

Honolulu, Hawaii

May 1, 2012

RE: H.B. No. 2275
H.D. 2
S.D. 2
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2275, H.D. 2, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HOSPITALS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to ensure access to health care for Medicaid recipients by establishing:

- (1) A hospital sustainability fee to be assessed on inpatient services provided by hospitals; and
- (2) A hospital sustainability program special fund to receive moneys from the hospital sustainability fee,

which will make Hawaii eligible to receive federal matching funds to preserve access to health care for the State's Medicaid population and sustain its health care system.

HB2275 CD1 HCCR HMS 2012-3574-3



Your Committee on Conference notes that this measure will help stabilize Medicaid payments to facilities and help financially sustain Hawaii's hospitals for care delivered to Medicaid recipients.

Your Committee on Conference has amended this measure by, among other things:

- (1) Specifying that state hospitals will not be covered by the hospital sustainability fee, but will benefit from the use of their certified expenditures and intergovernmental transfers to generate federal funds to cover their operating expenses;
- (2) Clarifying that the hospital sustainability fee will be assessed on health care items or services provided by private hospitals;
- (3) Specifying that the Department of Human Services (DHS) will administer the hospital sustainability program, including the hospital sustainability fee and the hospital sustainability program special fund;
- (4) Defining "outpatient care";
- (5) Specifying that federal Medicaid funds received as matching funds for state expenditures shall be deposited into the hospital sustainability program special fund;
- (6) Specifying the exclusive allowable uses of the hospital sustainability program special fund moneys, including the allocation of:
 - (A) At least 93 percent of the moneys for direct payments to private hospitals for allowable uncompensated care costs;
 - (B) Two percent of the moneys for Medicaid covered services for the benefit of hospitals; and
 - (C) Five percent of the moneys to DHS for other departmental purposes;
- (7) Specifying allowable uses of federal funds derived from the state hospital certified expenditures and intergovernmental transfers;



- (8) Establishing a ceiling appropriation for the hospital sustainability program special fund;
- (9) Providing that the hospital sustainability fee will be assessed on outpatient care, as well as inpatient care services provided by private hospitals;
- (10) Setting forth parameters of the hospital sustainability fee for inpatient and outpatient care services;
- (11) Exempting hospitals with net outpatient revenue of less than \$45,000,000 per year based on fiscal year 2010 reports from the hospital sustainability fee on outpatient care services;
- (12) Clarifying how the sustainability fee assessments will be collected;
- (13) Establishing a penalty equal to prime plus two percent of the hospital sustainability fee to be assessed upon nonpayment of the fee when due;
- (14) Setting forth how private hospital payments will be made, which includes specifying that payments shall not be due until at least 15 days after receipt of the fees required under the fee assessment provisions and that a penalty shall be assessed for DHS's failure to pay the full amount when due;
- (15) Specifying that moneys in the hospital sustainability program special fund shall be used exclusively for purposes enumerated in this measure;
- (16) Specifying that the hospital sustainability program special fund shall not be responsible for its pro rata share of the administrative expenses incurred by DHS for operations of the special fund;
- (17) Preserving the effectiveness of the section of the measure relating to exclusive use of the hospital sustainability program special fund beyond the effective date of this measure to accommodate the final distribution of moneys in the special fund after the expiration of the hospital sustainability program; and




(18) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2275, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2275, H.D. 2, S.D. 2, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



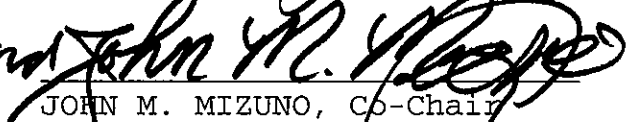
JOSH GREEN, M.D., Chair



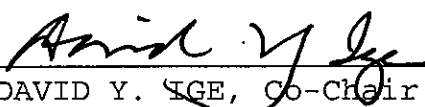
RYAN E. YAMANE, Co-Chair



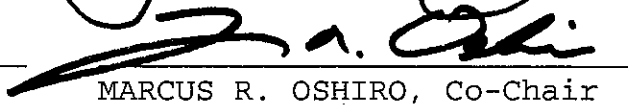
SUZANNE CHUN OAKLAND, Co-Chair



JOHN M. MIZUNO, Co-Chair



DAVID Y. SIGE, Co-Chair



MARCUS R. OSHIRO, Co-Chair



Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: HB 2275, HD 2, SD 2	Date/Time: 4/27/2012 - 5:15pm
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
GREEN, Josh, M.D., Chr.	/				YAMANE, Ryan I., Co-Chr.	/			
CHUN OAKLAND, Suzanne, Co-Chr.	/				MIZUNO, John M., Co-Chr.	/			
IGE, David Y., Co-Chr.	/				OSHIRO, Marcus R., Co-Chr.	/			
BAKER, Rosalyn H.	/				JORDAN, Jo				/
KOUCHI, Ronald D.	/				MORIKAWA, Dee	/			
					CHING, Corinne W.L.	/			
TOTAL	5				TOTAL	5			1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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