

Honolulu, Hawaii

MAY 13 2020

RE: H.B. No. 1637
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 1637, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Repeal the ceiling for using moneys in the Civil Monetary Penalty Special Fund by the Department of Health for compliance activities approved by the Centers for Medicare and Medicaid Services; and
- (2) Appropriate funds to the Department of Health for the establishment of a Medicare administrator position.

Your Committee received testimony in support of this measure from the Department of Health and four individuals. Your Committee received comments on this measure from the Executive Office on Aging and Healthcare Association of Hawaii.

Your Committee finds that federal civil monetary penalties may be assessed on Medicare certified skilled nursing facilities by the Department of Health and Human Services Centers for Medicare and Medicaid Services and shared with states. In Hawaii, these monetary penalties are assessed when facilities are cited



for non-compliance with federal certification requirements discussed during federal recertification surveys conducted by the Department of Health's Office of Health Care Assurance.

Your Committee further finds that the Civil Monetary Penalty Special Fund was created for the deposit and expenditure of monetary penalties shared with Hawaii. The Civil Monetary Penalty Special Fund currently has a spending ceiling of \$30,000 per year, an amount that was determined during a time of infrequent and lower amounts of assessed monetary penalties. However, during recent years, the special fund balance has increased significantly. Removing the spending ceiling of the special fund and establishing a Medicare administrator position will further support the efforts by the Centers for Medicare and Medicaid Services to reduce adverse events, improve staffing quality, and improve dementia care in nursing homes.

Your Committee notes that S.B. No. 2899, S.D. 2 (Regular Session of 2020), which was previously passed by the Senate, is a substantially similar and preferable measure that also repeals the spending ceiling for monies in the Civil Monetary Penalty Special Fund for use by the Department of Health for Centers for Medicare and Medicaid-approved compliance activities.

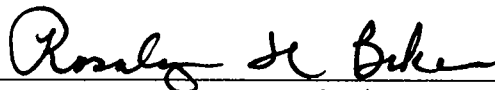
Accordingly, your Committee has amended this measure by:

- (1) Deleting the contents of part I and inserting the contents of S.B. No. 2899, S.D. 2, a substantially similar measure, which
 - (A) Amends the Civil Monetary Penalty Special Fund statute to eliminate the spending ceiling to align with the federal Civil Money Penalty Reinvestment Program; and
 - (B) Allows the Department of Health to establish an appropriate spending ceiling through the state budget process; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1637, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1637, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



