



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of H.B. 1553, HD1
RELATING TO THE OFFICE OF HEALTH CARE ASSURANCE SPECIAL FUND.

REPRESENTATIVE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: Monday, February 28, 2022

Room Number: Video Conf.

1 **Fiscal Implications:** The intent of this bill is to focus the budget approval through the more
2 dynamic budget approval process rather than through a static statutory ceiling. The bill would
3 also lessen reliance on general funds by shifting costs to special funds.

4 **Department Testimony:** The Department is in STRONG SUPPORT of this bill to lessen
5 reliance on general funds especially during this period of budget uncertainty resulting from the
6 state's economic impacts due to the COVID-19 pandemic.

7 This bill has positive statewide implications by removing the OHCA special fund
8 spending ceiling from statute and establishing the ceiling through the budget process which must
9 be done anyway even with a spending ceiling in statute. This would allow the legislature to
10 approve spending from year to year as needed to cover costs of contracted health care facility
11 inspectors and investigations on unlicensed care facilities, fund contracts that modernize
12 operations and modernize the license application and licensure survey activities, and to offset
13 other general fund limitations, rather than burden OHCA with an artificial and unrealistic ceiling
14 in statute.

1 The positive statewide implications of this bill include enabling the Department to
2 improve meeting its health care facility regulatory objectives to more quickly license residential
3 care homes by creating a modern online license application submission and review process, hire
4 facility inspection and complaint investigation staff into positions which are mostly funded with
5 federal funds but lack supplemental general funds, help to fund information technology (IT)
6 vendor contracts to modernize administrative processes, and improve and maintain a background
7 check portal to ensure vulnerable patients are safe. And limited general funds could be used for
8 other statewide priorities.

9 In addition, through this bill the legislature would allow the Department to retain revenue
10 in the special fund to further reduce reliance on general funds for operational support during and
11 after the pandemic.

12 Thank you for the opportunity to testify in STRONG SUPPORT of this measure.

13 **Offered Amendments:** None.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1553, H.D. 1

February 28, 2022
12:30 p.m.
Room 308 and Videoconference

RELATING TO THE OFFICE OF HEALTH CARE ASSURANCE SPECIAL FUND

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1553, H.D. 1, amends Section 321-1.4, HRS, to remove the expenditure ceiling of \$327,000 from the Office of Health Care Assurance (OHCA) special fund; removes the provision that any amount in the OHCA special fund in excess of \$387,500 on June 30 of each year shall be deposited into the general fund; and adds a provision stating that moneys in the OHCA special fund may be used during any fiscal year.

B&F points out Section 5, Article VII of the Hawai'i State Constitution, states that no public money shall be expended except pursuant to appropriations made by law. The OHCA special fund should have an appropriated expenditure ceiling set by the Legislature every year and OHCA cannot spend in excess of the expenditure ceiling.

Thank you for your consideration of our comments.