

JAN 26 2022

A BILL FOR AN ACT

RELATING TO HOSPITALS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the cost of living
2 in Hawaii continues to rise, and the cost of health care
3 contributes substantially to this high cost of living. The
4 legislature further finds that small rural hospitals in Hawaii
5 chronically face serious structural fiscal difficulties that
6 current health insurance practices prevent from being
7 satisfactorily addressed. The legislature further finds that it
8 is essential to public health for these small rural hospitals to
9 be sustained financially. Accordingly, it is necessary for the
10 state government to find and implement procedural and
11 substantive reforms to ensure that these hospitals survive
12 financially and achieve long-term self-sustainability.

13 The purpose of this Act is to require the department of
14 health, in conjunction with the department of human services and
15 insurance commissioner, to conduct a study to determine the
16 feasibility of an all-payer global budgeting pilot program for
17 hospital care.



SECTION 2. (a) The department of health, in conjunction with the department of human services and insurance commissioner of the department of commerce and consumer affairs, shall conduct a study to determine the feasibility of a pilot program that would require all health insurers to contribute funds for hospital care, in proportion to the hospital needs of their covered populations, to a fund administered by the State to pay hospitals with global operating budgets and separate budgets for capital improvements allocated according to community need.

(b) In conducting the study, the department of health shall consider the following goals:

- (1) Stabilizing funding for rural and critical access hospitals;
- (2) Eliminating the administrative expenses of hospital billing and collections, which currently consumes around fifteen per cent of hospital budgets;
- (3) Eliminating opportunities for billing fraud and abuse; and
- (4) Eliminating cost shifting among different payers and hospital chargemaster rates.

(c) The study shall also consider:



S.B. NO. 3256

1 (1) The impacts the pilot program would have on private
2 health insurance coverage, medicare coverage, and
3 medicaid coverage;

4 (2) Any potential legal challenges posed by the pilot
5 program; and

6 (3) The appropriateness of a medicaid section 1115 waiver
7 for the pilot program.

8 (d) The department of health shall submit a report of its
9 findings and recommendations, including any proposed
10 legislation, to the legislature no later than twenty days prior
11 to the convening of the regular session of 2023.

12 SECTION 3. This Act shall take effect on July 1, 2022.

13 INTRODUCED BY: _____



S.B. NO. 3256

Report Title:

Hospitals; All-payer Health Care; Global Budgeting; DOH; DHS;
Insurance Commissioner; Study

Description:

Require DOH, in conjunction with DHS and insurance commissioner, to conduct a study to determine the feasibility of an all-payer global budgeting pilot program for hospital care.

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