

SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

February 5, 2013 at 1:15 p.m.
Conference Room 016

Supporting SB 1103: Making an Emergency Appropriation to the Department of Human Services from the Nursing Facility Sustainability Program Special Fund.

The Healthcare Association of Hawaii (HAH) advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of SB 1103, which makes an emergency appropriation to improve Medicaid payments to nursing facilities.

Recognizing that Medicaid payments were below the actual costs of care, the Legislature created the Nursing Facility Sustainability Program last year by enacting Act 156, which 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.

Specifically, non-government nursing facilities are assessed an annual fee based on their patient revenues. Payment is based on the amount of a nursing facility's uncompensated care, which consists of nonpayment by uninsured patients and underpayment by Medicaid. As such, the fees and payments are different for every nursing facility. As a result of the program, Medicaid payments to many nursing facilities are now nearly equal to the actual costs of care.

Unfortunately, it was discovered after the bill was passed that Act 156 did not include the technicality of an appropriation from the Nursing Facility Sustainability Program Special Fund. In order to begin the Nursing Facility Sustainability Program, the Department of Human Services used money from another fund as a temporary solution. HB 871 will reimburse those moneys and enable the program to operate as envisioned.

The great majority of Hawaii's nursing facility population consists of Medicaid enrollees. This bill will help ensure that they continue to have access to the care that they need.

Thank you for the opportunity to testify in support of SB 1103.