

SB 1111

Measure Title: RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

Report Title: Nursing Facility Sustainability Program; Nursing Facility Sustainability Program Special Fund

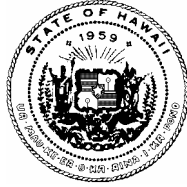
Description: Amends Act 156, Session Laws of Hawaii 2012, to continue the Nursing Facility Sustainability Program by extending the sunset date of the Act, updating the referral dates in the statute, and appropriating funding out of the nursing facility sustainability program special fund for fiscal year 2013-2014. Effective June 29, 2013. Repeals June 30, 2014.

Companion: HB880

Package: Gov

Current Referral: HMS, WAM

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



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

February 5, 2013

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

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 1111 - RELATING TO THE NURSING FACILITY
SUSTAINABILITY PROGRAM**

Hearing: Tuesday, February 05, 2013; 1:15 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of the S.B. 1111 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 fiscal year 2013-2014.

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 Long-term Care Association of Hawaii, and the Healthcare Association of Hawaii worked closely on developing the amendments in this bill.

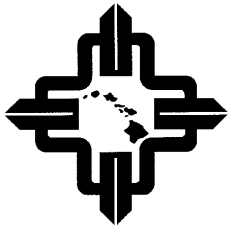
Through good faith partnership, the two parties agreed to continue the same provisions for next year's Nursing Facility Sustainability Program.

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 reimbursement to nursing facilities, with a greater benefit to those providing proportionately more services to Medicaid recipients. These additional moneys will increase the sustainability of nursing facilities in Hawaii to continue as a critical part of the long-term care safety-net.

The DHS has been able to obtain approval from the federal 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 residents benefit by having more sustainable nursing facilities and thereby have increased access to necessary long-term care.

Thank you for the opportunity to testify on this bill.



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

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

February 5, 2013
Conference Room 016
1:15 p.m.
Hawaii State Capitol

Testimony Strongly Supporting Senate Bill 1111 Relating to the Nursing Facility Sustainability Program Amends 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 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 SB 1111 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

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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.