

SENATE COMMITTEE ON HUMAN SERVICES  
Senator Suzanne Chun Oakland, Chair

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

**Supporting SB 1111: Relating to the Nursing Facility Sustainability Program.**

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 1111, which modifies the Nursing Facility Sustainability Program and extends its sunset date to June 30, 2014.

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.

Non-government nursing facilities are assessed an annual fee based on their resident 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 for many facilities are now nearly equal to the actual costs of care.

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

Thank you for the opportunity to testify in support of SB 1111.