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# 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. Act 217, Session Laws of Hawaii 2012, as  
2 amended by section 1 of Act 141, Session Laws of Hawaii 2013, is  
3 amended by amending section 2 as follows:

4 1. By amending the definitions of "net patient service  
5 revenue" and "private hospital" in section -3, Hawaii Revised  
6 Statutes, to read:

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

15 "Private hospital" means those non-public hospitals named  
16 in attachment A of the medicaid section 1115 demonstration  
17 waiver that were in operation in calendar year [~~2012~~] 2013 and  
18 are currently operating."



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

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

14           (d) The department shall exempt children's hospitals,  
15 federal hospitals, public hospitals, rehabilitation hospitals,  
16 psychiatric hospitals, and any hospital that was not in  
17 operation during any part of calendar year [~~2012~~] 2013 from the  
18 hospital sustainability fees on inpatient services. In  
19 addition, the department shall exempt hospitals with net  
20 outpatient revenue of less than [~~\$42,500,000~~] \$45,000,000 per  
21 year (based on fiscal year [~~2010-2011~~] 2011-2012 reports),  
22 public hospitals, and any hospital that was not in operation



1 during any part of calendar year [~~2012~~] 2013 from the hospital  
2 sustainability fee on outpatient care services."

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

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

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

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

18 SECTION 2. Act 217, Session Laws of Hawaii 2012, as  
19 amended by section 2 of Act 141, Session Laws of Hawaii 2013, is  
20 amended by amending section 5 to read as follows:

21 "SECTION 5. This Act shall take effect on July 1, 2012,  
22 and shall be repealed on June 30, [~~2014,~~] 2015; provided that



1 the amendments made to section 36-30, Hawaii Revised Statutes,  
2 by section ~~[-4-(e),]~~ 3 of this Act and section -4, Hawaii  
3 Revised Statutes, in section 2 of this Act shall be repealed on  
4 December 31, ~~[2014.]~~ 2015."

5 SECTION 3. Section 36-27, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

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

- 12 (1) Special out-of-school time instructional program fund  
13 under section 302A-1310;
- 14 (2) School cafeteria special funds of the department of  
15 education;
- 16 (3) Special funds of the University of Hawaii;
- 17 (4) State educational facilities improvement special fund;
- 18 (5) Convention center enterprise special fund under  
19 section 201B-8;
- 20 (6) Special funds established by section 206E-6;
- 21 (7) Housing loan program revenue bond special fund;
- 22 (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  
13 under section 342G-104[7]; and

14 (29) Hospital sustainability program special fund under Act  
15 217, Session Laws of Hawaii 2012, as amended by Act  
16 141, Session Laws of Hawaii 2013,

17 shall deduct five per cent of all receipts of all special funds,  
18 which deduction shall be transferred to the general fund of the  
19 State and become general realizations of the State. All  
20 officers of the State and other persons having power to allocate  
21 or disburse any special funds shall cooperate with the director  
22 in effecting these transfers. To determine the proper revenue



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

8 SECTION 4. Section 36-30, Hawaii Revised Statutes, is  
9 amended by amending subsection (a) to read as follows:

- 10 "(a) Each special fund, except the:
- 11 (1) Transportation use special fund established by section  
12 261D-1;
  - 13 (2) Special out-of-school time instructional program fund  
14 under section 302A-1310;
  - 15 (3) School cafeteria special funds of the department of  
16 education;
  - 17 (4) Special funds of the University of Hawaii;
  - 18 (5) State educational facilities improvement special fund;
  - 19 (6) Special funds established by section 206E-6;
  - 20 (7) Aloha Tower fund created by section 206J-17;
  - 21 (8) Funds of the employees' retirement system created by  
22 section 88-109;



- 1 (9) Hawaii hurricane relief fund established under section  
2 431P-2;
- 3 (10) Convention center enterprise special fund established  
4 under section 201B-8;
- 5 (11) Hawaii health systems corporation special funds and  
6 the subaccounts of its regional system boards;
- 7 (12) Tourism special fund established under section 201B-  
8 11;
- 9 (13) Universal service fund established under section 269-  
10 42;
- 11 (14) Emergency and budget reserve fund under section 328L-  
12 3;
- 13 (15) Public schools special fees and charges fund under  
14 section 302A-1130;
- 15 (16) Sport fish special fund under section 187A-9.5;
- 16 (17) Center for nursing special fund under section 304A-  
17 2163;
- 18 (18) Passenger facility charge special fund established by  
19 section 261-5.5;
- 20 (19) Court interpreting services revolving fund under  
21 section 607-1.5;
- 22 (20) Hawaii cancer research special fund;





- 1 (21) Community health centers special fund;
- 2 (22) Emergency medical services special fund;
- 3 (23) Rental motor vehicle customer facility charge special  
4 fund established under section 261-5.6;
- 5 (24) Shared services technology special fund under section  
6 27-43;
- 7 (25) Nursing facility sustainability program special fund,  
8 under Act 156, Session Laws of Hawaii 2012;
- 9 (26) Automated victim information and notification system  
10 special fund established under section 353-136; and
- 11 (27) Hospital sustainability program special fund under Act  
12 217, Session Laws of Hawaii 2012, as amended by Act  
13 141, Session Laws of Hawaii 2013,
- 14 shall be responsible for its pro rata share of the  
15 administrative expenses incurred by the department responsible  
16 for the operations supported by the special fund concerned."
- 17 SECTION 5. There is appropriated out of the hospital  
18 sustainability program special fund the sum of \$ or so  
19 much thereof as may be necessary for fiscal year 2014-2015 to be  
20 used for the purposes of the hospital sustainability program  
21 special fund.



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

3           SECTION 6. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5           SECTION 7. This Act shall take effect on June 29, 2050;  
6 provided that:

7           (1) Section 5 shall take effect on July 1, 2014;

8           (2) The amendments made in sections 3 and 4 shall not be  
9 repealed when sections 36-27 and 36-30, Hawaii Revised  
10 Statutes, are reenacted on June 30, 2015, pursuant to  
11 section 34 of Act 79, Session Laws of Hawaii 2009; and

12           (3) The amendments made to section 36-27(a) and section 36-  
13 30(a), Hawaii Revised Statutes, by sections 3 and 4 of  
14 this Act shall be repealed on December 31, 2015.



**Report Title:**

Hospital Sustainability Program; Special Fund; Appropriation

**Description:**

Continues the Hospital Sustainability Program by extending its sunset date to 6/30/2015, 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 5 per cent deduction assessed upon special funds for central service expenses. Effective 6/29/2050. (SD2)

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

