

NEIL ABERCROMBIE
GOVERNOR



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February 11, 2013

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 872 – MAKING AN EMERGENCY APPROPRIATION TO
THE DEPARTMENT OF HUMAN SERVICES FROM THE
NURSING FACILITY SUSTAINABILITY PROGRAM SPECIAL
FUND**

Hearing: Wednesday, February 13, 2013; 2:00 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of H.B. 872 is to appropriate the sum of \$12,000,000, or so much thereof as may be necessary for fiscal year 2012–2013, out of the Nursing Facility Sustainability Program Special Fund with such moneys to be used consistent with the Nursing Facility Sustainability Program Special Fund, including the reimbursement of moneys advanced for those purposes in fiscal year 2012-2013 from the health care payments program (HMS 401).

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill that would not require any new appropriation of general funds. Due to a technical omission, the Nursing Facility Sustainability Program enacted last year did not include the authorization to expend from the special fund monies received from fees that were deposited into it.

The Nursing Facility Sustainability Program was established through Act 156 in the 2012 legislative session. The program allows the DHS to assess fees on nursing facilities and utilize the monies received to draw down federal dollars for supplemental payments to the nursing facilities, passed through the Medicaid contracted health plans, in order to help offset their uncompensated care.

The DHS has used monies out of Medicaid's health care payments program (HMS 401) to make the supplemental payments so that payments to nursing facilities would not be delayed due to the technical issue. This bill allows funds from the Special Fund to be used to reimburse Medicaid's HMS 401 account for monies already advanced and for the required supplemental payments for the rest of fiscal year 2012-2013.

Without the authorization to expend monies out of the special fund, the DHS will not be able to continue making supplemental payments to nursing facilities and will face a shortfall for the monies it advanced in good faith and in the spirit of the intent of Act 156.

Thank you for the opportunity to provide testimony on this bill.

HOUSE COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair

February 13, 2013 at 2:00 p.m.
Conference Room 308

Supporting HB 872: Making an Emergency Appropriation to the Department of Human Services from the Nursing Facility Sustainability Program Special Fund.

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 HB 872, which makes an emergency appropriation that enables the Nursing Facility Sustainability Program to become fully operational by allowing money in its Special Fund to be used for the program.

Due to a technical oversight, it was discovered that money in the Special Fund may not be used for the program, so money from another fund has been used temporarily. This bill corrects the problem, restoring the money in the other fund and funding the program as originally envisioned.

The Legislature created the Nursing Facility Sustainability Program last year by enacting Act 156. Recognizing that Medicaid payments are below the actual costs of care, this program increases Medicaid payments to nursing facilities. The program does that by assessing a fee on nursing facilities, using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to nursing facilities.

Non-government nursing facilities are assessed an annual fee based on the amount of care they provide. Payment is based on the amount of a nursing facility's Medicaid utilization. As such, the fees and payments are different for every nursing facility.

The program has been successful. This bill ensures that Medicaid enrollees will continue to have access to the institutional long term care that they need.

Thank you for the opportunity to testify in support of HB 872.



February 13, 2013

HOUSE COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

RE: **Support of HB 872: Making an Emergency Appropriation to the Department of Human Services from the Nursing Facility Sustainability Program Special Fund**

February 13, 2013 at 2:00 p.m.

Conference Room 308

As the Administrator of Hale Makua Wailuku, a long-term care community with a capacity for 90 Elders, I urge you to support HB 872.

The Legislature created the Nursing Facility Sustainability Program last year by enacting Act 156. Due to a technical oversight, it was discovered that money in the Special Fund may not be used for the program, so money from another fund has been used temporarily. This bill corrects the problem, restoring the money in the other fund and funding the program as originally envisioned.

On average over the course of 2012, 88% of Hale Makua Wailuku's residents had Medicaid as their payer. Medicaid reimbursements are less than our cost of providing care. The Nursing Facility Sustainability Program helps to rectify that situation by assessing a fee on nursing facilities, using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to nursing facilities. The State also benefits by keeping a portion of these funds, making this a win-win proposal.

Thank you for the opportunity to comment and share my support of HB 872.

Sincerely,

Connie Miller, Administrator