

JAN 23 2015

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 Act 141, Session Laws of Hawaii 2013, section 1, as
3 amended by Act 123, Session Laws of Hawaii 2014, section 1, is
4 amended by amending section 2 as follows:

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

8 "Net patient service revenue" means gross revenue from
9 inpatient and outpatient care provided to hospital patients
10 converted to net patient revenue utilizing data from Worksheets
11 G-2 and G-3 of each hospital's medicare cost report for fiscal
12 year [~~2011-2012.~~] 2012-2013. If the hospital is new or did not
13 file a fiscal year medicare cost report, the department shall
14 obtain the hospital's net patient service revenue from the most
15 recent period available.

16 "Private hospital" means those non-public hospitals named
17 in attachment A of the medicaid section 1115 demonstration



1 waiver that were in operation in calendar year* [~~2013~~] 2014 and
2 are currently operating."

3 2. By amending subsection (c) of § -4, Hawaii Revised
4 Statutes, to read:

5 "(c) Moneys in the hospital sustainability program special
6 fund shall be used exclusively as follows:

- 7 (1) To make direct supplemental uncompensated care and
8 upper payment limit payments to private hospitals
9 pursuant to the terms of the section 1115 waiver. At
10 least [~~eighty-eight~~] 88 per cent of the moneys in the
11 special fund shall be used for this purpose, provided
12 that in no instance shall a hospital receive
13 uncompensated care costs payments that exceed its
14 allowable uncompensated care costs;
- 15 (2) [~~Twelve~~] 12 per cent of the moneys in the special fund
16 may be used by the department for other departmental
17 purposes; and
- 18 (3) Any money remaining in the special fund six months
19 after the repeal of this chapter, shall be distributed
20 to hospitals within thirty days in the same
21 proportions as received from the hospitals."



1 3. By amending subsections (c) and (d) of § -5, Hawaii
2 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~~] 3 per
6 cent of net patient service revenue as derived from the
7 hospital's medicare cost report ending during state fiscal year
8 [~~2011-2012~~] 2012-2013. The inpatient hospital sustainability
9 fee shall be [~~2.175~~] ___ per cent of net inpatient hospital
10 service revenue. The outpatient hospital sustainability fee
11 shall be [~~three~~] 3 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 and psychiatric hospitals [~~, and any hospital that was not in~~
17 ~~operation during any part of calendar year 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 [~~\$45,000,000~~] \$50,000,000 per
21 year (based on fiscal year [~~2011-2012~~] 2012-2013 reports), and



1 public hospitals [~~and any hospital that was not in operation~~
2 ~~during any part of calendar year 2013~~] from the hospital
3 sustainability fee on outpatient care services."

4 4. By amending § -8, Hawaii Revised Statutes, to read:

5 **"§ -8 Multifacility locations.** If an entity conducts,
6 operates, or maintains more than one hospital licensed by the
7 department of health, the entity shall pay the hospital
8 sustainability fee for each hospital separately [~~and~~], unless it
9 operates and files more than one hospital under a single
10 medicare cost report."

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

12 **"§ -10 Private hospital payments.** (a) The department
13 shall use moneys from the hospital sustainability program
14 special fund to make direct payments to private hospitals in an
15 amount equal to [~~\$85,000,000~~] \$ _____ to cover the
16 uncompensated care costs incurred by private hospitals for
17 serving medicaid and uninsured individuals during state fiscal
18 year [~~2014-2015.~~] 2015-2016.

19 (b) The department shall use moneys from the hospital
20 sustainability program special fund to make direct upper payment
21 limit payments to level 2 trauma centers designated by the



1 American College of Surgeons and specialty children's hospitals
2 that do not pay both the inpatient and outpatient assessments.

3 ~~[(b)]~~ (c) The department shall make quarterly payments to
4 private hospitals to reimburse their uncompensated care costs
5 within twenty days after the end of each calendar quarter;
6 provided that payments shall not be due until at least fifteen
7 days after receipt of the fees required by section -6. If
8 the department fails to pay the full amount when due, there
9 shall be added to the payment a penalty equal to prime plus
10 ~~[two]~~ 2 per cent of the payment that was not paid when due.

11 ~~[(e)]~~ (d) Each eligible hospital's quarterly payment shall
12 be equal to one-quarter of its uncompensated care costs for the
13 fiscal year in which payment is made, as derived from the
14 uncompensated care costs reported by all private hospitals for
15 fiscal year ~~[2011-2012-]~~ 2012-2013 as follows:

16 (1) Inpatient uncompensated care costs shall be reimbursed
17 at 86.76 per cent of reported uncompensated care
18 costs; and

19 (2) Outpatient uncompensated care costs shall be
20 reimbursed at 100 per cent of reported uncompensated
21 care costs.



1 (e) Each eligible hospital's quarterly payment shall be
 2 equal to one-quarter of its prorated share of upper payment
 3 limit payments for the fiscal year in which payment is made;
 4 provided that:

5 (1) Level 2 trauma centers shall receive \$ _____ for
 6 each medicaid day reported; and

7 (2) Specialty children's hospitals that are exempt from
 8 both the inpatient and outpatient hospital fee
 9 assessments shall receive \$ _____ for each
 10 medicaid discharge reported.

11 [~~(d)~~] (f) If federal approval pursuant to section -7 is
 12 not received until after the end of any quarter for which the
 13 hospital sustainability fee is applicable, the department shall
 14 make the initial quarterly payments within five days after
 15 receipt of the hospital sustainability fee for the respective
 16 quarter.

17 [~~(e)~~] (g) To the extent the hospital sustainability
 18 program is not effective for the entire year, the hospital
 19 sustainability fee, the state medicaid expenses and
 20 administrative fee, and the corresponding uncompensated care



1 payments shall be based on the proportion of the fiscal year the
2 program is in effect."

3 SECTION 2. Act 217, Session Laws of Hawaii 2012, as
4 amended by Act 141, Session Laws of Hawaii 2013, section 2, as
5 amended by Act 123, Session Laws of Hawaii 2014, section 2, is
6 amended by amending section 5 to read as follows:

7 "SECTION 5. This Act shall take effect on July 1, 2012,
8 and shall be repealed on June 30, [~~2015~~] 2016; provided that
9 section -4, Hawaii Revised Statutes, in section 2 of this Act
10 shall be repealed on December 31, [~~2015~~] 2016."

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

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

- 18 (1) Special out-of-school time instructional program fund
19 under section 302A-1310;
- 20 (2) School cafeteria special funds of the department of
21 education;



- 1 (3) Special funds of the University of Hawaii;
- 2 (4) State educational facilities improvement special fund;
- 3 (5) Convention center enterprise special fund under
- 4 section 201B-8;
- 5 (6) Special funds established by section 206E-6;
- 6 (7) Housing loan program revenue bond special fund;
- 7 (8) Housing project bond special fund;
- 8 (9) Aloha Tower fund created by section 206J-17;
- 9 (10) Funds of the employees' retirement system created by
- 10 section 88-109;
- 11 (11) Hawaii hurricane relief fund established under chapter
- 12 431P;
- 13 (12) Hawaii health systems corporation special funds and
- 14 the subaccounts of its regional system boards;
- 15 (13) Tourism special fund established under section
- 16 201B-11;
- 17 (14) Universal service fund established under section
- 18 269-42;
- 19 (15) Emergency and budget reserve fund under section
- 20 328L-3;



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



1 (28) Deposit beverage container deposit special fund under
2 section 342G-104; and
3 (29) Hospital sustainability program special fund under Act
4 217, Session Laws of Hawaii 2012, as amended by Act
5 141, Session Laws of Hawaii 2013[+], as amended by Act
6 123, Session Laws of Hawaii 2014;
7 [+](30)[+]Nursing facility sustainability program special fund
8 under Act 156, Session Laws of Hawaii 2012;
9 [+](31) Hawaii 3R's school improvement fund[+] under section
10 302A-1502.4; and
11 [+](32)[+]After-school plus program revolving fund under section
12 302A-1149.5,
13 shall deduct [~~five~~] 5 per cent of all receipts of all special
14 funds, which deduction shall be transferred to the general fund
15 of the State and become general realizations of the State. All
16 officers of the State and other persons having power to allocate
17 or disburse any special funds shall cooperate with the director
18 in effecting these transfers. To determine the proper revenue
19 base upon which the central service assessment is to be
20 calculated, the director shall adopt rules pursuant to chapter
21 91 for the purpose of suspending or limiting the application of



1 the central service assessment of any fund. No later than
2 twenty days prior to the convening of each regular session of
3 the legislature, the director shall report all central service
4 assessments made during the preceding fiscal year."

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

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

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



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



- 1 (22) Emergency medical services special fund;
- 2 (23) Rental motor vehicle customer facility charge special
- 3 fund established under section 261-5.6;
- 4 (24) Shared services technology special fund under section
- 5 27-43;
- 6 (25) Nursing facility sustainability program special fund
- 7 established pursuant to Act 156, Session Laws of
- 8 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, as amended by Act
- 14 123, Session Laws of Hawaii 2014,

15 shall be responsible for its pro rata share of the
 16 administrative expenses incurred by the department responsible
 17 for the operations supported by the special fund concerned."

18 SECTION 5. There is appropriated out of the hospital
 19 sustainability program special fund the sum of \$50,000,000 or so
 20 much thereof as may be necessary for fiscal year 2015-2016 for



1 the purposes of the hospital sustainability program special
2 fund.

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

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

7 SECTION 7. This Act shall take effect on June 29, 2015;
8 provided that section 5 shall take effect on July 1, 2015.

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S.B. NO. 806

Report Title:

Hospital Sustainability Program; Special Fund; Appropriation

Description:

Continues the hospital sustainability program by extending its sunset date to June 30, 2016, updating the referral dates in the statute, and revising the funding amount for the hospital sustainability program for fiscal year 2015-2016. Appropriates funds.

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

