

Honolulu, Hawaii

MAY 01 2012

RE: S.B. No. 2466
S.D. 2
H.D. 2
C.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2466, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO LONG-TERM CARE FACILITIES,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to ensure access to health care for Medicaid recipients by establishing a nursing facility sustainability fee and a special fund to receive monies from the nursing facility sustainability fee in order to receive federal Medicaid matching funds under the QUEST Expanded Medicaid Section 1115 Demonstration Waiver.

Your Committee on Conference finds that provider assessments are commonly used to generate revenue for a state by leveraging federal funds through Medicaid. The revenue generated by this measure will ensure long-term facilities will be fully compensated for their uncompensated or under compensated services to Medicaid



patients and the uninsured, and assist the State and the Department of Human Services (DHS) in maintaining and providing medical assistance to those who require assistance.

Your Committee on Conference notes the Department of Human Services' request that state long-term care facilities be exempt from the nursing facility sustainability fee program. Your Committee on Conference also notes that although DHS and the nursing facilities agree on the concept of the nursing facility sustainability fee program, this measure, as currently drafted, does not address all stakeholders' concerns.

Your Committee on Conference has therefore amended this measure by:

- (1) Adding language to explain that state long-term care facilities shall not be covered by the nursing facility sustainability fee although state facilities will benefit from other provisions of this measure;
- (2) Adding language that allows monies in the special fund to include all federal Medicaid funds received by DHS as a result of matching expenditures made with the nursing facility sustainability fee;
- (3) Amending the requirements for the use of the revenue from the nursing facility sustainability fee, including the percentage of the revenue to be used for specific purposes;
- (4) Authorizing DHS to utilize other resources to make supplemental payments or support increased capitation rates to health plans to benefit long-term care facilities;
- (5) Prohibits the use of certified expenditures of state long-term care facilities to make or support direct payments to private nursing facilities during any period in which the nursing facility sustainability fee is in effect;
- (6) Establishes a nursing facility sustainability program special fund ceiling appropriation of \$12,000,000 for fiscal year 2012-2013 and \$10,000,000 in federal funds for HMS 401 fiscal year 2012-2013;



- (7) Increasing the percent of net patient service revenue that the nursing facility fee shall not exceed from three percent to four percent;
- (8) Clarifying that the per resident daily fee shall be the same amount for each affected facility;
- (9) Amending the exemption from the nursing facility sustainability fee for nursing facilities with twenty-eight or fewer medicaid-licensed beds to an exemption for nursing facilities with twenty-eight or fewer licensed beds;
- (10) Changing the deadline for initial payment of the nursing facility sustainability fee to the later of July 31, 2012, or forty-five days after certain required federal approvals;
- (11) Deleting the language that required the Department to use revenues from the nursing facility sustainability fee and federal matching funds to enhance the capitated rates paid to the QUEST plans;
- (12) Clarifying that the nursing facility sustainability fee revenues and federal matching funds shall be used to enhance the capitated rates paid to QUEST Expanded Access Plans and amending the objectives for the use of those monies;
- (13) Adding language to emphasize that the monies in the nursing facility sustainability program special fund shall not be used for purposes other than the exclusive uses set forth in the section establishing the special fund;
- (14) Adding language that amends section 36-30, Hawaii Revised Statutes, to exempt the nursing sustainability program special fund from paying its pro rata share of the administrative expenses incurred by DHS in operating the fund;
- (15) Changing the effective date to July 1, 2012;
- (16) Adding a repeal date of June 30, 2013; provided that the language establishing exclusive uses for revenue from the nursing facility sustainability fee shall be repealed on December 31, 2013; and



(17) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2466, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2466, S.D. 2, H.D. 2, C.D. 1.

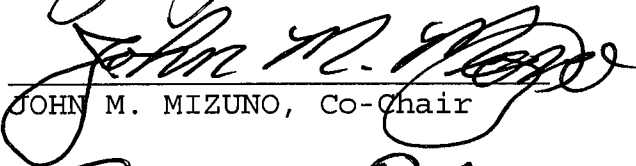
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE


RYAN I. YAMANE, Co-Chair


SUZANNE CHUN OAKLAND, Chair


JOHN M. MIZUNO, Co-Chair


DAVID Y. IGE, Co-Chair


MARCUS R. OSHIRO, Co-Chair



