

ACT 192

H.B. NO. 3456

A Bill for an Act Relating to Financial Exemptions for the Community Hospitals.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the pilot project to foster the autonomous operation of the community hospitals, as set forth in Act 223, Session Laws of Hawaii 1990, as amended by Act 187, Session Laws of Hawaii 1992, and in Act 211, Session Laws of Hawaii 1993, has contributed effectively to expediting and improving the delivery of health care services by Hawaii's public hospital system.

This Act provides exemptions from statutes, relating to finance, that have been identified as impediments to the autonomous operation of the community hospitals.

SECTION 2. Chapter 323, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§323- Collections revolving funds. (a) There are established three collections revolving funds, one fund for Maui Memorial Hospital, one fund for Hilo Hospital, and one fund for Kona Hospital, to expedite the collection of patient bills and the refunding of credit balances. Payments of bills of less than \$1,000, from patients and health insurance providers, shall be deposited into the revolving fund. Expenditures from the revolving fund shall be used for the purpose of making refunds of credit balances of less than \$1,000.

(b) The department of health shall provide an annual report to the governor and the legislature describing all transactions and activities involved in the administration of each of the three collections revolving funds. If, at the end of a fiscal year, the balance of any one of the collections revolving funds exceeds \$100,000, the amount in excess of \$100,000 shall be transferred by the director of health to the appropriate special fund established under section 323-73 for the associated public health facility."

SECTION 3. Section 323-70, Hawaii Revised Statutes, is amended to read as follows:

"§323-70 Revenues. (a) Pursuant to chapter 91, the division [[]shall[]] impose and collect rates, rents, fees, and charges for the use of its public health facilities and their derived services, and shall revise these rates, rents, fees, and charges from time to time whenever necessary so that all public health facilities, services, and projects of the division may provide appropriate care to the community.

(b) Notwithstanding subsection (a) and without regard to chapter 91, the division may:

(1) Reduce rates, rents, fees, and charges; and

(2) Establish rates for new medical services that are comparable to rates charged by private hospitals in Hawaii;

provided that the division shall give public notice of the revisions by publishing a summary statement of the substance of the proposed revisions in a newspaper of general circulation in the State not less than thirty days before the revisions take effect. Following this notice, the division shall review the proposed rates with an appropriate body that includes representation from health benefit plans.

[(b)] (c) Nothing in this chapter shall preclude the making of appropriations to the division, or the use of funds derived from the sale of stocks, bonds, or other assets in the possession of the division, to pay all or part of the costs of construction or maintenance, or both, of any or all facilities, services, and projects of the division; provided that the rates, rents, fees, and charges imposed at public health facilities that are part of a system of public health facilities for which

revenue bonds have been issued shall not be less than the rates, rents, fees, and charges required to enable the department to comply with section 39-61 and any resolution or certificate authorizing and securing the revenue bonds.”

SECTION 4. Section 323-73, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) [Any other law to the contrary notwithstanding, each] Each public health facility shall place its revenues and all other moneys collected, acquired, or made available for the use of that facility, into a special fund to be used for the payment of its lawful operating expenditures[.], except that:

- (1) Any moneys received from the federal government or private contributions shall be deposited and accounted for in accordance with conditions established by the agencies or persons from whom the moneys are received;
- (2) With the concurrence of the director of finance, moneys in trust or revolving funds administered by the community hospitals may be deposited in depositories other than the state treasury; and
- (3) Amounts of less than \$1,000 collected from patients and health insurance providers shall be deposited into the appropriate collections revolving fund established under section 323-_____.

At the beginning of each quarterly allotment period, the director shall assess from each hospital special fund an amount equal to two per cent of the moneys in the hospital special fund and deposit those amounts into the facility administration fund established in subsection (b). At the end of each quarterly allotment period, the director shall transfer all moneys remaining in a hospital special fund not required for the lawful operating expenditures of the hospital for that quarterly allotment period into the facility administration fund; provided that public health facilities that do not receive general fund augmentation may retain not more than twenty-five per cent of their unrequired special fund revenues in their respective hospital special funds for payment of their lawful operating expenditures. The director shall determine the percentage that a public health facility not supported by general funds may retain in its hospital special fund. The amounts the director may transfer shall include all unrequired special fund balances from prior years.”

SECTION 5. The division of community hospitals of the department of health may purchase data processing and telecommunications equipment without the review and approval of the director of finance, if the purchase of all data processing or telecommunications equipment per facility does not exceed \$25,000 per year.

SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 7. This Act shall take effect upon its approval and shall be repealed on June 30, 1996; provided that sections 323-70 and 323-73, Hawaii Revised Statutes, are reenacted in the form in which they read on the day before the approval of this Act.

(Approved June 21, 1994.)

Note

1. Edited pursuant to HRS §23G-16.5.