

HB 880, HD2

Measure Title: RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

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

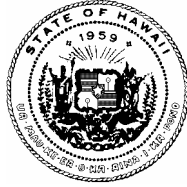
Description: Continues the Nursing Facility Sustainability Program by extending the sunset date of Act 156, Session Laws of Hawaii 2012; appropriates funds for the program for fiscal year 2013-2014. Effective 07/01/2030. (HD2)

Companion: SB1111

Package: Gov

Current Referral: HMS, WAM

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



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 9, 2013

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

FROM: Patricia McManaman, Director

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

Hearing: Saturday, March 9, 2013; 3:00 p.m.
Conference Room 229, 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, the Hawaii Long Term Care Association, and the Healthcare Association of Hawaii worked closely on developing the amendments to this bill. Through good faith



March 9, 2013

To: Chair Suzanne Chun Oakland and Members
Senate Committees on Human Services
From: Bob Ogawa, President
Re: HB 880, HD 2 – Relating to the Nursing Facility
Sustainability Program

The Hawaii Long Term Care Association (HLTCA) strongly supports HB 880 HD 2, 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.

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.

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.

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.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Everyday"

Senate Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Josh Green, M.D., Vice Chair

March 9, 2013
Conference Room 229
3:00 p.m.
Hawaii State Capitol

Testimony Strongly Supporting House Bill 880, HD2, Relating to the Nursing Facility Sustainability Fee Program. Continues the Nursing Facility Sustainability Program by extending the sunset date of Act 156, Session Laws of Hawaii 2012; appropriates funds for the program for fiscal year 2013-2014.

Bruce S. Anderson, Ph.D.
President and Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in strong support of HB 880, HD2, that continues the Nursing Facility Sustainability Program.

Given that health care provider reimbursements are declining at both the federal and state level, it is imperative that health care providers find innovative ways to generate revenues to offset the decline in reimbursements. We believe that the concept of a provider fee on health care items or services provided by nursing facilities is a good financing mechanism that leverages federal funds to increase the reimbursements to nursing facilities from the QUEST and QUEST Expanded Access (QEXA) programs.

As is common in other states that have implemented sustainability fee programs, the public hospitals of the Hawaii Health Systems Corporation are being exempted from the nursing facility sustainability fee. This is being done to maximize both the amount of federal funds that the private nursing facilities will receive through the nursing facility sustainability fee program and the amount of federal matching funds the public hospitals can receive under the State of Hawaii's Section 1115 waiver. As a matter of public policy, the public hospitals should be allowed to utilize their certified public expenditures to the maximum extent possible for their exclusive benefit as a means of continuing financing for their operating deficits. In this way, the greatest amount of federal funds

may be realized and the private nursing facilities and the public hospitals as a whole will receive greater reimbursements than they are currently receiving.

Thank you for the opportunity to testify before this committee. We would respectively recommend the Committee's support of this measure.

"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 880, HD2 – Relating to the Nursing Facility Sustainability Program.

Thank you for this opportunity to provide testimony relating to the Nursing Facility Sustainability Program. I strongly support this Administration's measure that would amend Act 156, Session Laws of Hawaii 2012, to extend the repeal date of the Nursing Facility Sustainability Program to June 30, 2014, and appropriates \$12 million out of the Nursing Facility Sustainability Program Special Fund to be used for purposes consistent with the special fund.

The Nursing Facility Sustainability Program leverages available federal funding for the Department of Human Services to make supplemental payments to nursing facilities to help offset their uncompensated care costs, thereby promoting the sustainability of long-term care facilities in the State. This measure will benefit Hawaii residents by enabling nursing facilities to continue to provide much needed long-term care services.

The fees authorized in the Nursing Facility Sustainability Program are levied on nongovernmental 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. I understand that the State Department of Human Services (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.

This bill is the result of a collaborative effort between DHS and Healthcare Association of Hawaii (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.

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

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

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



HALE MAKUA HEALTH SERVICES

March 8, 2013

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

RE: **Support of HB 880 HD2: Relating to the Nursing Facility Sustainability Program.**
March 9, 2013 at 3:00 p.m.
Conference Room 229

Aloha Chairs Oakland and Green and members of the Senate Health and Human Services Committees. 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 a total of 344 beds. On average over the course of 2012, 80% of the residents of these homes 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 percentage of the combined amount directly to nursing facilities. The State also benefits by keeping a portion of these funds, for other health related programs, making this a win-won proposal.

Hawaii's Medicaid population needs access to long term care communities and this program supports our ability to continue to provide this services. As you know this program has been approved by the Centers for Medicare and Medicaid Services (CMS) and is in use in many other states. Thank you for the opportunity to comment and share my support of HB 880 HD2.

Sincerely,

Tony Krieg
C.E.O
Hale Makua Health Services



HALE MAKUA HEALTH SERVICES

March 8, 2013

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

RE: **Support of HB 880 HD2: Relating to the Nursing Facility Sustainability Program.**
March 9, 2013 at 3:00 p.m.
Conference Room 229

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 HD2.

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 HD2.

Sincerely,

Joyce Tamori
Chief Financial Officer

From: mailinglist@capitol.hawaii.gov
To: [HMS Testimony](#)
Cc: mauimuffy@yahoo.com
Subject: Submitted testimony for HB880 on Mar 9, 2013 15:00PM
Date: Saturday, March 09, 2013 10:05:01 AM

HB880

Submitted on: 3/9/2013

Testimony for HMS on Mar 9, 2013 15:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Merie-Ellen Gushi	Hale Makua Health Services	Support	No

Comments: Aloha Members of the Senate Human Services and Health Committees
My name is Muffy Gushi and I am a member of the Hale Makua Health Services Board of Directors. I am writing in support of HB 880 HD2 which continues the Nursing Facility Sustainability Program. Hale Makua Health Services operates two nursing homes on Maui which provide 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 HD2. Sincerely, Merie-Ellen "Muffy" Gushi

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SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

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

Supporting HB 880 HD 2: 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 testify in support of HB 880 HD 2, 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 testify in support of HB 880 HD 2.



919 Lehua Ave., Pearl City, HI 96782
Telephone: 808-453-1919

SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

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

Supporting HB 880 HD2: **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.

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.

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 880 HD2.

Respectfully Submitted
Bernadette Ledesma
Administrator

From: mailinglist@capitol.hawaii.gov
To: [HMS Testimony](#)
Cc: paul96732@gmail.com
Subject: Submitted testimony for HB880 on Mar 9, 2013 15:00PM
Date: Friday, March 08, 2013 1:32:38 PM

HB880

Submitted on: 3/8/2013

Testimony for HMS on Mar 9, 2013 15:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Paul Hiranaga	Individual	Support	No

Comments: I am writing in support of HB 880 HD2, which continues the Nursing Facility Sustainability Program. As we all know, Medicaid reimbursements do not cover the cost of providing care. 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.

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8 March, 2013

To: Committee on Human Services

Re: HB 880 HD2

Dear Senator Chun Oakland and Committee Members:

I am a member of the not for profit Hale Makua Health Services Board of Directors and I am writing to support HB 880 HD2 which continues the Nursing Facility Sustainability Program and would like to enlist your support in moving this bill along.

Hale Makua operates two nursing facilities on Maui and we have an average daily census of 317 residents with over 80% being covered by Medicaid which does NOT cover our costs of serving these residents.

We absolutely need the continuation of this Nursing Facility Sustainability Program to help us to continue to be able to provide the excellence in healthcare that Hale Makua is known for.

With Best Regards,

Roy Sakamoto

From: mailinglist@capitol.hawaii.gov
To: [HMS Testimony](#)
Cc: wailua@aya.yale.edu
Subject: *Submitted testimony for HB880 on Mar 9, 2013 15:00PM*
Date: Thursday, March 07, 2013 11:59:43 PM

HB880

Submitted on: 3/7/2013

Testimony for HMS on Mar 9, 2013 15:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Wailua Brandman APRN-Rx BC FAANP		Support	No

Comments:

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