



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 22, 2013

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

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 880, H.D.2, S.D.1 - RELATING TO THE NURSING FACILITY
SUSTAINABILITY PROGRAM**

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

PURPOSE: The purpose of the bill is to amend Act 156, Session Laws of Hawaii 2012, to continue the Nursing Facility Sustainability Program by extending the sunset date of the Act, updating the referral dates in the statute, and appropriating funding out of the Nursing Facility Sustainability Program Special Fund for FY2013-2014.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill. Act 156, Session Laws of Hawaii 2012, established the Nursing Facility Sustainability Program. The Nursing Facility Sustainability Program leverages available federal funding for the DHS to make supplemental payments to nursing facilities to help offset their uncompensated care costs and thereby increases the sustainability of Hawaii's long term care facilities.

The DHS has been able to obtain approval from the Centers for Medicare & Medicaid Services (CMS) to implement the Nursing Facility Sustainability Program. The

nursing facilities will be submitting \$11.5 million into the special fund and the DHS will be paying back out \$21 million to the nursing facilities through the health plans this year.

The DHS, the Hawaii Long Term Care Association, and the Healthcare Association of Hawaii worked closely on developing the amendments to this bill. Through good faith partnership, the two parties agreed to continue the same provisions for next year's Nursing Facility Sustainability Program.

The fees authorized in the Nursing Facility Sustainability Program are levied on non-governmental nursing facilities and are used largely to leverage federal funds and increase reimbursements to nursing facilities, with a greater benefit to those providing proportionately more services to Medicaid recipients. These additional monies will increase the sustainability of nursing facilities in Hawaii to continue as a critical part of the long-term safety-net.

Hawaii's residents benefit by having more sustainable nursing facilities and thereby have increased access to necessary long term care services.

Thank you for the opportunity to testify on this bill.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: gcoleman@hah.org
Subject: Submitted testimony for HB880 on Mar 22, 2013 09:00AM
Date: Thursday, March 21, 2013 8:55:20 AM

HB880

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 9:00 a.m. Conference Room 211 Supporting HB 880 HD 2 SD 1: Relating to the Nursing Facility Sustainability Program 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 880 HD 2 SD 1, which modifies the Nursing Facility Sustainability Program and extends its sunset for one year, to June 30, 2014. The Legislature created this program last year by enacting Act 156. Recognizing that Medicaid payments were 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. This bill is the result of a collaborative effort between DHS and HAH. Nursing facilities constitute a critical element of the health care continuum, and the majority of residents in Hawaii's nursing facilities are Medicaid enrollees. They are the ultimate beneficiaries of this bill, which ensures that they continue to have access to quality care. Thank you for the opportunity to comment in support of HB 880 HD 2 SD 1.

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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