
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, section
3 2, as amended by Act 124, Session Laws of Hawaii 2014, section
4 1, is amended as follows:

5 1. By amending subsection (c) of § -4, Hawaii Revised
6 Statutes, to read:

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

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

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



1 (3) All moneys remaining in the special fund on
2 December 30, [~~2015~~] 2016, shall be distributed to
3 nursing facilities within thirty days in the same
4 proportions as received from the nursing facilities."

5 2. By amending § -10, Hawaii Revised Statutes, to read:

6 "§ -10 **Enhanced rates to medicaid managed care health**
7 **plans.** In accordance with title 42 Code of Federal Regulations
8 section 438, the department shall use revenues from the nursing
9 facility sustainability fee and federal matching funds to
10 enhance the capitated rates paid to medicaid managed care health
11 plans for the state fiscal year [~~2014-2015~~] 2015-2016 consistent
12 with the following objectives:

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

18 (2) The rate enhancement shall be made part of the monthly
19 capitated rates by the department to medicaid managed
20 care health plans, which shall provide documentation
21 to the department and the nursing facility trade



1 associations located in Hawaii certifying that the
2 revenues received under paragraph (1) are used in
3 accordance with this section;

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

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

13 3. By amending subsection (a) of § -13, Hawaii Revised
14 Statutes, to read:

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

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



- 1 (2) The department reduces funding for nursing facility
2 services below the state appropriation in effect on
3 June 30, [~~2014~~] 2015;
- 4 (3) The department or any other state agency uses the
5 money in the special fund for any use other than the
6 uses permitted pursuant to this chapter; or
- 7 (4) Federal financial participation to match the nursing
8 facility sustainability fee becomes unavailable under
9 federal law. In such case, the department shall
10 terminate the collection of the fee beginning on the
11 effective date of the federal statutory, regulatory,
12 or interpretive change."

13 SECTION 2. Act 156, Session Laws of Hawaii 2012, section
14 5, as amended by Act 142, Session Laws of Hawaii 2013, section
15 3, as amended by Act 124, Session Laws of Hawaii 2014, 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, [~~2015~~] 2016; provided that
19 section -4, Hawaii Revised Statutes, established by section 2
20 of this Act, and the amendment to section 36-30(a), Hawaii
21 Revised Statutes, in section 3 of this Act, shall be repealed on



1 December 31, [2015-] 2016; provided further that the amendment
2 to section 36-30(a), Hawaii Revised Statutes, in section 3 of
3 this Act, shall not be repealed when section 36-30, Hawaii
4 Revised Statutes, is reenacted on June 30, 2015, pursuant to
5 section 34 of Act 79, Session Laws of Hawaii 2009."

6 SECTION 3. Act 124, Session Laws of Hawaii 2014, is
7 amended by amending section 7 to read as follows:

8 "SECTION 7. This Act shall take effect on June 29, 2014;
9 provided that:

- 10 (1) Section 5 shall take effect on July 1, 2014;
- 11 (2) The amendments made to sections 36-27(a) and 36-30(a),
12 Hawaii Revised Statutes, in sections 3 and 4 of this
13 Act, respectively, shall not be repealed when sections
14 36-27 and 36-30, Hawaii Revised Statutes, are
15 reenacted on June 30, 2015, pursuant to section 34 of
16 Act 79, Session Laws of Hawaii 2009; and
- 17 (3) [~~The amendments made in sections~~] Sections 3 and 4
18 shall be repealed on December 31, [2015, and sections
19 36-27 and 36-30, Hawaii Revised Statutes, shall be
20 reenacted in the form provided in section 34 of Act
21 79, Session Laws of Hawaii 2009-] 2016."



1 SECTION 4. 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;
- 19 (9) Aloha Tower fund created by section 206J-17;
- 20 (10) Funds of the employees' retirement system created by
21 section 88-109;



- 1 (11) Hawaii hurricane relief fund established under chapter
2 431P;
- 3 (12) Hawaii health systems corporation special funds and
4 the subaccounts of its regional system boards;
- 5 (13) Tourism special fund established under section
6 201B-11;
- 7 (14) Universal service fund established under section
8 269-42;
- 9 (15) Emergency and budget reserve fund under section
10 328L-3;
- 11 (16) Public schools special fees and charges fund under
12 section 302A-1130;
- 13 (17) Sport fish special fund under section 187A-9.5;
- 14 (18) Glass advance disposal fee established by section
15 342G-82;
- 16 (19) Center for nursing special fund under section
17 304A-2163;
- 18 (20) Passenger facility charge special fund established by
19 section 261-5.5;
- 20 (21) Court interpreting services revolving fund under
21 section 607-1.5;



- 1 (22) Hawaii cancer research special fund;
- 2 (23) Community health centers special fund;
- 3 (24) Emergency medical services special fund;
- 4 (25) Rental motor vehicle customer facility charge special
- 5 fund established under section 261-5.6;
- 6 (26) Shared services technology special fund under section
- 7 27-43;
- 8 (27) Automated victim information and notification system
- 9 special fund established under section 353-136;
- 10 (28) Deposit beverage container deposit special fund under
- 11 section 342G-104;
- 12 (29) Hospital sustainability program special fund under Act
- 13 217, Session Laws of Hawaii 2012, as amended by Act
- 14 141, Session Laws of Hawaii 2013;
- 15 [+](30)[+] Nursing facility sustainability program special fund
- 16 under Act 156, Session Laws of Hawaii 2012[+], as
- 17 amended by Act 142, Session Laws of Hawaii 2013, Act
- 18 124, Session Laws of Hawaii 2014, and Act , Session
- 19 Laws of Hawaii 2015;
- 20 [+](31) Hawaii 3R's school improvement fund[+] under section
- 21 302A-1502.4; and



1 [+] (32) [+] After-school plus program revolving fund under
2 section 302A-1149.5,
3 shall deduct five per cent of all receipts of all special funds,
4 which deduction shall be transferred to the general fund of the
5 State and become general realizations of the State. All
6 officers of the State and other persons having power to allocate
7 or disburse any special funds shall cooperate with the director
8 in effecting these transfers. To determine the proper revenue
9 base upon which the central service assessment is to be
10 calculated, the director shall adopt rules pursuant to chapter
11 91 for the purpose of suspending or limiting the application of
12 the central service assessment of any fund. No later than
13 twenty days prior to the convening of each regular session of
14 the legislature, the director shall report all central service
15 assessments made during the preceding fiscal year."

16 SECTION 5. Section 36-30, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

- 18 "(a) Each special fund, except the:
- 19 (1) Transportation use special fund established by section
20 261D-1;



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



- 1 (14) Emergency and budget reserve fund under section
- 2 328L-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
- 7 304A-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 established pursuant to Act 156, Session Laws of
- 21 Hawaii 2012 [7], as amended by Act 142, Session Laws of



1 Hawaii 2013, Act 124, Session Laws of Hawaii 2014, and
2 Act , Session Laws of Hawaii 2015;

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

5 (27) Hospital sustainability program special fund under Act
6 217, Session Laws of Hawaii 2012, as amended by Act
7 141, Session Laws of Hawaii 2013,

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

11 SECTION 6. There is appropriated out of the nursing
12 facility sustainability program special fund the sum of
13 \$12,000,000 or so much thereof as may be necessary for fiscal
14 year 2015-2016 for uses consistent with the nursing facility
15 sustainability program special fund.

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

18 SECTION 7. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 8. This Act shall take effect on June 29, 2015;
21 provided that section 6 shall take effect on July 1, 2015;



1 provided further that the amendments to sections 36-27(a) and
2 36-30(a), Hawaii Revised Statutes, by sections 4 and 5 of this
3 Act, respectively, shall not be repealed when sections 36-27 and
4 36-30, Hawaii Revised Statutes, are reenacted on June 30, 2015,
5 pursuant to section 34 of Act 79, Session Laws of Hawaii 2009.



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, as amended by Act 124, Session Laws of Hawaii 2014, to continue the Nursing Facility Sustainability Program by extending the sunset date of the Act and appropriating funding out of the nursing facility sustainability program special fund for fiscal year 2015-2016.
(SD2)

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