

STAND. COM. REP. NO.

21052

Honolulu, Hawaii

FEB 28 2014

RE: S.B. No. 2056

S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2056, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to extend the sunset date of the Hospital Sustainability Program established by Act 217, Session Laws of Hawaii 2012.

The measure also:

- (1) Updates the referral dates relating to the program;
- (2) Exempts the program special fund from the assessment of central services expenses; and
- (3) Appropriates \$50,000,000 out of the program special fund.

The Department of Human Services, Chamber of Commerce of Hawaii, and Hawaii Primary Care Association submitted written comments in support of the measure.

Your Committee finds that under the Hospital Sustainability Program, fees levied on non-governmental hospitals are used to leverage federal funds and increase the reimbursement to hospitals, with a greater benefit to those providing

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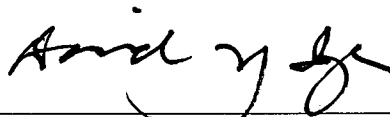
proportionately more services to Medicaid recipients and the uninsured. Your Committee believes that by extending the program, this measure will help improve the sustainability of hospitals in Hawaii and ensure access to health care for Medicaid recipients.

Your Committee has amended this measure by:

- (1) Decreasing the inpatient hospital sustainability fee from 2.365 to 2.175 per cent of net inpatient hospital service revenue;
- (2) Increasing the net outpatient revenue threshold for exemption from outpatient hospital sustainability fees from \$42,500,000 to \$45,000,000;
- (3) Changing to an unspecified sum the amount of direct payments from the Hospital Sustainability Program Special Fund made to private hospitals to cover uncompensated care costs;
- (4) Changing the appropriation to an unspecified sum;
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (6) Making technical nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2056, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2056, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



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DAVID Y. IGE, Chair



