
A BILL FOR AN ACT

RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

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

1 SECTION 1. Act 156, Session Laws of Hawaii 2012, section
2 2, as amended by Act 142, Session Laws of Hawaii 2013, is
3 amended as follows:

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

5 "(c) Revenue from the nursing facility sustainability fee
6 shall be used exclusively as follows:

7 (1) No less than eighty-eight per cent of the revenue from
8 the nursing facility sustainability fee shall be used
9 to match federal medicaid funds, with the combined
10 total to be used to enhance capitated rates to
11 medicaid managed care health plans for the purpose of
12 increasing medicaid payments to private nursing
13 facilities;

14 (2) Twelve per cent of the revenue from the nursing
15 facility sustainability fee may be used by the
16 department for other departmental purposes; and

17 (3) All moneys remaining in the special fund on
18 December 30, [~~2014,~~] 2015, shall be distributed to



1 nursing facilities within thirty days in the same
2 proportions as received from the nursing facilities."

3 2. By amending § -10 to read:

4 **"§ -10 Enhanced rates to medicaid managed care health**
5 **plans.** In accordance with title 42 Code of Federal Regulations
6 section 438, the department shall use revenues from the nursing
7 facility sustainability fee and federal matching funds to
8 enhance the capitated rates paid to medicaid managed care health
9 plans for the state fiscal year [~~2013-2014~~] 2014-2015 consistent
10 with the following objectives:

11 (1) The rate enhancement shall be used exclusively for
12 increasing reimbursements to private nursing
13 facilities to support the availability of services and
14 to ensure access to care to the medicaid managed care
15 health plan enrollees;

16 (2) The rate enhancement shall be made part of the monthly
17 capitated rates by the department to medicaid managed
18 care health plans, which shall provide documentation
19 to the department and the nursing facility trade
20 associations located in Hawaii certifying that the
21 revenues received under paragraph (1) are used in
22 accordance with this section;



1 (3) The rate enhancement shall be actuarially sound and
2 approved by the federal government for federal fund
3 participation; and

4 (4) The department shall modify the fee-for-service
5 reimbursement rates of the nursing facilities to
6 recognize the medicaid portion of the nursing facility
7 sustainability fee as an additional cost of serving
8 medicaid patients, and to provide a uniform percentage
9 increase in pre-existing facility-specific rates."

10 3. By amending subsection (a) of § -13 to read:

11 "(a) Collection of the nursing facility sustainability fee
12 under section -5 shall be discontinued if:

13 (1) The waiver in section -7 or the enhanced capitation
14 rates in section -10 have not been approved by the
15 Centers for Medicare and Medicaid Services;

16 (2) The department reduces funding for nursing facility
17 services below the state appropriation in effect on
18 June 30, [~~2013~~] 2014;

19 (3) The department or any other state agency uses the
20 money in the special fund for any use other than the
21 uses permitted pursuant to this chapter; or



1 (4) Federal financial participation to match the nursing
 2 facility sustainability fee becomes unavailable under
 3 federal law. In such case, the department shall
 4 terminate the collection of the fee beginning on the
 5 effective date of the federal statutory, regulatory,
 6 or interpretive change."

7 SECTION 2. Act 156, Session Laws of Hawaii 2012, section
 8 5, as amended by Act 142, Session Laws of Hawaii 2013, is
 9 amended to read as follows:

10 "SECTION 5. This Act shall take effect on July 1, 2012,
 11 and shall be repealed on June 30, [~~2014,~~] 2015; provided that
 12 section [~~4(e),~~] -4, Hawaii Revised Statutes, established
 13 by section 2 of this Act, shall be repealed on December 31,
 14 [~~2014,~~] 2015."

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

17 "(a) Except as provided in this section, and
 18 notwithstanding any other law to the contrary, from time to
 19 time, the director of finance, for the purpose of defraying the
 20 prorated estimate of central service expenses of government in
 21 relation to all special funds, except the:



- 1 (1) Special out-of-school time instructional program fund
- 2 under section 302A-1310;
- 3 (2) School cafeteria special funds of the department of
- 4 education;
- 5 (3) Special funds of the University of Hawaii;
- 6 (4) State educational facilities improvement special fund;
- 7 (5) Convention center enterprise special fund under
- 8 section 201B-8;
- 9 (6) Special funds established by section 206E-6;
- 10 (7) Housing loan program revenue bond special fund;
- 11 (8) Housing project bond special fund;
- 12 (9) Aloha Tower fund created by section 206J-17;
- 13 (10) Funds of the employees' retirement system created by
- 14 section 88-109;
- 15 (11) Hawaii hurricane relief fund established under chapter
- 16 431P;
- 17 (12) Hawaii health systems corporation special funds and
- 18 the subaccounts of its regional system boards;
- 19 (13) Tourism special fund established under section 201B-
- 20 11;
- 21 (14) Universal service fund established under section 269-
- 22 42;



- 1 (15) Emergency and budget reserve fund under section 328L-
2 3;
- 3 (16) Public schools special fees and charges fund under
4 section 302A-1130;
- 5 (17) Sport fish special fund under section 187A-9.5;
- 6 (18) Glass advance disposal fee established by section
7 342G-82;
- 8 (19) Center for nursing special fund under section 304A-
9 2163;
- 10 (20) Passenger facility charge special fund established by
11 section 261-5.5;
- 12 (21) Court interpreting services revolving fund under
13 section 607-1.5;
- 14 (22) Hawaii cancer research special fund;
- 15 (23) Community health centers special fund;
- 16 (24) Emergency medical services special fund;
- 17 (25) Rental motor vehicle customer facility charge special
18 fund established under section 261-5.6;
- 19 (26) Shared services technology special fund under section
20 27-43;
- 21 (27) Automated victim information and notification system
22 special fund established under section 353-136; [~~and~~



1 +] (28) [+] Deposit beverage container deposit special fund under
2 section 342G-104[-]; and
3 (29) Nursing facility sustainability program special fund
4 under Act 156, Session Laws of Hawaii 2012, as amended
5 by Act 142, Session Laws of Hawaii 2013,
6 shall deduct five per cent of all receipts of all special funds,
7 which deduction shall be transferred to the general fund of the
8 State and become general realizations of the State. All
9 officers of the State and other persons having power to allocate
10 or disburse any special funds shall cooperate with the director
11 in effecting these transfers. To determine the proper revenue
12 base upon which the central service assessment is to be
13 calculated, the director shall adopt rules pursuant to chapter
14 91 for the purpose of suspending or limiting the application of
15 the central service assessment of any fund. No later than
16 twenty days prior to the convening of each regular session of
17 the legislature, the director shall report all central service
18 assessments made during the preceding fiscal year."

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

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



- 1 (1) Transportation use special fund established by section
2 261D-1;
- 3 (2) Special out-of-school time instructional program fund
4 under section 302A-1310;
- 5 (3) School cafeteria special funds of the department of
6 education;
- 7 (4) Special funds of the University of Hawaii;
- 8 (5) State educational facilities improvement special fund;
- 9 (6) Special funds established by section 206E-6;
- 10 (7) Aloha Tower fund created by section 206J-17;
- 11 (8) Funds of the employees' retirement system created by
12 section 88-109;
- 13 (9) Hawaii hurricane relief fund established under section
14 431P-2;
- 15 (10) Convention center enterprise special fund established
16 under section 201B-8;
- 17 (11) Hawaii health systems corporation special funds and
18 the subaccounts of its regional system boards;
- 19 (12) Tourism special fund established under section 201B-
20 11;
- 21 (13) Universal service fund established under section 269-
22 42;



- 1 (14) Emergency and budget reserve fund under section 328L-
2 3;
- 3 (15) Public schools special fees and charges fund under
4 section 302A-1130;
- 5 (16) Sport fish special fund under section 187A-9.5;
- 6 (17) Center for nursing special fund under section 304A-
7 2163;
- 8 (18) Passenger facility charge special fund established by
9 section 261-5.5;
- 10 (19) Court interpreting services revolving fund under
11 section 607-1.5;
- 12 (20) Hawaii cancer research special fund;
- 13 (21) Community health centers special fund;
- 14 (22) Emergency medical services special fund;
- 15 (23) Rental motor vehicle customer facility charge special
16 fund established under section 261-5.6;
- 17 (24) Shared services technology special fund under section
18 27-43;
- 19 (25) Nursing facility sustainability program special fund,
20 under Act 156, Session Laws of Hawaii 2012[+], as
21 amended by Act 142, Session Laws of Hawaii 2013;



1 (26) Automated victim information and notification system
2 special fund established under section 353-136; and
3 (27) Hospital sustainability program special fund under Act
4 217, Session Laws of Hawaii 2012,
5 shall be responsible for its pro rata share of the
6 administrative expenses incurred by the department responsible
7 for the operations supported by the special fund concerned."

8 SECTION 5. There is appropriated out of the nursing
9 facility sustainability program special fund the sum of
10 \$12,000,000 or so much thereof as may be necessary for fiscal
11 year 2014-2015 for uses consistent with the nursing facility
12 sustainability program special fund.

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

15 SECTION 6. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 7. This Act shall take effect on June 29, 2014;
18 provided that:

- 19 (1) Section 5 shall take effect on July 1, 2014; and
- 20 (2) The amendments made in sections 3 and 4 shall not be
- 21 repealed when sections 36-27 and 36-30, Hawaii Revised



1 Statutes, are reenacted on June 30, 2015, pursuant to
2 section 34 of Act 79, Session Laws of Hawaii 2009.
3



Report Title:

Nursing Facility Sustainability Program; Nursing Facility Sustainability Program Special Fund; Appropriation

Description:

Amends Act 156, Session Laws of Hawaii 2012, as amended by Act 142, Session Laws of Hawaii 2013, to continue the Nursing Facility Sustainability Program by extending the sunset date of the Act, updating the referral dates in the statute, and appropriating funding out of the nursing facility sustainability program special fund for fiscal year 2014-2015. Exempts the nursing facility program special fund from central service expenses assessed under section 36-27, Hawaii Revised Statutes. (SD1)

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

