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# A BILL FOR AN ACT

RELATING TO LONG-TERM CARE FACILITIES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that long-term care  
2 facilities in the State face major financial challenges in  
3 providing quality health care for Hawaii residents. These  
4 challenges are largely the result of payments for medicaid  
5 enrollees that do not cover the actual costs of care. Long-term  
6 care facilities have not received an inflationary update to  
7 their reimbursement rates for a number of years and, as such,  
8 have seen the gap between costs and reimbursements widen  
9 considerably. The financial effect is further magnified by the  
10 fact that roughly seventy per cent of patients in long-term care  
11 facilities are covered by the state medicaid program.

12           The purpose of this Act is to preserve access to health  
13 care for medicaid recipients by providing an inflationary  
14 adjustment to the long-term care reimbursement methodology used  
15 to reimburse facilities for medicaid recipients.



1 SECTION 2. Chapter 346D, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§346D- Inflationary adjustment. (a) The department of  
5 human services shall recognize an annual cost increase to a  
6 long-term care facility's provider-specific prospective payment  
7 rate by applying an inflation adjustment to the provider's  
8 historical costs or basic prospective payment system rates.

9 (b) The annual inflation factor shall be the rate approved  
10 by the federal government in the medicaid state plan.

11 (c) The cost increase shall only apply for fiscal year  
12 2016-2017."

13 SECTION 3. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$ or so much  
15 thereof as may be necessary for fiscal year 2016-2017 for the  
16 purpose of providing an inflationary adjustment to long-term  
17 care facilities' provider-specific prospective payment rates.

18 The sum appropriated shall be expended by the department of  
19 human services for the purposes of this Act.

20 SECTION 4. New statutory material is underscored.



1 SECTION 5. This Act shall take effect upon its approval  
2 and shall be repealed on June 30, 2017.



**Report Title:**

Long-term Care Facilities; Cost Increase; Inflationary  
Adjustment; Appropriation

**Description:**

Provides an inflationary adjustment to the methodology used to  
reimburse facilities for the long-term care of medicaid  
recipients for fiscal year 2016-2017. Makes an appropriation.  
(HB1943 HD1)

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not legislation or evidence of legislative intent.*

