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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, section  
2 2, as amended by Act 141, Session Laws of Hawaii 2013, section  
3 1, is amended as follows:

4 1. By amending the definitions of "net patient service  
5 revenue" and "private hospital" in § -3 to read:

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

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

18 2. By amending subsections (c) and (d) of § -5 to read:



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

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



1 3. By amending subsection (a) of § -10 to read:

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

8 4. By amending subsection (c) of § -10 to read:

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

14 SECTION 2. Act 217, Session Laws of Hawaii 2012, section  
15 5, as amended by Act 141, Session Laws of Hawaii 2013, section  
16 2, is amended to read as follows:

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

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



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

6           (1) Special out-of-school time instructional program fund  
7           under section 302A-1310;

8           (2) School cafeteria special funds of the department of  
9           education;

10          (3) Special funds of the University of Hawaii;

11          (4) State educational facilities improvement special fund;

12          (5) Convention center enterprise special fund under  
13          section 201B-8;

14          (6) Special funds established by section 206E-6;

15          (7) Housing loan program revenue bond special fund;

16          (8) Housing project bond special fund;

17          (9) Aloha Tower fund created by section 206J-17;

18          (10) Funds of the employees' retirement system created by  
19          section 88-109;

20          (11) Hawaii hurricane relief fund established under chapter  
21          431P;



- 1 (12) Hawaii health systems corporation special funds and  
2 the subaccounts of its regional system boards;
- 3 (13) Tourism special fund established under section  
4 201B-11;
- 5 (14) Universal service fund established under section  
6 269-42;
- 7 (15) Emergency and budget reserve fund under section  
8 328L-3;
- 9 (16) Public schools special fees and charges fund under  
10 section 302A-1130;
- 11 (17) Sport fish special fund under section 187A-9.5;
- 12 (18) Glass advance disposal fee established by section  
13 342G-82;
- 14 (19) Center for nursing special fund under section  
15 304A-2163;
- 16 (20) Passenger facility charge special fund established by  
17 section 261-5.5;
- 18 (21) Court interpreting services revolving fund under  
19 section 607-1.5;
- 20 (22) Hawaii cancer research special fund;
- 21 (23) Community health centers special fund;
- 22 (24) Emergency medical services special fund;



1 (25) Rental motor vehicle customer facility charge special  
2 fund established under section 261-5.6;

3 (26) Shared services technology special fund under section  
4 27-43;

5 (27) Automated victim information and notification system  
6 special fund established under section 353-136; ~~and~~

7 ~~[+]~~ (28) ~~[+]~~ Deposit beverage container deposit special fund under  
8 section 342G-104~~[7]~~; and

9 (29) Hospital sustainability program special fund under Act  
10 217, Session Laws of Hawaii 2012, as amended by Act  
11 141, Session Laws of Hawaii 2013,

12 shall deduct five per cent of all receipts of all special funds,  
13 which deduction shall be transferred to the general fund of the  
14 State and become general realizations of the State. All  
15 officers of the State and other persons having power to allocate  
16 or disburse any special funds shall cooperate with the director  
17 in effecting these transfers. To determine the proper revenue  
18 base upon which the central service assessment is to be  
19 calculated, the director shall adopt rules pursuant to chapter  
20 91 for the purpose of suspending or limiting the application of  
21 the central service assessment of any fund. No later than  
22 twenty days prior to the convening of each regular session of



1 the legislature, the director shall report all central service  
2 assessments made during the preceding fiscal year."

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

5 "(a) Each special fund, except the:

- 6 (1) Transportation use special fund established by section  
7 261D-1;
- 8 (2) Special out-of-school time instructional program fund  
9 under section 302A-1310;
- 10 (3) School cafeteria special funds of the department of  
11 education;
- 12 (4) Special funds of the University of Hawaii;
- 13 (5) State educational facilities improvement special fund;
- 14 (6) Special funds established by section 206E-6;
- 15 (7) Aloha Tower fund created by section 206J-17;
- 16 (8) Funds of the employees' retirement system created by  
17 section 88-109;
- 18 (9) Hawaii hurricane relief fund established under section  
19 431P-2;
- 20 (10) Convention center enterprise special fund established  
21 under section 201B-8;



- 1 (11) Hawaii health systems corporation special funds and  
2 the subaccounts of its regional system boards;
- 3 (12) Tourism special fund established under section  
4 201B-11;
- 5 (13) Universal service fund established under section  
6 269-42;
- 7 (14) Emergency and budget reserve fund under section  
8 328L-3;
- 9 (15) Public schools special fees and charges fund under  
10 section 302A-1130;
- 11 (16) Sport fish special fund under section 187A-9.5;
- 12 (17) Center for nursing special fund under section  
13 304A-2163;
- 14 (18) Passenger facility charge special fund established by  
15 section 261-5.5;
- 16 (19) Court interpreting services revolving fund under  
17 section 607-1.5;
- 18 (20) Hawaii cancer research special fund;
- 19 (21) Community health centers special fund;
- 20 (22) Emergency medical services special fund;
- 21 (23) Rental motor vehicle customer facility charge special  
22 fund established under section 261-5.6;





1 (24) Shared services technology special fund under section  
2 27-43;

3 (25) Nursing facility sustainability program special fund,  
4 under Act 156, Session Laws of Hawaii 2012;

5 (26) Automated victim information and notification system  
6 special fund established under section 353-136; and

7 (27) Hospital sustainability program special fund under Act  
8 217, Session Laws of Hawaii 2012, as amended by Act  
9 141, Session Laws of Hawaii 2013,

10 shall be responsible for its pro rata share of the  
11 administrative expenses incurred by the department responsible  
12 for the operations supported by the special fund concerned."

13 SECTION 5. There is appropriated out of the hospital  
14 sustainability program special fund the sum of \$ or so  
15 much thereof as may be necessary for fiscal year 2014-2015 with  
16 such moneys to be used consistent with the hospital  
17 sustainability program special fund.

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

20 SECTION 6. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



1 SECTION 7. This Act shall take effect on July 1, 2050;

2 provided that:

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

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



**Report Title:**

Hospital Sustainability Program; Hospital Sustainability Program  
Special Fund; Appropriation

**Description:**

Extends the sunset date of the hospital sustainability program, updates the program's referral dates, decreases the inpatient hospital sustainability fee, increases the revenue threshold for exemption from hospital sustainability fees, and amends the amount of direct payments to hospitals for uncompensated care costs. Exempts the hospital sustainability program special fund from central service expenses. Makes an appropriation. Effective 07/01/2050. (SD2)

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

