

STAND. COM. REP. NO.

1163

Honolulu, Hawaii

March 21, 2017

RE: S.B. No. 397

S.D. 1

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Human Services and Health, to which was referred S.B. No. 397, S.D. 1, entitled:

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

beg 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 two years and updating statutory references accordingly;
- (2) Amending the definition of "net patient service revenue" by specifying the time period to be used in calculating net patient service revenue;
- (3) Clarifying the exemption from the hospital sustainability fee for outpatient services and authorizing the Department of Human Services to exempt any facility from the sustainability fee on outpatient care services as needed to meet federal standards;



- (4) Providing that the outpatient hospital sustainability fee shall not exceed three percent of net outpatient hospital service revenue; and
- (5) Appropriating funds out of the Hospital Sustainability Program Special Fund for fiscal year 2017-2018 and fiscal year 2018-2019.

The Department of Human Services, Hawaii Health Systems Corporation Corporate Board of Directors, Mayor of the County of Hawaii, The Queen's Health Systems, One Kalakaua Senior Living, The Chamber of Commerce Hawaii, Healthcare Association of Hawaii, and Hawaii Pacific Health testified in support of this measure.

Your Committees have amended this measure by:

- (1) Making the appropriations unspecified amounts;
- (2) Changing its effective date to July 1, 2020, to facilitate further discussion; and
- (3) Making a technical, nonsubstantive amendment for clarity.

Should the Committee on Finance deliberate on this measure, your Committees respectfully request that it consider appropriating \$65,000,000 out of the Hospital Sustainability Program Special Fund for each year of fiscal biennium 2017-2019.

As affirmed by the records of votes of the members of your Committees on Human Services and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 397, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 397, S.D. 1, H.D. 1, and be referred to your Committee on Finance.



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



DELLA AU BELATTI, Chair



DEE MORIKAWA, Chair



