Honolulu, Hawaii

## February 19, 2016

RE: H.B. No. 1941 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

## Sir:

Your Committee on Health, to which was referred H.B. No. 1941 entitled:

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

begs leave to report as follows:

The purpose of this measure is to preserve access to health care for Medicaid recipients by:

- (1) Extending the Hospital Sustainability Program for an additional year;
- (2) Amending the authorized uses of the Hospital Sustainability Program Special Fund;
- (3) Amending various reimbursement rates under the Hospital Sustainability Program to private hospitals through Medicaid managed care health plans, and uncompensated care and disproportionate share hospital payments; and
- (4) Appropriating funds out of the Hospital Sustainability Program Special Fund for fiscal year 2016-2017.

The Hawaii Health Systems Corporation Corporate Board of Directors, Healthcare Association of Hawaii, Hawaii Primary Care Association, The Chamber of Commerce Hawaii, and The Queen's Health Systems testified in support of this measure. The

Department of Human Services and Hawaii Medical Service Association commented on this measure.

Your Committee has amended this measure by:

- (1) Amending the definition of "private hospitals" to include any hospitals not named in Attachment A of the Medicaid Section 1115 Demonstration Waiver that became private hospitals in calendar year 2016 and are currently operating;
- (2) Specifying that rate enhancements shall be retroactive to the effective date of this measure, or the effective date approved by the federal government, whichever is later;
- (3) Deleting the specified number of business days in which payments made by Medicaid managed care health plans must be made upon receipt of monthly capitation rates from the Department of Human Services;
- (4) Changing the effective date of the appropriation under section 7 of this measure to July 1, 2070, to further continued discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee finds that the federal Patient Protection and Affordable Care Act levies an insurer tax on the premiums collected by issuers, including Medicaid plans. It is your Committee's understanding that capitation rates provided to each QUEST managed care plan currently includes moneys to reimburse the plan for its insurer tax liability. However, the reimbursement for the insurer tax liability is not specified via contract. To ensure equity in the administration of Hawaii's Medicaid program, it is the intent of your Committee that additional tax liabilities associated with the result of passage of this legislation be accounted for in a plan's capitation rate.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1941, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1941, H.D. 1, and be referred to your Committee on Finance.

HB1941 HD1 HSCR HLT HMS 2016-2035

STAND. COM. REP. NO. 671-16
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Respectfully submitted on behalf of the members of the Committee on Health,

DELLA AU BELATTI, Chair

## State of Hawaii House of Representatives The Twenty-eighth Legislature

## Record of Votes of the Committee on Health

Bill/Resolution No.:	Referral:	Date: 2/16/10				
☐ The committee is reconsidering its previous decision on the measure.						
The recommendation is to:  □ Pass, unamended (as is) □ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)						
HLT Members		Ayes	Ayes (W	R)	Nays	Excused
1. BELATTI, Della Au (C)		_				
2. CREAGAN, Richard P. (VC						
3. HASHEM, Mark J.		V				
4. JORDAN, Jo						
5. KOBAYASHI, Bertrand						
6. MORIKAWA, Dee						
7. OSHIRO, Marcus R.						
8. FUKUMOTO CHANG, Bet	h				:	
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9. TUPOLA, Andria P.L.						
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TOTAL (9)		8				1
The recommendation is:  Adopted Not Adopted  If joint referral, did not support recommendation.  committee acrossym(s)						
Vice Chair's or designee's signature:						
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO						