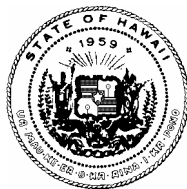


NEIL ABERCROMBIE
GOVERNOR



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DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
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March 22, 2013

TO: The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means

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: Friday, March 22, 2013; 9:00 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of H.B. 872 is to appropriate the sum of \$12,000,000, or so much as may be necessary for fiscal year 2012-2013, out of the Nursing Facility Sustainability Program Special Fund with such monies to be used consistent with the Nursing Facility Sustainability Program Special Fund, including the reimbursement of monies 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 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 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.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: gcoleman@hah.org
Subject: Submitted testimony for HB872 on Mar 22, 2013 09:00AM
Date: Thursday, March 21, 2013 8:45:03 AM

HB872

Submitted on: 3/21/2013

Testimony for WAM on Mar 22, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
George Greene	Healthcare Association of Hawaii	Comments Only	Yes

Comments: SENATE COMMITTEE ON WAYS AND MEANS Senator David Ige, Chair March 22, 2013 at 9:05 a.m. Conference Room 211 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, a majority of home health agencies and hospices, as well as long term care facilities and other health care organizations. Our members contribute significantly to Hawaii's economy by employing nearly 20,000 people statewide, delivering quality care to the people of Hawaii. Thank you for this opportunity to comment 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. It was discovered that, due to a technical oversight in the original legislation, money in the Special Fund may not be used for the program. Meanwhile, to begin the operation of the program, money from another fund has been used temporarily. This bill corrects the problem, authorizing money from the Special Fund to be used, 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 since it began a few months ago. 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 comment in support of HB 872.

Please note that testimony submitted less than 24 hours prior to the hearing,

improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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