
A BILL FOR AN ACT

RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM.

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

1 SECTION 1. Section 36-27, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Except as provided in this section, and
4 notwithstanding any other law to the contrary, from time to
5 time, the director of finance, for the purpose of defraying the
6 prorated estimate of central service expenses of government in
7 relation to all special funds, except the:

- 8 (1) Special out-of-school time instructional program fund
9 under section 302A-1310;
- 10 (2) School cafeteria special funds of the department of
11 education;
- 12 (3) Special funds of the University of Hawaii;
- 13 (4) State educational facilities improvement special fund;
- 14 (5) Convention center enterprise special fund under
15 section 201B-8;
- 16 (6) Special funds established by section 206E-6;
- 17 (7) Housing loan program revenue bond special fund;
- 18 (8) Housing project bond special fund;



- 1 (9) Aloha Tower fund created by section 206J-17;
- 2 (10) Funds of the employees' retirement system created by
3 section 88-109;
- 4 (11) Hawaii hurricane relief fund established under chapter
5 431P;
- 6 (12) Hawaii health systems corporation special funds and
7 the subaccounts of its regional system boards;
- 8 (13) Tourism special fund established under section 201B-
9 11;
- 10 (14) Universal service fund established under section 269-
11 42;
- 12 (15) Emergency and budget reserve fund under section 328L-
13 3;
- 14 (16) Public schools special fees and charges fund under
15 section 302A-1130;
- 16 (17) Sport fish special fund under section 187A-9.5;
- 17 (18) Glass advance disposal fee established by section
18 342G-82;
- 19 (19) Center for nursing special fund under section 304A-
20 2163;
- 21 (20) Passenger facility charge special fund established by
22 section 261-5.5;



- 1 (21) Court interpreting services revolving fund under
2 section 607-1.5;
- 3 (22) Hawaii cancer research special fund;
- 4 (23) Community health centers special fund;
- 5 (24) Emergency medical services special fund;
- 6 (25) Rental motor vehicle customer facility charge special
7 fund established under section 261-5.6;
- 8 (26) Shared services technology special fund under section
9 27-43;
- 10 (27) Automated victim information and notification system
11 special fund established under section 353-136; [~~and~~
12 ~~]~~ (28) [~~+~~] Deposit beverage container deposit special fund under
13 section 342G-104 [~~7~~]; and
- 14 (29) Hospital sustainability program special fund under Act
15 217, Session Laws of Hawaii 2012,
- 16 shall deduct five per cent of all receipts of all special funds,
17 which deduction shall be transferred to the general fund of the
18 State and become general realizations of the State. All
19 officers of the State and other persons having power to allocate
20 or disburse any special funds shall cooperate with the director
21 in effecting these transfers. To determine the proper revenue
22 base upon which the central service assessment is to be



1 calculated, the director shall adopt rules pursuant to chapter
2 91 for the purpose of suspending or limiting the application of
3 the central service assessment of any fund. No later than
4 twenty days prior to the convening of each regular session of
5 the legislature, the director shall report all central service
6 assessments made during the preceding fiscal year."

7 SECTION 2. Act 217, Session Laws of Hawaii 2012, as
8 amended by Act 141, Session Laws of Hawaii 2013, is amended by
9 amending section 2 as follows:

10 1. By amending the definitions of "net patient revenue"
11 and "private hospital" in section -3, Hawaii Revised
12 Statutes, to read:

13 "Net patient service revenue" means gross revenue from
14 inpatient and outpatient care provided to hospital patients
15 converted to net patient revenue utilizing data from Worksheets
16 G-2 and G-3 of each hospital's medicare cost report for fiscal
17 year [~~2010-2011.~~] 2011-2012. If the hospital is new or did not
18 file a fiscal year medicare cost report, the department shall
19 obtain the hospital's net patient service revenue from the most
20 recent period available.

21 "Private hospital" means those non-public hospitals named
22 in attachment A of the medicaid section 1115 demonstration



1 waiver that were in operation in calendar year [~~2012~~] 2013 and
2 are currently operating."

3 2. By amending subsections (c) and (d) of section -5,
4 Hawaii Revised Statutes, to read:

5 "(c) The hospital sustainability fee for inpatient care
6 services may differ from the fee for outpatient care services
7 but the fees shall not in the aggregate exceed three per cent of
8 net patient service revenue as derived from the hospital's
9 medicare cost report ending during state fiscal year [~~2010-~~
10 ~~2011-~~] 2011-2012. The inpatient hospital sustainability fee
11 shall be [~~2.365~~] 2.175 per cent of net inpatient hospital
12 service revenue. The outpatient hospital sustainability fee
13 shall be three per cent of net outpatient hospital service
14 revenue. Each fee shall be the same percentage for all affected
15 hospitals, subject to subsection (d).

16 (d) The department shall exempt children's hospitals,
17 federal hospitals, public hospitals, rehabilitation hospitals,
18 psychiatric hospitals, and any hospital that was not in
19 operation during any part of calendar year [~~2012~~] 2013 from the
20 hospital sustainability fees on inpatient services. In
21 addition, the department shall exempt hospitals with net
22 outpatient revenue of less than [~~\$42,500,000~~] \$45,000,000 per



1 year (based on fiscal year [~~2010-2011~~] 2011-2012 reports),
2 public hospitals, and any hospital that was not in operation
3 during any part of calendar year [~~2012~~] 2013 from the hospital
4 sustainability fee on outpatient care services."

5 3. By amending subsection (a) of section -10, Hawaii
6 Revised Statutes, to read:

7 "(a) The department shall use moneys from the hospital
8 sustainability program special fund to make direct payments to
9 private hospitals in an amount equal to [~~\$81,309,367~~]
10 \$85,000,000 to cover the uncompensated care costs incurred by
11 private hospitals for serving medicaid and uninsured individuals
12 during state fiscal year [~~2013-2014.~~] 2014-2015."

13 4. By amending subsection (c) of section -10, Hawaii
14 Revised Statutes, to read:

15 "(c) Each eligible hospital's quarterly payment shall be
16 equal to one-quarter of its uncompensated care costs for the
17 fiscal year in which payment is made, as derived from the
18 uncompensated care costs reported by all private hospitals for
19 fiscal year [~~2010-2011.~~] 2011-2012."

20 SECTION 3. Act 217, Session Laws of Hawaii 2012, as
21 amended by Act 141, Session Laws of Hawaii 2013, is amended by
22 amending section 5 to read as follows:



1 "SECTION 5. This Act shall take effect on July 1, 2012,
2 and shall be repealed on June 30, [~~2014~~] 2015; provided that
3 section [~~4(e)~~] -4, Hawaii Revised Statutes, in section 2
4 of this Act shall be repealed on December 31, [~~2014~~] 2015."

5 SECTION 4. There is appropriated out of the hospital
6 sustainability program special fund the sum of \$50,000,000 or so
7 much thereof as may be necessary for fiscal year 2014-2015 with
8 such moneys to be used for the purposes of the hospital
9 sustainability program special fund.

10 The sum appropriated shall be expended by the department of
11 human services for the purposes of this Act.

12 SECTION 5. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 6. This Act shall take effect on June 29, 2014;
15 provided that section 4 shall take effect on July 1, 2014.



Report Title:

Hospital Sustainability Program; Special Fund; Appropriation

Description:

Continues the Hospital Sustainability Program by extending the sunset date of the Act to June 30, 2015, updating the referral dates in the statute, and revising the funding amount for the Hospital Sustainability Program for fiscal year 2014-2015.

Exempts the Hospital Sustainability Program Special Fund from the central service assessment. Effective June 29, 2014.

(HB2293 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

