

STAND. COM. REP. NO.

69

Honolulu, Hawaii

FEB 04 , 2025

RE: H.B. No. 1179  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committee on Health, to which was referred H.B. No. 1179  
entitled:

"A BILL FOR AN ACT RELATING TO RURAL EMERGENCY HOSPITALS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Provide a statutory framework for the licensure of rural emergency hospitals at the state level; and
- (2) Provide for the continuation of Medicaid policy protections for hospitals transitioning to a rural emergency hospital designation.

Your Committee received testimony in support of this measure from the Department of Health; Hawaii Health Systems Corporation Corporate Board of Directors; Maui Health System; and Healthcare Association of Hawaii. Your Committee received comments on this measure from the Department of Human Services.

Your Committee finds that the federal government recently authorized the creation of rural emergency hospitals, a new type of Medicare provider meant to address nationwide closures of rural hospitals. A rural emergency hospital designation will allow rural hospitals to focus on important services such as emergency

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department services, observation care, and tailored outpatient medical and health services while eliminating underutilized high-cost services, such as inpatient care. Your Committee further finds that a hospital must first be recognized as an emergency rural hospital at the state level before the hospital can pursue the new rural emergency hospital designation with the Centers for Medicare and Medicaid Services. This measure is intended to allow the State's rural hospitals to best meet the health care needs of their communities, including pursuing a rural emergency hospital designation, through the creation of a statutory framework for the licensure of rural emergency hospitals.

Your Committee notes the concerns raised by the Department of Human Services in their testimony on this measure that the state protections proposed by this measure may be insufficient given the federal interpretation of the rural emergency hospital designation. Your Committee respectfully requests that the Department seek guidance from federal officials regarding the Medicaid reimbursement protections outlined in this measure and any potential ramifications associated with critical access hospitals being redesigned as rural emergency hospitals.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1179, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1179, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



Respectfully submitted on  
behalf of the members of the  
Committee on Health,



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GREG TARAYAMA, Chair



