

STAND. COM. REP. NO.

2249

Honolulu, Hawaii

FEB 16 2012

RE: S.B. No. 2466

S.D. 1

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

Sir:

Your Committee on Human Services, to which was referred S.B. No. 2466 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish the nursing facility sustainability program, including a nursing sustainability fee and special fund in which nursing sustainability fees shall be deposited.

Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation, the Healthcare Association of Hawaii, and three individuals. Your Committee received testimony in opposition to this measure from Palolo Chinese Home. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that provider fee programs are used as a means of drawing down additional federal funds to sustain state Medicaid programs. Currently, program fees are used in forty-six states and the District of Columbia. Hawaii is one of only four states without such a program, despite the rising state budget deficit due to increasing health care costs and expanding Medicaid rolls.

Your Committee notes that the Department of Budget and Finance does not support the creation of special funds that do not



meet the requirements of section 37-52.3, Hawaii Revised Statutes, which are that the special fund must:

- (1) Serve the purpose for which it was originally established;
- (2) Reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program;
- (3) Provide an appropriate means of financing for the program or activity; and
- (4) Demonstrate the capacity to be financially self-sustaining.

As this measure is currently drafted, it is difficult to determine whether there is a clear nexus between the nursing facilities that are assessed fees and the nursing facilities that receive increased Medicaid payments, and it does not appear that the special fund will be self-sustaining.

Your Committee further notes that according to the Healthcare Association of Hawaii's testimony, the model for the nursing sustainability program is still being developed because the data required to design it is still being gathered. Therefore, additional amendments may be required as this measure progresses through the legislative process.

Your Committee has amended this measure by:

- (1) Adding the definitions of "continuing care retirement community";
- (2) Exempting continuing care retirement communities from the nursing sustainability fee subject to federal approval under title 42 Code of Federal Regulations section 433.68(e)(2);
- (3) Rescheduling the fee payment to a monthly basis rather than a quarterly basis;
- (4) Providing specific examples of Centers for Medicare and Medicaid Services' approvals that may be needed;



- (5) Including the Healthcare Association of Hawaii and the Hawaii Long Term Care Association as entities that will certify that the revenues received by the Department of Human Services from the QUEST and QUEST Expanded Access Plans are used exclusively for increasing nursing facility reimbursements to support the availability of services and to ensure access to care to QUEST and QUEST Expanded Access enrollees;
- (6) Correcting an incorrect reference to inpatient use;
- (7) Authorizing the State to modify the categories of exempt facilities and the rate adjustment provisions if needed for Centers for Medicare and Medicaid Services' approval;
- (8) Inserting an effective date of July 1, 2050, to ensure further discussion;
- (9) Deleting the repeal date of June 30, 2013; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2466, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2466, S.D. 1, and be referred to the Committee on Ways and Means.

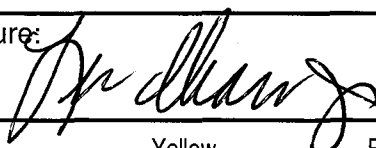
Respectfully submitted on
behalf of the members of the
Committee on Human Services,


SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* SB 2466	Committee Referral: HMS, HAM	Date: 2-9-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
GREEN, M.D., Josh	✓			
SLOM, Sam				✓
TOTAL	3	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes