



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of S.B. 1138, SD2, HD1
RELATING TO THE OFFICE OF HEALTH CARE ASSURANCE SPECIAL FUND

REPRESENTATIVE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: Thursday, April 1, 2021

Room Number: Video Conf.

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 is in STRONG SUPPORT of this bill as currently
5 drafted to lessen reliance on general funds especially during this period of budget uncertainty
6 resulting from the state's economic impacts due to the COVID-19 pandemic.

7 This bill would remove the OHCA special fund spending ceiling from statute and
8 establish the spending limit through the budget process which must be done anyway even with a
9 spending limit in statute. This would allow spending to fluctuate from year to year as needed. In
10 anticipation of passage of this bill the Department requested an OHCA special fund spending
11 ceiling of \$800,000 per fiscal year in its budget request to cover costs of contracted health care
12 facility inspectors and investigations on unlicensed care facilities, fund contracts that modernize
13 operations and support licensure survey activities, and to offset other general fund limitations.

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 Finally, this bill would authorize contingency spending in statute 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 during the pandemic and on emergency personal protection equipment (PPE) for
9 residential care homes. Fortunately, federal civil monetary penalty (CMP) and CARES Act
10 funds were available but CMP and other federal funds might not be available for future
11 emergencies. The state and OHCA would have to rely on other funding sources or not respond
12 timely to emergencies.

13 Thank you for the opportunity to testify in STRONG SUPPORT of this measure as
14 currently drafted.

15 **Offered Amendments:** None.

SB-1138-HD-1

Submitted on: 3/30/2021 1:10:39 PM

Testimony for FIN on 4/1/2021 2:30:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| John D. Smith | Individual | Support | No |

Comments:

I support this to be passed through legislature.