

STAND. COM. REP. NO.

913

Honolulu, Hawaii

MAR 19 2013

RE: H.B. No. 879
H.D. 2
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committees on Health and Human Services, to which was referred H.B. No. 879, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM,"

beg leave to report as follows:

The purpose and intent of this measure is to amend Act 217, Session Laws of Hawaii 2012 (Act 217), relating to the hospital sustainability program. Specifically, this measure:

- (1) Adjusts the percentage allocations of funds to be expended from the hospital sustainability program special fund for uncompensated care and other purposes;
- (2) Authorizes the Department of Human Services to use funds derived from intergovernmental transfers to support direct supplemental payments to health plans for the benefit of state hospitals;
- (3) Lowers the percentage of a hospital's net inpatient hospital service revenue that is used to set a hospital's inpatient hospital sustainability fee;
- (4) Lowers the net outpatient revenue monetary threshold, which exempts a hospital with net outpatient revenue below the threshold from paying the hospital sustainability fee on outpatient care services;



- (5) Exempts public hospitals and any hospital that was not in operation during any part of calendar year 2012 from paying the hospital sustainability fee;
- (6) Establishes the total aggregate amount of direct payments to be paid to private hospitals to cover uncompensated care costs incurred by private hospitals for Medicaid and uninsured individuals in fiscal year 2013-2014;
- (7) Clarifies and updates the text of Act 217;
- (8) Makes an appropriation out of the hospital sustainability program special fund for fiscal year 2013-2014; and
- (9) Extends the repeal date of Act 217 to June 30, 2014.

Your Committees received testimony in support of this measure from the Healthcare Association of Hawaii, Chamber of Commerce of Hawaii, and Hawaii Pacific Health.

Your Committees find that the hospital sustainability program levies a fee on nongovernmental hospitals based on their patient revenues and uses the revenue from the provider fee to leverage federal funds, thereby increasing the realization of Medicaid dollars. The cost of the fee is promised back to providers through an increase in the Medicaid reimbursement rate for their patient treatment and services. The provider fee stabilizes declining Medicaid payments and slows the erosion of access to care for those beneficiaries served by the program. This measure extends the hospital sustainability program to increase sustainable hospitals and access to necessary medical care.

Your Committees have amended this measure by changing the effective date to June 29, 2013.

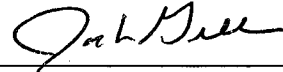
As affirmed by the records of votes of the members of your Committees on Health and Human Services that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 879, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 879, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.



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



SUZANNE CHUN OAKLAND, Chair

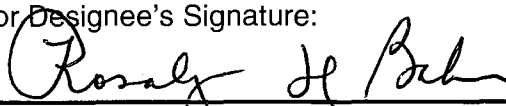


JOSH GREEN, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:	Committee Referral:	Date:		
HB 879, HD 2	HTH/HMS, WAM	3/12/13		
<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, Josh (C)	✓			✓
BAKER, Rosalyn H. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
NISHIHARA, Clarence K.	✓			
SLOM, Sam				✓
TOTAL	aops 34	-	-	31 aops
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

