

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2275, H.D. 1

February 27, 2012

RELATING TO HOSPITALS

House Bill No. 2275, H.D. 1, establishes a Hospital Sustainability Program Special Fund into which shall be deposited hospital provider fees which will be used to match federal Medicaid funds to increase Medicaid payments to hospitals.

While the Department of Budget and Finance does not take any position on the policy of establishing a hospital sustainability program, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 2275, H.D. 1, it is difficult to determine whether there is a clear nexus between the hospital facilities which are assessed fees and the hospital facilities which receive increased Medicaid payments, and it does not appear that the special fund will be self-sustaining.

I encourage the Legislature to scrutinize the fiscal and operational plan for this program to ensure that it does conform to the requirements of Section 37-52.3, Hawaii Revised Statutes.