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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.

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



1        "§346D- Inflationary adjustment. (a) The department of  
2 human services shall recognize an annual cost increase to a  
3 long-term care facility's provider-specific prospective payment  
4 rate by applying an inflation adjustment to the provider's  
5 historical costs or basic prospective payment system rates.

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

8        SECTION 3. There is appropriated out of the general  
9 revenues of the State of Hawaii the sum of \$                    or so much  
10 thereof as may be necessary for fiscal year 2016-2017 to provide  
11 a cost increase to a long-term care facility's provider-specific  
12 prospective payment rate by applying an inflation adjustment to  
13 the provider's historical costs or basic prospective payment  
14 system rates; provided that the annual inflation factor shall be  
15 the rate approved by the federal government in the medicaid  
16 state plan.

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

19        SECTION 4. New statutory material is underscored.

20        SECTION 5. This Act shall take effect on July 1, 2050, and  
21 shall be repealed on June 30, 2017.



**Report Title:**

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

**Description:**

Appropriates funds for an inflationary adjustment to  
reimbursement of facilities for the long-term care of medicaid  
recipients. Effective 7/1/2050, and repealed on 6/30/17. (SD2)

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not legislation or evidence of legislative intent.*

