Social Security Act. Moneys in the fund shall be expended by
17 the department of health as approved by the Centers for Medicare
18 and Medicaid Services. [~~Not more than \$30,000 of the moneys]~~
19 Moneys in the fund may be used during any fiscal year for the
20 activities carried out by the department of health as approved
21 by the Centers for Medicare and Medicaid Services."



1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

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

APPROVED this 06 day of AUG, 2020



GOVERNOR OF THE STATE OF HAWAII




THE SENATE OF THE STATE OF HAWAI‘I

Date: July 6, 2020
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirtieth Legislature of the State of Hawai‘i, Regular Session of 2020.


President of the Senate


Clerk of the Senate

HB No. 1637, HD 1, SD 2

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: July 10, 2020
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2020.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives