

# LATE TESTIMONY



Pearl City  
Nursing  
Home

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HOUSE COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair

February 13, 2013

## **Supporting HB 880 HD 1: Relating to the Nursing Facility Sustainability Program**

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.

With deep budget cuts from Medicare, Medicaid, Health Plans, the impact of the Affordable Care Act, and increasing older adults health needs, nursing facilities are all too familiar with the cliff's edge. The Legislature enacted Act 156 in 2012, the Nursing Facility Sustainability Program. Participating nursing facilities are assessed a fee based on Medicaid utilization, which varies among the facilities, resulting in differing fees and payments. The revenue is used to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to nursing facilities. This bill ensures Medicaid enrollees to have access to institutional long-term care.

This bill has been well accepted and is the result of a collaborative effort with DHS, Healthcare Association of Hawaii and Hawaii Long Term Care Association and strives to benefit the frail and older adult citizens and their families.

Thank you for this opportunity to testify in support of HB 880 HD1, which extends its sunset for one year, to June 30, 2014.

Respectfully Submitted,  
Bernadette Ledesma  
Administrator



**HALE MAKUA HEALTH SERVICES**

**LATE TESTIMONY**

HOUSE COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair

RE: **Support of H.B. 880 HD1: Relating to the Nursing Facility Sustainability Program**

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

Aloha Chair Luke and Members of the House Finance Committee;

Aloha my name is Tony Krieg, C.E.O. of Hale Makua Health Services on Maui. We operate the only free-standing nursing homes on Maui with 344 beds. On average over the course of 2012, 80% of both of Hale Makua nursing home 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.

Hawaii's Medicaid population need access to long-term care communities, and the Nursing Facility Sustainability Program supports non-government homes in providing this service. This program has been approved by the Centers for Medicare and Medicaid Services (CMS) and is in use in over 44 other states.

Thank you for the opportunity to comment and share my support of HB 880



**HALE MAKUA HEALTH SERVICES**

**LATE TESTIMONY**

February 13, 2013

HOUSE COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice Chair  
Representative Aaron Johanson, Vice Chair

RE: **Support of HB 880 HD1: Relating to the Nursing Facility Sustainability Program.**  
February 13, 2013 at 2:00 p.m.  
Conference Room 308

As the Chief Financial Officer of Hale Makua Health Services, a provider of health services including two of Maui's nursing homes, I urge you to support HB 880 HD1.

Hale Makua Health Services provides care to an average of 235 residents at its Kahului location and 82 residents at its Wailuku location. 76% of our residents are covered by Medicaid at our Kahului location and 88% at our Wailuku location. It has been difficult for our nursing homes to sustain themselves because our Medicaid reimbursements are less than our cost of providing care. At Hale Makua Wailuku, we lose \$24 a day on a Medicaid resident.

The Nursing Facility Sustainability Program helps to temporarily repair our difficult financial 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.

Hawaii's Medicaid population need access to long-term care communities, and the Nursing Facility Sustainability Program supports non-government homes in providing this service.

Thank you for the opportunity to comment and share my support of HB 880 HD1.

Sincerely,

Joyce Tamori  
Chief Financial Officer



# LATE TESTIMONY

February 1, 2013

To: Chair Sylvia Luke and Members  
House Committees on Finance  
From: Bob Ogawa, President  
Re: HB 880, HD 1 – Relating to the Nursing Facility  
Sustainability Program

The Hawaii Long Term Care Association (HLTCA) strongly supports HB 880 HD 1, which extends the Nursing Facility Sustainability Program. You are all well-familiar with the substantial financial and services challenges that face our State medicaid system. Long term care facilities, in particular, have been falling into increasingly dire straits just as the leading edge of the Baby Boomer Generation has begun to turn 65. As such, this Legislature and the Administration acted swiftly and decisively last session in establishing this initiative and supporting, in historic fashion, our troubled senior care infrastructure at the most critical of times.

Very simply, this program uses provider fees to draw down essential additional federal funds to cope with budget shortfalls, rising healthcare costs and ever-expanding medicaid rolls. This has resulted in increased reimbursements to nursing facilities, thus reducing the losses they were incurring, preserving access to care for the medicaid population and helping to ensure sustainability for our long term care system.

Between the HLTCA and the Healthcare Association of Hawaii, we represent all the skilled nursing facility beds in the State of Hawaii. As such, like we did in 2012, we present to you a united front in support of this legislation.

Having been part of both endeavors, I can personally tell you that, along with the Medicaid Reimbursement Equity Act of 1998, the Nursing Facility Sustainability Program is one of the two most important long term care measures enacted in my lifetime. Moreover, passage and implementation involved a public-private partnership unlike any I have ever experienced in over 35 years in politics. Please allow us to continue with this program for the benefit of our senior community and its health and welfare. Part of HLTCA's mission statement says: *How we provide for Hawaii's kupuna, chronically ill and convalescent disabled is a measure of the respect and compassion we have for them . . . a reflection of our dignity as a society.*

Enabling the nursing facility sustainability program to continue indeed reflects our dignity as a society. It says that we will not let the system fail, because we will not fail our kupuna. Thank you.