

Honolulu, Hawaii

FEB 11 2016

RE: S.B. No. 2330
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Human Services, to which was referred S.B. No. 2330 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Continue the hospital sustainability program for one year;
- (2) Appropriate funds out of the hospital sustainability program special fund for fiscal year 2016-2017; and
- (3) Amend various reimbursement rates under the program to certain private hospitals through Medicaid managed care health plans, and uncompensated care and disproportionate share hospital payments.

Your Committees received testimony in support of this measure from the Healthcare Association of Hawaii; Chamber of Commerce Hawaii; Hawaii Primary Care Association; United Public Workers, AFSCME, Local 646; and The Queen's Health Systems. Your Committees received comments on this measure from the Department of Human Services and Hawaii Medical Association.

Recognizing that Medicaid payments to hospitals were far below the actual costs of care, the Legislature created the



hospital sustainability program by enacting Act 217, Session Laws of Hawaii 2012, which increases Medicaid payments to hospitals. Your Committees find that the program achieves this by assessing a fee on hospitals, using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to hospitals. This measure will provide increased access to medical care and create more sustainable hospitals in Hawaii.

Your Committees have amended this measure by:

- (1) Updating findings to specify that provider fees exist in forty-nine states and the District of Columbia as a means of drawing down federal funds to sustain their Medicaid programs;
- (2) Amending the definition of "private hospital" to include hospitals that became a private hospital in calendar year 2016 and are currently operating;
- (3) Deleting language that would have repealed the hospital sustainability program special fund and related amendments made to section 36-30(a), Hawaii Revised Statutes, on December 31, 2017;
- (4) Deleting section 6 of this measure, which would have repealed certain amendments made to sections 36-27(a) and 36-30(a), Hawaii Revised Statutes, on December 31, 2017; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Human Services that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2330, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2330, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Commerce,
Consumer Protection, and Health
and Human Services,

Suzanne Chun Oakland

SUZANNE CHUN OAKLAND, Chair

Rosalyn H Baker

ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* SB 2330	Committee Referral: CPH/HMS, WAM	Date: 2/5/16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will				/
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.				/
RUDERMAN, Russell E.	/			/
SLOM, Sam	/			
TOTAL	4			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

