



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of H.B. 984
RELATING TO THE OFFICE OF HEALTH CARE ASSURANCE SPECIAL FUND.

REPRESENTATIVE RYAN I. YAMANE, CHAIR
HOUSE COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

Hearing Date: Tuesday, February 16, 2021

Room Number:

1 **Fiscal Implications:** The intent of this bill is to lessen reliance on general funds by shifting
2 costs to special funds. This can only happen if the legislature retains funds in the OHCA special
3 fund for the Department's use.

4 **Department Testimony:** The Department STRONGLY SUPPORTS this bill and respectfully
5 requests additional amendments as proposed below to lessen reliance on general funds especially
6 during this period of budget uncertainty resulting from the state's economic impacts due to the
7 COVID-19 pandemic.

8 Through the additional requested amendments, the Department respectfully requests to
9 remove spending limits in statute and replace it with the authority to establish the spending limit
10 through the budget process which must be done anyway even with a spending limit in statute.
11 This would allow spending to fluctuate from year to year as needed. In anticipation of passage
12 of this bill the Department requested an OHCA special fund spending ceiling of \$800,000 per
13 fiscal year in its biennium budget request to cover costs of salaries and fringe benefits to fund
14 unbudgeted positions, fund contracts that support licensure survey activities and operating
15 modernization, and to offset other general fund reductions.

1 In addition, this bill would allow the Department to retain revenue in the special fund to
2 provide more special fund funding to the Office of Health Care Assurance (OHCA) and further
3 reduce reliance on general funds during the pandemic.

4 This bill would also authorize in statute contingency spending on unplanned and
5 emergency items as approved by the Director of Health consistent with the purpose of the OHCA
6 special fund. For example, if in effect last year, it would have allowed spending on
7 communication technologies for skilled nursing facilities' residents to virtually communicate
8 with family when family visitation was limited during the pandemic and on emergency personal
9 protection equipment (PPE) for residential care homes. Fortunately, federal civil monetary
10 penalty (CMP) and CARES Act funds were available but CMP and other federal funds might not
11 be available for future emergencies. The state and OHCA would have to rely on other funding
12 sources or not respond timely to emergencies.

13 Finally, the Department requests the preamble be amended to better reflect the additional
14 amendments in the bill.

15 Thank you for the opportunity to testify in STRONG SUPPORT on this measure with the
16 additional amendments as requested and with the added request to retain funds in the OHCA
17 special fund for the Department's use.

18 Below are requested amendments to this bill.

19 **Offered Amendments:**

20 SECTION 1. The purpose of this Act is to [~~increase~~]
21 establish the ceiling of the office of healthcare assurance
22 special fund through the state budget process, to offset

1 increasing operational expenses that include contracts to
2 implement a new management information system and background
3 checks system, as well as diminish dependence on the general
4 fund, and to authorize emergency spending beyond the established
5 budget ceiling. Furthermore, in response to the COVID-19
6 pandemic, there is increased need for public and health care
7 facility education and outreach to assure appropriate and high-
8 quality healthcare facility access.

9 SECTION 2. Section 321-1.4, Hawaii Revised Statutes, is
10 amended by amending subsections (b) and (c) to read as follows:

11 "(b) Moneys in the special fund shall be expended by the
12 department of health:

13 (1) To assist in offsetting operating costs and
14 educational program expenses of the department of
15 health's office of health care assurance; and

16 (2) For the purpose of enhancing the capacity of
17 office of health care assurance programs to:

18 (A) Improve public health outreach efforts,
19 program and community development, and
20 consultations to industries regulated;

21 (B) Educate the public, the staff of the
22 department of health, and other departments

1 within the State, as well as staff and
2 providers of all health care facilities and
3 agencies regulated; ~~and~~

4 (C) Administer and support the durable medical
5 equipment supplier license program
6 established pursuant to part XLIII[-]; and

7 (D) Expend funds in excess of the approved
8 spending ceiling for emergencies as approved
9 by the Director of Health. Emergencies may
10 be identified as man-made or acts of God.
11 Funds shall only be expended for purposes
12 identified in this section (b) and total
13 funds expended shall not exceed the
14 reasonably anticipated special fund balance
15 as of June 30 of that year less any reserve
16 balance. A reserve balance of not less than
17 \$5,000 shall be maintained as of June 30.

18 ~~[Not more than [\$327,000] \$500,000 of the s]~~Special funds
19 may be used during any fiscal year for the activities carried
20 out by the office of health care assurance.]

1 ~~(c) Any amount in the special fund in excess of [\$387,500]~~
2 ~~\$600,000 on June 30 of each year shall be deposited into the~~
3 ~~general funds.]"~~