

STAND. COM. REP. NO.

2349

Honolulu, Hawaii

FEB 17 2012

RE: S.B. No. 2467
S.D. 1

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

Sir:

Your Committees on Human Services and Health, to which was referred S.B. No. 2467 entitled:

"A BILL FOR AN ACT RELATING TO HOSPITALS,"

beg leave to report as follows:

The purpose and intent of this measure is to establish the hospital sustainability program, including a hospital sustainability fee and special fund into which hospital sustainability fees shall be deposited.

Your Committees received testimony in support of this measure from the Department of Human Services, the Hawaii Health Systems Corporation, the Healthcare Association of Hawaii, Kahi Mohala Behavioral Health, the Policy Advisory Board of Elder Affairs, The Queen's Health Systems, and one individual. Your Committees received comments on this measure from HMSA.

Your Committees find that provider fee programs are used as a means of drawing down additional federal funds to sustain state Medicaid programs. Currently, program fees are used in forty-six states and the District of Columbia. Hawaii is one of only four states without such a program, despite the rising state budget deficit due to increasing health care costs and expanding Medicaid rolls. Your Committees further find that provider fees have been widely implemented nationally but are now being increasingly scrutinized by the Centers for Medicare and Medicaid Services. Preliminarily, this measure raises some concerns about the likelihood of federal approval.

2012-0947 SSCR SMA.doc



Your Committees note that according to the Healthcare Association of Hawaii's testimony, the model for the hospital sustainability program is still being developed because the data required to design it is still being gathered. Therefore, additional amendments may be required as this measure progresses through the legislative process.

Your Committees have therefore amended this measure by:

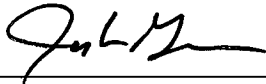
- (1) Authorizing the use of the provider fee to match federal uncompensated care costs funds if certified public expenditures are not sufficient;
- (2) Clarifying that the provider fee shall not exceed three percent of the net patient service revenue, as derived from the Medicare cost report ending during the state fiscal year 2010; provided that certain hospitals may be exempted from the provider fee or pay a reduced fee;
- (3) Requiring hospitals to pay provider fees on a monthly basis rather than a quarterly basis;
- (4) Providing specific examples of Centers for Medicare and Medicaid Services' approvals that may be needed;
- (5) Including the Healthcare Association of Hawaii as an entity that will ensure capitated rates by the Department of Human Services to the QUEST and QUEST Expanded Access plans are used in accordance with title 42 Code of Federal Regulations section 438;
- (6) Inserting an effective date of July 1, 2010, to ensure further discussion;
- (7) Deleting the repeal date of June 30, 2013; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Human Services and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2467, as amended herein, and recommend that it pass



Second Reading in the form attached hereto as S.B. No. 2467,
S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Health,



JOSH GREEN, M.D., Chair

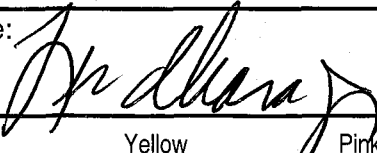


SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* SB 2467	Committee Referral: HMS/HTH, WAM	Date: 2-6-12		
<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
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
GREEN, M.D., Josh	✓			
SLOM, Sam				✓
TOTAL	3	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:	Committee Referral:	Date:		
<i>SB 2467</i>	<i>HMS/HTH, WAM</i>	<i>2/10/12</i>		
<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
GREEN, M.D., Josh (C)	✓			
NISHIHARA, Clarence K. (VC)	✓			
BAKER, Rosalyn H.				✓
CHUN OAKLAND, Suzanne	✓			
SHIMABUKURO, Maile	✓			
WAKAI, Glenn				✓
SLOM, Sam				✓
TOTAL	<i>4</i>	<i>0</i>	<i>0</i>	<i>3</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Clarence K Nishihara</i></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