

Honolulu, Hawaii

FEB 13 2019

RE: S.B. No. 463

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Human Services and Commerce, Consumer Protection, and Health, to which was referred S.B. No. 463 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) Extend the hospital sustainability program for two years;
- (2) Clarify exemptions from the hospital sustainability fee; and
- (3) Appropriate \$75,000,000 out of the hospital sustainability special fund for fiscal years 2019-2020 and 2020-2021.

Your Committees received testimony in support of this measure from the Department of Human Services, The Queen's Health Systems, Healthcare Association of Hawaii, Kaiser Permanente Hawai'i, Hawai'i Pacific Health, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, and Chamber of Commerce Hawaii.



Your Committees find that the hospital sustainability program was established in 2012 to increase Medicaid payments to hospitals in recognition that Medicaid payments to hospitals were below the actual costs of care. Because of the hospital sustainability program, Medicaid payments to many hospitals in the State are closer to the actual costs of care, which helps ensure that Medicaid patients have access to the hospital care they need. This measure extends the hospital sustainability program, which will allow hospitals in the State to continue to serve underinsured and uninsured patients in a timely, effective manner, and ensure the overall sustainability of the health care system in Hawaii.

Your Committees have amended this measure by:

- (1) Clarifying the definition of "private hospital" to ensure that all Hawaii Health Systems Corporation hospitals are excluded, as these hospitals use a different system to make up for uncompensated care costs;
- (2) Increasing the allowable hospital sustainability fee rate from 3.5 percent to 4.0 percent for inpatient and outpatient care services;
- (3) Including children's hospitals in the hospital sustainability fee for outpatient care services;
- (4) Specifying that the effective date for the appropriation is July 1, 2019; 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 Human Services and Commerce, Consumer Protection, and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 463, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 463, S.D. 1, and be referred to your Committee on Ways and Means.



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

Rosalyn H. Baker

ROSALYN H. BAKER, Chair

Russell E. Ruderman

RUSSELL E. RUDERMAN, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* SB 463	Committee Referral: HMS (CPH, WAM)	Date: 2.8.19		
<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
RUDERMAN, Russell E. (C)	✓			
RHOADS, Karl (VC)	✓			
IHARA, Jr., Les	✓			
RIVIERE, Gil				✓
FEVELLA, Kurt	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Karl Rhoads</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

