

REPORT TO THE TWENTY-EIGHTH LEGISLATURE
STATE OF HAWAII
2015

PURSUANT TO SECTION 321-1.4, HAWAII REVISED STATUTES, REQUESTING THE DEPARTMENT OF HEALTH TO SUBMIT AN ANNUAL REPORT THAT OUTLINES THE STATUS OF THE OFFICE OF HEALTH CARE ASSURANCE SPECIAL FUND, INCLUDING THE AMOUNT OF MONIES DEPOSITED INTO AND EXPENDED FROM THE FUND, AND SOURCES OF RECEIPTS AND USES OF EXPENDITURES

PREPARED BY:
STATE OF HAWAII
DEPARTMENT OF HEALTH
JANUARY 2015

EXECUTIVE SUMMARY

In accordance with Section 321-1.4, HRS, the Department of Health is submitting a report to the 2015 Legislature that identifies the amount of moneys deposited into and expended from the Office of Health Care Assurance Special Fund and the sources of receipts and uses of expenditures.

Act 120, H.B. No. 1664 of the 1999 Legislative Session established the hospital and medical facilities special fund in order that moneys collected would be expended to assist in offsetting program expenses of the department's hospital and medical facilities branch. Act 188, H.B. No. 1357 of the 2001 Legislative Session amended the original intent of the special fund to offset educational program expenses and enhance the capacity of the program to improve public outreach efforts and consultations to industries regulated and educate the public, staff of the department, hospitals, nursing homes and care homes and industries regulated. Act 90, H.B. No. 1368 of the 2007 Legislative Session renamed the special fund to reflect the current name of the Office of Health Care Assurance (OHCA). It also requires that moneys collected by OHCA in the form of fees and fines be deposited into this account and allows the special fund to be used to offset OHCA's operational expenses.

Of the current total OHCA Special Fund balance of \$44,522.27, \$38,106.23 belongs to the federal civil monetary penalty (CMP) funds received from the U.S. Centers for Medicare and Medicaid Services (CMS). Originally, the CMP total balance was \$43,139.31. OHCA expended CMP funds in the amount of \$5,033.08 leaving a CMP balance of \$38,106.23. The \$5,033.08 CMP expenditure is included in the total expenditure of \$6,178.08 from the OHCA Special Fund for FY 2014.

The Department is asking the 2015 Legislature to establish a separate CMP special fund so that these federal moneys can be maintained separately from the OHCA special fund moneys. The OHCA special fund moneys are moneys collected for state purposes and should not include moneys received from federal sources exclusively for federal purposes.

**REPORT TO THE LEGISLATURE
IN COMPLIANCE WITH SECTION 321-1.4, HRS**

Introduction:

The Department of Health is committed to ensure the health, welfare and safety of all individuals receiving health care services in all settings in the State. In order to achieve this goal, the department has established minimal standards for licensure and certification that is monitored through inspections and investigations. As deficiencies are identified, the department provides consultation to correct deficient practices.

Conclusion:

The special fund ceiling was established by Act 41, SLH 2004. Fines assessed and fees collected during FY 2014 were minimal. The department is seeking to establish licensing fees by the close of FY 2015. These fees will be deposited into the special fund. Below is the balance as of June 30, 2014.

Beginning Balance	Revenues	Cash Transfer	Expenditures/ Encumbrances	Balance
\$50,243.10	\$457.25	\$50,232.87	6,178.08	\$44,522.27

Of the \$6,178.08 of expenditures, as stated above, \$5,033.08 was from the CMP moneys. The remaining \$1,145 in expenditures was for payment of state-mandated administrative fees.