

SB 2093

Measure Title: RELATING TO HEALTH.

Report Title: Long-term Care; Health; Acute Care Hospitals; Medicaid Reimbursements; Appropriation

Description: Provides for fair medicaid reimbursements to acute care hospitals and long-term care facilities. Makes an appropriation for the increased medicaid reimbursements.

Companion:

Package: None

Current Referral: HMS, WAM

Introducer(s): GREEN



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 2, 2012

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2093 - RELATING TO HEALTH**

Hearing: Thursday, February 2, 2012; 1:15 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of the bill is to provide reimbursements by Medicaid and its contracted health plans to hospitals for patients occupying acute-licensed beds who are waitlisted for long-term care and to facilities with long-term care beds for patients with medically-complex conditions who prior to admission to the facility were receiving acute care services in an acute care hospital.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill as it would result in a substantial increase in expenditures and result in paying for services not provided.

Paying acute care hospital inpatient rates for stable individuals requiring nursing facility level of care would be an overpayment and therefore, if paid, may need to be state-only funded. In FY 2008, there were 17,000 waitlisted days. Since the implementation of QUEST Expanded Access, the number of waitlist days has decreased. In FY 2010, there were 15,200 waitlist days (11% reduction compared to 2008); and in CY2011 there were 10,100 waitlist days (41%

reduction compared to 2008). In fact, in January 2012 there were only 17 waitlisted Medicaid recipients statewide.

Assuming an estimated \$675 per day difference between the average hospital acute care rate and average hospital waitlisted rate, the additional cost of paying acute care rates for waitlisted individuals is approximately \$6 million, far less than the reported \$75 million. DHS provides hospitals annual supplements totaling nearly \$35 million.

Medicaid already reimburses nursing facilities on an acuity basis. Those facilities that care for more complex patients receive higher reimbursement. The acuity determination methodology is based on data reported by nursing facilities to the Centers for Medicare & Medicaid Services (CMS) and utilizes a CMS adopted methodology for calculating acuity. If the nursing facility providers in Hawaii would like to modify this methodology, DHS would be willing to work with them.

The definition in the bill of medically complex would result in essentially every patient who is discharged from a hospital to a nursing facility as being considered medically complex. A patient would only need to have two chronic conditions for which they are taking medications to meet the definition under this bill.

Currently, subacute rates are available for the care provided to individuals with tracheotomies and requiring ventilation. An analogous issue exists in which DHS would be paying for subacute level of care when only nursing facility level of care is provided.

With a difference between nursing facility level of care rates and subacute level of care rates of approximately \$300, this provision of the bill would be expected to cost additional tens of millions.

Thank you for the opportunity to testify on this bill.

TO: COMMITTEE ON HUMAN SERVICES
Sen. Suzanne Chun Oakland, Chair
Sen. Les Ihara, Vice-Chair

FROM: Eldon L. Wegner, Ph.D.
POLICY ADVISORY BOARD FOR ELDER AFFAIRS (PABEA)

HEARING: 1: 15 pm Thursday, February 2, 2012
Conference Room 016, Hawaii State Capitol

SUBJECT: SB 2093 Relating to Health

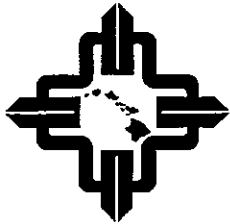
POSITION: The Policy Advisory Board for Elder Affairs **supports** SB 2093, which would provide for fair reimbursements to acute care hospitals and long-term care facilities. Makes an appropriation for increased Medicaid reimbursements.

RATIONALE:

The Policy Board for Elder Affairs has a statutory obligation to advocate on behalf of the senior citizens of Hawaii. While we advise the Executive Office on Aging, we do not speak on behalf of the Executive Office of Aging.

- A major factor contributing to a crisis in hospital financing is the lack of adequate reimbursement for patients wait-listed for long-term care beds. The current reimbursement is far below the cost of patients occupying the beds, which are needed for acute care patients;
- The second portion of the bill would provide increased reimbursement for long-term care facilities for the care of patients with medically-complex conditions who have been in acute care hospital beds. The current reimbursements for long-term care facilities does not adequately reimbursement them, thus constituting a barrier to accepting such patients who are wait-listed in acute care beds in our hospitals.
- Finally, the financial strain on hospitals due to this problem potentially impacts on the quality of care for all patients. The financial difficulties faced by hospitals can result in lower levels of nursing care, delays in implementing the newest medical equipment, resources for such functions as hospital discharge planning and many other matters that impact quality of care. We need to fix this problem by providing the appropriate reimbursements to both the hospitals having to wait-list patients and to long-term care facilities who would be able to care for medically-complex patients if they had adequate resources.

Thank you for allowing me to testify on this bill.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Every Day"

**Senate Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Lee Ihara, Jr., Vice Chair**

February 2, 2012
Conference Room 016, 1:15 p.m.
Hawaii State Capitol

**Testimony Supporting Senate Bill 2093, Relating to Health.
Provides for fair Medicaid reimbursements to acute care hospitals and long-term
care facilities. Makes an appropriation for the increased Medicaid
reimbursements.**

Bruce S. Anderson, Ph.D.
President and Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC), thank you for the opportunity to testify in support of SB2093.

The waitlist issue is very complex and involves many factors, which the Healthcare Association of Hawaii (HAH) has spelled out. For HHSC, this is a major issue, both financially and due to quality of care concerns. A patient in an acute care bed who needs long term care, for example, will not be able to set up residence in the long term care unit where the resident can participate in social activities, obtain rehab services, and be afforded other privileges that residents of nursing homes enjoy. For this basic reason, a patient being care for in an acute setting for a long period of time, when he or she is not acutely ill, is simply not healthy.

Maui Memorial Medical Center (MMMC) presently has a large waitlist population. As of December 2011, there were on average 36 non-acute patients assigned to its medical/surgical beds. This is extremely significant because out of 140 (plus 12 overflow) med/surg beds, it amounts to almost one-third of total census. Additionally, there were several people in the emergency department waiting for acute-designated beds. If a big accident had occurred on the island, the ED would have had trouble handling it because the ED beds were filled with patients who needed inpatient beds. Therefore, the waitlist problem has a great impact on patient care at the acute end of the scale, as well.

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MMMC estimates that it costs approximately \$1200 per day for each waitlisted patient. Though this is a complex issue and extremely difficult to quantify exact revenue losses, MMMC estimates it loses approximately \$20 million per year due to the waitlist problem.

In response to this chronic situation, MMMC has converted one wing into a waitlist unit for 18 patients so that the unit staffing can be adjusted to fit the lower level of patient acuity. However, the remaining waitlisted patients have to be placed throughout the hospital interspersed with acute care patients in units where a higher level of staffing must be maintained. Unfortunately, MMMC cannot merely change its staffing due to collective bargaining constraints and the fact the waitlist patients are interspersed with other patients. This legislation would assist MMMC and other acute care hospitals by providing a higher rate of reimbursement for the wait-listed patients.

Many of the patients on wait-list are medically complex, which makes their placement in long- term care more difficult. Medically complex patients require more care, which means more staff, which means higher costs. Yet, the current reimbursement scheme does not recognize this added cost. This legislation proposes to increase reimbursements to the long term care facilities in order offset the added cost of treating medically complex patients. By doing so, long-term care facilities be more fairly reimbursed, which will result in them being more willing to take more wait-listed patients.

This measure alone will not totally solve the waitlist issue; however, it will help with the financial burden for acute hospitals with a waitlist problem and long term care facilities with medically complex patients, which should result in the placement of more of those patients in long term care beds.

Thank you for the opportunity to testify before this committee.

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Human Services
The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair

February 2, 2012
1:15 pm
Conference Room 016

Re: SB 2093 Relating to Health

Chair, Vice Chair and committee members, thank you for this opportunity to provide testimony on SB 2093 that establishes fair Medicaid reimbursements to acute care hospitals and provides appropriations for increased Medicaid reimbursements.

Kaiser Permanente Hawaii supports this bill.

It has been estimated that Hawaii hospitals lost approximately \$75,000,000 due to delays in discharging, on average, about two hundred patients waitlisted for long term care. Duration of these delays ranged from days or weeks, to months and sometimes years.

Given that Medicaid reimburses acute care hospitals at a rate based upon the level of care needed by the patient, it has become problematic when a patient is well enough to be transferred to long term care, since Medicaid payments to the hospital are reduced to a fraction of the actual cost of care in the hospital acute care setting. This results in an unfair financial burden on the hospitals, which must continue to provide care at a much higher cost to patients who remain waitlisted in acute care hospital beds due to the unavailability of long term care beds.

It naturally follows that Kaiser Foundation Hospital's finances are negatively impacted by this waitlist situation, the same as all the other acute care hospitals in the State. Accordingly, Kaiser Permanente Hawaii strongly supports this bill to provide compensation that would fairly cover the costs of care for Medicaid patients waitlisted in acute care hospital settings, in transition to long term care, by providing Medicaid reimbursements at the acute medical services payment rate.

Thank you for the opportunity to comment.



HAWAII DISABILITY RIGHTS CENTER

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THE SENATE THE TWENTY-SIXTH LEGISLATURE REGULAR SESSION OF 2012

Committee on Human Services Testimony in Support of S.B.2093 Relating to Health

**Thursday, February 2, 2012, 1:15 P.M.
Conference Room 016**

Chair Chun-Oakland and Members of the Committee:

I am Louis Erteschik, Acting Executive Director at the Hawaii Disability Rights Center, and am testifying in support of this bill.

The purpose of the bill is to provide Medicaid rates to hospitals for patients who are waitlisted for community care homes at a level which will fairly compensate the hospitals for the fact that the patient's level of care has otherwise changed from acute to long term. It also compensates long term care facilities at rates that more closely approximate the challenges presented by the patient.

We support this bill because it offers the potential to assist individuals awaiting placement in community settings. The legislature has seen many examples in the past few years of the long waitlist for community housing experienced by patients in acute facilities. In addition, a few years ago, briefings were conducted on the problems of placing "challenging" patients into community settings.

Regarding the payment to hospitals of long term care based reimbursement rates, we are certainly sympathetic to the economic plight faced by the hospitals who are not receiving adequate reimbursement for these patients who really do not need to even be in the hospital after a point. They are often torn between the financial realities they face and the general ethic they do possess which directs them to want to treat and care for these individuals. Any assistance the legislature can render will not only help these facilities; it will also make it more likely that these patients will continue to receive adequate care while they are developing an appropriate community placement.



discharge plan. It will alleviate the pressure hospitals may feel to attempt a premature, potentially inappropriate discharge.

Similarly, one of the barriers to the placement of challenging patients has been potentially inadequate Medicaid reimbursements. To the extent that facilities can receive reimbursements that more realistically reflect the level of care that will be required for the patient, the easier in theory it should be to find appropriate placements.

Thank you for the opportunity to testify in support of this measure.



**Testimony to the Senate Committee on Human Services
Thursday, February 2, 2012 at 1:15 p.m.
Conference Room 016, State Capitol**

RE: SENATE BILL NO. 2093 RELATING TO HEALTH

Chair Chun Oakland, Vice Chair Ihara, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports Senate Bill No. 2093 relating to Health.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber commends the Legislature for playing an active role in passing legislation that appropriates money to match federal funds in the past couple of sessions. Quality health care is critical to the people and economy of Hawaii. As one of the largest private industries in Hawaii, the health care industry plays an important role in our economy, particularly through attractive, well-paying jobs and through the purchase of goods and services that contribute to our state's economy. As such, the health care industry plays a crucial role in the economic development and sustainability of our state and all of Hawaii's businesses. Also, Hawaii's healthcare system provides quality care for our families and serves to attract and retain a professional workforce, new companies, and even tourists to our state.

However, the quality healthcare that Hawaii has enjoyed for years is now in jeopardy. It is on the verge of declining because healthcare providers are no longer being paid for essential services at a level sufficient to cover annually increasing costs. The health care system must be maintained and challenges must be addressed.

Therefore, The Chamber supports improvements to the quality of our health care system. They include legislation that will improve payments to health care providers of essential health care services and increase long term care capacity and access statewide. Appropriating funds to match the federal funding for medicaid is the first step in the right direction to ameliorate the current state of health care in Hawaii.

In light of the above, The Chamber of Commerce of Hawaii supports SB 2093. Thank you for the opportunity to provide testimony.



SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

Conference Room 016
February 2, 2012 at 1:15 p.m.

Supporting SB 2093: Relating to Health

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of SB 2093, which addresses the provider payment issue to ease the transition of patients from acute to long term care.

On any given day there are an average of 150 patients in Hawaii's hospitals who have been treated so that they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient and creates a serious financial drain on hospitals. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. Patients may be waitlisted for a matter of days, weeks, or months, and in some cases over a year.

The Healthcare Association has advocated for solutions to the waitlist problem since 2007, when it sponsored SCR 198, which directed the Association to study the problem and propose solutions. The Association subsequently created a task force for that purpose, which studied the problem, wrote a report, and submitted it to the Legislature. Since then the Association has sponsored two measures that have been designed to:

- (1) Promote the movement of waitlisted patients out of acute care;
- (2) Reduce unpaid costs incurred by hospitals and free up hospital resources so that they can be used to treat those who need that higher level of care; and
- (3) Enable long term care facilities to accept waitlisted Medicaid patients with complex medical conditions while addressing the additional costs related to their care.

The two waitlist bills sponsored by HAH have advanced further in the Legislature each year since they were first introduced, and last year they both went to conference. HAH is again sponsoring these bills in 2012. One bill addresses the Medicaid eligibility process, and this bill addresses Medicaid payments.

Thank you for the opportunity to testify in support of SB 2093.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2012 10:18 AM
To: HMS Testimony
Cc: Brenda.Kosky@gmail.com
Subject: Testimony for SB2093 on 2/2/2012 1:15:00 PM

Testimony for HMS 2/2/2012 1:15:00 PM SB2093

Conference room: 016
Testifier position: Support
Testifier will be present: Yes
Submitted by: Brenda Kosky
Organization: Consumer Family & Youth Alliance
E-mail: Brenda.Kosky@gmail.com
Submitted on: 1/31/2012

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 29, 2012 12:19 PM
To: HMS Testimony
Cc: robertscottwall@yahoo.com
Subject: Testimony for SB2093 on 2/2/2012 1:15:00 PM

Testimony for HMS 2/2/2012 1:15:00 PM SB2093

Conference room: 016
Testifier position: Support
Testifier will be present: Yes
Submitted by: Scott Wall
Organization: Individual
E-mail: robertscottwall@yahoo.com
Submitted on: 1/29/2012

Comments: