

HB 872

Measure Title: MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HUMAN SERVICES FROM THE NURSING FACILITY SUSTAINABILITY PROGRAM SPECIAL FUND.

Report Title: Emergency Appropriation; Nursing Facility Sustainability Program Special Fund (\$)

Description: Appropriates 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).

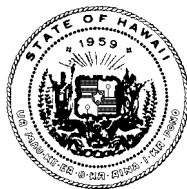
Companion: SB1103

Package: Gov

Current Referral: HMS, WAM

Introducer(s): SOUKI (Introduced by request of another party)

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
DIRECTOR

BARBARA YAMASHITA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809

March 9, 2013

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

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: Saturday, March 9, 2013; 3:00 p.m.
Conference Room 229, 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.



March 9, 2013

To: Chair Suzanne Chun Oakland and Members
Senate Committee on Human Services
From: Bob Ogawa, President
Re: HB 872 – Making an emergency appropriation to
the Department of Human Services from Nursing Facility
Sustainability Program Special Fund

The Hawaii Long Term Care Association (HLTCA) strongly supports HB 872. The passage, enactment and implementation of the Nursing Facility Sustainability Program was one of the most extraordinary examples of public-private collaboration and cooperation I have ever experienced. Part of what that involved was the advancement of moneys from the DHS health care payments program (HMS 401) to nursing facilities until payments could be made from the special fund. All of our mainland consultants expressed amazement and admiration that such action was taken. Among them all, they had been involved in nearly every other such program across the Nation. In their experiences and opinions, nowhere else had there ever been or would there ever be such good faith partnership.

Now that CMS approval has been granted and nursing facility fees have begun to be collected (as of January 21, fully retroactive to July 1, 2012), the Department of Human Services is seeking this emergency appropriation to ensure continued timely payments and that there will be no disruption in the provision of medically necessary services to program recipients.

The HLTCA wholeheartedly supports the DHS request and asks your approval of it.
Thank you.

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.

"Health care that is safe, health care that works, and health care that leaves no one behind"

THE SENATE
COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair

NOTICE OF HEARING
Saturday, March 9, 2013, 3:00 p.m.
Conference Room 229
State Capitol
415 South Beretania Street

Howard Ainsley
East Hawaii Regional CEO
Hawaii Health Systems Corporation

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

Thank you for this opportunity to provide testimony relating to the Emergency Appropriation to the Department of Human Services. I strongly support this Administration's measure 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.

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.

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.

Again, I thank you for this opportunity to provide testimony.

Respectfully submitted by: Howard Ainsley, East Hawaii Regional CEO
1190 Waiuanue Avenue, Hilo, HI 96720
(808) 932-3101

SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

March 9, 2013 at 3:00 p.m.
Conference Room 229

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 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.

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 testify in support of HB 872.



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SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

March 9, 2013 – 3:00pm
Conference Rm. 229

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

Pearl City Nursing Home is a 122 bed Nursing Facility in operations since 1995, caring and partnering with families of frail and older adults of our community.

The Legislature enacted Act 156 in 2012, the Nursing Facility Sustainability Program. This program assesses a fee on nursing facilities, and using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to nursing facilities. Payment by nursing facilities is based on Medicaid utilization, which varies for every facility, resulting in differing fees and payments. This bill ensures Medicaid enrollees to have access to institutional long term care with the hope to remain safe and cared for ; or return home or a community setting.

HB872 corrects and restores the money that was used for the program administration from another fund into the Special Fund, which was originally intended.

The Nursing Facility Sustainability Program is successful and reflects the collaborative effort to ensure access and quality care for our frail and older adult citizens. It enables the facility to provide the care that supports the resident and the family during a vulnerable stage of life.

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

Respectfully Submitted
Bernadette Ledesma
Administrator

