

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

February 16, 2016

TO: The Honorable Dee Morikawa, Chair
The House Committee on Human Services

The Honorable Della Au Belatti, Chair
The House Committee on Health

FROM: Rachael Wong, DrPH, Director

SUBJECT: HB 2342 RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM

Hearing: Tuesday, February 16, 2016, 9:15
Conference Room 329, State Capitol

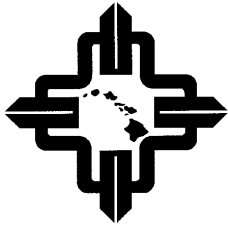
DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this administration measure.

PURPOSE: The purpose of this bill continues the Nursing Facility Sustainability program for one additional year. Appropriates funds out of the nursing facility sustainability program special fund for fiscal year 2016-2017.

This measure will continue to help sustain nursing facilities statewide so that there will be continued access to needed resources by the residents of Hawaii. The Nursing Facility Sustainability Program fee is levied on non-governmental nursing facilities and the revenue from the program fee is used to leverage federal funds which are then utilized to increase reimbursements to nursing facilities with a greater benefit to those providing proportionately more services to Medicaid recipients. These additional moneys will assist in increasing the sustainability of nursing facilities in Hawaii as they are a critical component of the long-term care safety net. The Department has collaborated with stakeholders on the implementation of this program, and will continue to do so should any changes to the bill be necessary.

The Department utilized the entire 12% (\$1.4 million) of the sustainability fees authorized for use by the DHS, to fund the restoration of the 3% reduction in reimbursement rates for the nursing facilities.

Thank you for the opportunity to testify on this measure.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

House Committee on Health
Representative Della Au Belatti, Chair
Representative Richard P. Creagan, Vice Chair

House Committee on Human Services
Representative Dee Morikawa, Chair
Representative Bertrand Kobayashi, Vice Chair

February 16, 2016
Conference Room 329
9:15 a.m.
Hawaii State Capitol

Testimony Supporting House Bill 2342 Relating to the Nursing Facility Sustainability Program
Continues the Nursing Facility Sustainability Program for one year. Appropriates funds out of the Nursing Facility Sustainability Program Special Fund for fiscal year 2016-2017.

Linda Rosen, M.D., M.P.H.
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 support of HB 2342 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 MedQUEST 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 program. 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 MedQUEST program. As a matter of public 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.



February 16, 2016 at 9:15 AM
Room 329

House Committee on Health
House Committee on Human Services

To: Chair Della Au Belatti
Vice Richard P. Creagan

Chair Dee Morikawa
Vice Chair Bertrand Kobayashi

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: Testimony in Support
HB 2342, Relating to the Nursing Facility Sustainability Program

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 180 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

We would like to thank the members of the House Committees on Health and Human Services for the opportunity to testify in **support** of HB 2342. This legislation would extend the Nursing Facility Sustainability Program, which has helped Hawaii nursing facilities to offset some of the losses they incur taking care of the most underserved. HAH's proposed legislation would extend the program through June 30, 2017, and make other adjustments to the program as necessary.

Recognizing that Medicaid payments were below the actual costs of care, the legislature created the nursing facility sustainability program through the enactment of Act 156, SLH 2012 to improve Medicaid reimbursements to nursing facilities. The program achieves this by assessing a fee on private long term care facilities. The funds generated by those fees are then used to obtain additional federal money, which is deposited in the nursing sustainability program special fund and distributed back to the private long term care facilities. Payments back to these facilities are based on utilization of services by Medicaid enrollees.

The funds generated through this program are used to cover payment shortfalls incurred providing long-term care services to Medicaid recipients. This is critical since nursing facilities serve a patient population that is majority Medicaid, with up to 70-80 percent of all patients served at a number of facilities enrolled in the program. These enrollees are the ultimate beneficiaries of this bill, which ensures that they continue to have access to quality care.

However, it is important to note that this program does not fully cover the losses sustained by nursing facilities caring for Medicaid enrollees – instead, this program just helps to *mitigate* the losses nursing facilities incur taking care of underserved beneficiaries.

HAH would respectfully ask for two edits to be made. First, we would request that section 2 be amended at page 4, line 20 to maintain the date December 31, 2016. The current version would change the date to read December 31, 2017, but the update is not necessary.

Second, we would respectfully request that section 3 at page 5, lines 3-17 be removed. This section was included as part of last year's bill as clarifying language, but we do not believe that it has to be updated or amended this year.

We appreciate your consideration of this important matter, and urge your support of this measure.



HALE MAKUA HEALTH SERVICES

COMPASSION. COMMITMENT. COMMUNITY.


February 11, 2016

House Committee on Human Services

To: Chair, Dee Morikawa
Vice Chair, Bertrand Kobayashi

House Committee on Health

To: Chair, Della Au Belatti
Vice Chair, Richard Creagan

From: Tony Krieg 
CEO
Hale Makua Health Services

**Re: Testimony in Support
HB 2342, Relating to the Nursing Facility Sustainability Program**

Thank you for this opportunity to testify in support of HB 2342. Hale Makua Health Services, a non-profit corporation which has provided services to Maui's Kupuna on Maui for over 69 years, operates the only free-standing nursing homes on the island of Maui. We provide care to an average of 235 residents at the Kahului location and 82 residents at its Wailuku location. 74% of our residents are covered by Medicaid at our Kahului location and 80% at our Wailuku location. It has been difficult for our nursing homes to sustain themselves because our Medicaid reimbursements are less than our cost of providing care. At Hale Makua Wailuku, we lose \$9-13 a day on a Medicaid resident.

The sustainability program has been vital to sustaining our operations and, without it we may not be able to continue serving the people of Maui who need long term care. The Nursing Facility Sustainability Program helps to temporarily repair our difficult financial situation 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. The State also benefits by keeping a portion of these funds, making this a win-win proposal.

Hawaii's Medicaid population need access to long-term care communities, and the Nursing Facility Sustainability Program supports non-government homes in providing this service.



HALE MAKUA HEALTH SERVICES

February 12, 2016

House Committee on Human Services

To: Dee Morikawa, Chair
Bertrand Kobayashi, Vice Chair

House Committee on Health

To: Della Au Belatti, Chair
Richard Creagan, Vice Chair

RE: **Support of HB 2342 Relating to the Nursing Facility Sustainability Program**

As the Chief Financial Officer of Hale Makua Health Services, a provider of health services including two of Maui's nursing homes, I urge you to support HB 2342.

Hale Makua Health Services provides care to an average of 227 residents at its Kahului location and 80 residents at its Wailuku location. 74% of our residents are covered by Medicaid at our Kahului location and 83% at our Wailuku location. It has been difficult for our nursing homes to sustain themselves because our Medicaid reimbursements are less than our cost of providing care. We lose between \$9-13 a day on a Medicaid resident at our two homes.

The Nursing Facility Sustainability Program helps to temporarily repair our difficult financial situation 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. The State also benefits by keeping a portion of these funds, making this a win-win proposal.

Hawaii's Medicaid population need access to long-term care communities, and the Nursing Facility Sustainability Program supports non-government homes in providing this service.

Thank you for the opportunity to comment and share my support of HB 2342.

Sincerely,

Joyce Tamori
Chief Financial Officer



February 11, 2016

House Committee on Health
House Committee on Human Services

To: Chair Della Au Belatti
Vice Richard P. Creagan

Chair Dee Morikawa
Vice Chair Bertrand Kobayashi

From: Connie Miller, Administrator
Hale Makua Wailuku

Re: **Testimony in Support**
HB 2342, Relating to the Nursing Facility Sustainability Program
February 16, 2016 at 9:15 AM, Room 329

Thank you for the opportunity to testify in **support** of HB 2342. As the Administrator of Hale Makua Wailuku, a Maui nursing home with a capacity for 90 Elders, I urge you to this bill.

On average in 2015, 82.9% of Hale Makua Wailuku's residents had Medicaid as their payer. Medicaid reimbursements are less than our cost of providing care. The Nursing Facility Sustainability Program helps to mitigate that situation by assessing a fee on nursing homes, using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to nursing homes. The State also benefits by keeping a portion of these funds, making this a win-win proposal.

As a member of the Healthcare Association of Hawaii, I also respectfully ask for two edits to be made. First, that section 2 be amended at page 4, line 20 to maintain the date December 31, 2016. The current version would change the date to read December 31, 2017, but the update is not necessary.

Second, that section 3 at page 5, lines 3-17 be removed. This section was included as part of last year's bill as clarifying language, but we do not believe that it has to be updated or amended this year.

Hawaii's Medicaid population needs access to long-term care communities, and the Nursing Facility Sustainability Program supports non-government homes like Hale Makua in providing this service. It is important to note that this program does not fully cover the losses sustained by nursing homes caring for Medicaid enrollees – instead, this program helps to *mitigate* the losses we incur taking care of underserved beneficiaries.

Thank you for your consideration.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Human Services

The Hon. Dee Morikawa, Chair

The Hon. Bertrand Kobayashi, Vice Chair

House Committee on Health

The Hon. Della Au Belatti, Chair

The Hon. Richard P. Creagan, Vice Chair

Testimony on House Bill 2342

Relating to the Nursing Facility Sustainability Program

Submitted by Dustin Stevens, Public Affairs and Policy Director

February 16, 2016, 9:15 am, Room 329

The Hawaii Primary Care Association supports House Bill 2342, which continues the Nursing Facility Sustainability Program for an additional year.

The Legislature created this program 4 years ago by enacting Act 156, SLH 2012. Recognizing that Medicaid payments were below the actual costs of care, this program 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.

Thank you for the opportunity to testify.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Human Services and
Committee on Health
Tuesday, February 16, 2016 at 9:15 A.M.
Conference Room 329, State Capitol**

**RE: HOUSE BILL 2342 RELATING TO THE NURSING FACILITY
SUSTAINABILITY PROGRAM**

Chairs Morikawa and Belatti, Vice Chairs Kobayashi and Creagan, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2342, which continues the Nursing Facility Sustainability Program for one year. Appropriates funds out of the Nursing Facility Sustainability Program Special Fund for fiscal year 2016-2017.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This bill helps the state and Hawaii hospitals utilize this program to leverage much needed federal dollars for nursing facilities. A sustainable hospital network and health care industry is vital to the health of our employees, business, and our overall quality of life.

Thank you for the opportunity to testify.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Dee Morikawa, Chair, Committee on Human Services
The Honorable Bertrand Kobayashi, Vice Chair, Committee on Human Services
Members, Committee on Human Services

The Honorable Della Au Belatti, Chair, Committee on Health
The Honorable Richard P. Creagan, Vice Chair, Committee on Health
Members, Committee on Health

From:  Paula Yoshioka, Senior Vice President, The Queen's Health Systems

Date: February 12, 2016

Hrg: House Committee on Human Services and House Committee on Health Joint Committee
Hearing; Tuesday, February 16, 2016 at 9:15am in Room 329

Re: **Support for HB 2342, Relating to the Nursing Facility Sustainability Program**

My name is Paula Yoshioka, and I am a Senior Vice President at The Queen's Health Systems (QHS). I would like to express my **strong support** for HB 2342, Relating to the Nursing Facility Sustainability Program.

The Nursing Facility Sustainability Program assist nursing facilities in Hawaii by mitigating losses that are incurred when taking care of underserved populations. The program does this by issuing a fee to nursing facilities and drawing down federal funds to match those generated by the fee. Nursing facilities, in turn, receive an increased reimbursement rate from the state, based on the utilization of services by Medicaid enrollees.

Nursing facilities in Hawaii play a critical role in the continuum of care for our community and QHS is dedicated to providing quality health care services for all who come to our doors, regardless of their ability to pay. For our hospitals like the Queen's Medical Center, Punchbowl, which experiences a waitlist ranging from 40-70 patients, access to non-acute care facilities, such as nursing facilities, are integral in a patients' continued care. Patients on our waitlists are no longer in need of acute care, but due to the limited community based resources and low Medicaid reimbursement, our hospitals are unable to place patients ready for discharge. This, in turn, creates unsustainable situation for very sick patients who need to be admitted to an inpatient bed that may not be available. For several years now, the Nursing Facility Sustainability Program has received support for the Legislature. Such support is necessary to ensure that the State of Hawai'i continues to build up every part of the continuum of care for our community so that the most underserved members of our community have continued access to the care they need.

We respectfully request that section 2 be amended to page 5, line 6 to maintain the date of December 31, 2016. The current version of the bill would change the date to December 31, 2017, but this update is not necessary.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



THE QUEEN'S HEALTH SYSTEMS

We concur with the testimony provided by the Healthcare Association of Hawaii (HAH) and I ask that you support the continuation of the Nursing Facility Sustainability Program.

Thank you for your time and consideration of this matter.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.