



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES

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

February 25, 2015

TO: The Honorable Sylvia Luke, Chair  
House Committee on Finance

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.B. 583 HD1 - RELATING TO LONG TERM CARE FACILITIES**

Hearing: Thursday, February 26, 2015; 11:00 a.m.  
Conference Room 308, State Capitol

**PURPOSE:** The purpose of the bill is to provide for an annual inflationary adjustment to long term care facility prospective payment rates for care provided to Medicaid recipients.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this measure, and offers comments that we are concerned that fixing the rate increase in statute would result in cost implications that may adversely impact priorities of the Executive Budget and limit DHS' ability to adjust the Medicaid budget in response to fiscal down turns and other fluctuations.

This bill proposes to require statutorily, annual Medicaid inflationary rate increases for long term care facilities. The DHS currently has administrative rules, promulgated pursuant to Chapter 91, Hawaii Revised Statutes, which provide for inflationary adjustments to the prospective payment rates for long term care facilities.

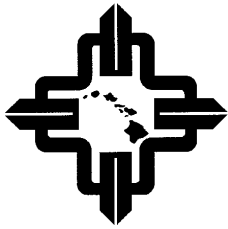
The proposed statutory change will significantly limit the ability of the DHS and the State to adjust the Medicaid budget in response to fiscal fluctuations and would require on-going annual funding, with likelihood of emergency appropriations, to the Medicaid budget.

The current status quo provides for needed flexibility in addressing increased costs. While the inflationary adjustment was suspended in 2011, the nursing facilities have been able to benefit from the Nursing Facility Sustainability Fee Program initiated in 2012. While not meant to supplant inflationary adjustments, the nursing facilities participating in the Nursing Facility Sustainability Fee Program have been able to receive reimbursements to supplement current reimbursements.

This fiscal year nursing facilities will be assessed \$10,346,784 in fees and receive back \$21,614,340 in additional reimbursements. In addition, the DHS receives 12% from the sustainability fee (\$1.4 million). The entirety of the 12% that DHS retains is used to restore a portion of a 3% reduction to the long term care facility rates imposed during the State's economic downturn.

The Developmental Disabilities/Individuals with Intellectual Disabilities (DD/IID) facilities received a 1.8% inflation increase this year which was funded through the Department of Health, and rebased rates for the DD/IID facilities will be effective July 1, 2015.

Additionally while the State is able to utilize the Hawaii Health Systems Corporation (HHSC) losses (\$12.3 million in 2014) to certify the State's loss for providing long term care services for Medicaid recipients, the Medicaid program is able to draw down the federal match portion for those losses (approximately \$6 million) and provide those federal funds back to HHSC.



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

*"Quality Healthcare For All"*

**House Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair**

February 26, 2015  
Conference Room 308  
11:00 a.m.  
Hawaii State Capitol

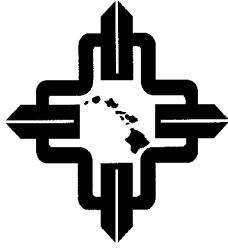
**Testimony Supporting House Bill 583, HD1, Relating To Long-Term Care Facilities.  
Provides for an annual inflationary adjustment to long-term care facility prospective reimbursement rates for care provided to Medicaid Recipients.**

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 583, HD1, that provides for an inflationary adjustment to long-term care facility prospective payment rates.

HHSC operates over 775 long-term care beds; in fact, approximately 60% of HHSC's beds represent long-term care beds. Like other long-term care facilities, HHSC has suffered from a lack of inflationary adjustments in Medicaid long-term care rates for several years. This means that while the cost of providing care increased, there were no offsetting increases in reimbursement rates, forcing long-term care facilities to eat any inflationary costs through their own cash flow. In fiscal year 2014, HHSC was able to certify approximately \$12.3 million in losses from providing long-term care services to QUEST Expanded Access patients. Instituting an inflationary adjustment to long-term care reimbursement rates would certainly help in reducing the cost to the State for funding HHSC's operating losses for its long-term care services.

Thank you for the opportunity to testify before this committee. We would respectively recommend the Committee's support of this measure



**OAHU REGION  
HAWAII HEALTH SYSTEMS CORPORATION**

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HOUSE OF REPRESENTATIVES  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

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NOTICE OF HEARING

DATE: Thursday, February 26, 2015  
TIME: 11:00 A.M.  
PLACE: Conference Room 308  
State Capitol  
415 South Beretania Street  
Honolulu, Hawaii

**Testimony Supporting House Bill 583 HD1, Relating to Long-Term Care Facilities**

Derek Akiyoshi  
Chief Executive Officer  
Oahu Region, Hawaii Health Systems Corporation

The Hawaii Health Systems Corporation - Oahu Region, like other long-term care facilities, has suffered from a lack of inflationary adjustments in Medicaid long-term care reimbursement rates for several years. While the cost of providing direct patient care has increased exponentially, the lack of corresponding increases in reimbursement rates to offset such increases has placed an enormous strain on our long-term care facilities by severely impacting our operating cash reserves.

HB583 HD1, which provides for annual inflationary adjustments to the long-term care reimbursement methodology used to reimburse facilities for Medicaid recipients, will certainly provide welcome relief during these difficult times.

The Oahu Region is comprised of two long term care facilities, Leahi Hospital and Maluhia Healthcare Facility, both of which provide direct patient care services to approximately 300 individuals, the vast majority of whom are covered by Medicaid. Approximately 85% of Oahu region residents are covered by the state Medicaid program. As we look forward to the challenges that lay ahead, any measure that will help us to continue providing quality services to our resident population is appreciated. Thank you for the opportunity to testify in support of HB583.



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**Thursday, February 26, 2015 – 11 a.m.**  
**Conference Room #308**

**House Committee on Finance**

To: Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto, Vice Chair

From: George Greene  
President & CEO  
Healthcare Association of Hawaii

Re: **Testimony in Support**  
**HB583 HD1— Relating to Long-Term Care Facilities**

The Healthcare Association of Hawaii's 160 member organizations include all of the acute care hospitals in Hawaii, all public and private skilled nursing facilities, all the Medicare-certified home health agencies, all hospices, all assisted living facilities, durable medical equipment suppliers and home infusion/pharmacies. Members also represent other healthcare providers from throughout the continuum including case management, air and ground ambulance, blood bank, dialysis, and more. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to testify in **support** of HB583 HD1, which provides for annual inflationary adjustments to the long-term care reimbursement methodology used to reimburse facilities for Medicaid recipients.

Long-term care facilities in the state continue to face major financial challenges in providing quality healthcare to Hawaii residents, primarily due to the fact that payments for Medicaid enrollees do not cover the actual cost of care. Such facilities have not received inflationary adjustments for a number of years, which has only widened the gap between costs and reimbursements. In 2012, the American Health Care Association estimated that this gap nearly averaged \$20 per day (per patient) for Hawaii long-term care facilities. Based on our own recent projections, this gap will increase to nearly \$50 per day (per patient) by FY2018, even with the funding provided by the Nursing Facility Sustainability program. The financial impact is further magnified since approximately 70% of patients in such facilities are covered by the state Medicaid program.

Thank you for the opportunity to testify in support of HB583 HD1.



## THE QUEEN'S HEALTH SYSTEMS

### **HB 583 HD 1, Relating to Long-Term Care Facilities**

#### **House Committee on Finance**

**Hearing—February 26, 2015 at 11:00 AM**

#### **Dear Chairwoman Luke and Members of the House Committee on Finance:**

My name is Paula Yoshioka and I am a Senior Vice President at The Queens' Health Systems. I would like to offer my support for HB 583 HD 1, relating to long-term care facilities. This legislation will provide a much-needed inflationary adjustment to payments made to long-term care facilities.

Supporting long-term care facilities is essential in making sure that residents of Hawaii have access to services along the continuum of care. While we strive to improve community health and prevent hospitalizations, it is inevitable that some people in our community will need to seek acute treatment at one of our QHS facilities. Once discharged from the hospital, these patients and their families will need supports in the community or in long-term care facilities to aid in their post-acute recovery.

I join our partners at the Healthcare Association of Hawaii in supporting this legislation, and would ask for your favorable vote on this measure. 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.*



# ALOHA NURSING REHAB CENTRE

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To: House Committee on Human Services and Health  
Representative Dee Morikawa, Chair, HUS Committee  
Representative Della Belatti, Chair, HLT Committee

From: Charles Harris  
Executive Director  
Aloha Nursing Rehab Centre  
Kaneohe, HI

Re: Testimony in Support of HB583 – Relating to Long Term Care Facilities

Aloha Nursing Rehab Centre is a licensed 141 bed nursing facility that has been serving Kaneohe and the rest of Oahu since 1988. We provide long term nursing care, short term rehabilitation services, hospice services and adult day care services. Because of the introduction of Managed Medicaid in 2009 our admissions have increased by over 250%, our average length of stay for a long term resident has decreased by 57% and our average length of stay for short term residents had decreased by 63% since 2009. Our average occupancy went from 94% in 2008 to an average of 87% over the last four years.

What this means for us is that we are having to admit two and a half times more residents than we did before yet our census has dropped from 94% to 87%. This means that it is costing us more to process that many more admissions and discharges. We have had to add staff in admissions, social services, nursing services, medical records and billing just to keep up with this increase in admissions and discharges. In addition, with our census dropping and virtually no increase in Medicaid Reimbursement since 2008 it has really strained our very existence. Since we operate 24/7 and provide housing, meals, recreation therapy, rehabilitation therapy and nursing care we need this additional inflationary increase each year to survive.

We have heard that the Managed Medicaid program (QxEA) saved the State an enormous amount of money yet we have not shared in any of these savings as the State stopped our DRI increase since 2009. This has made our job even more difficult as we are now taking care of even sicker elderly than ever before while still trying to maintain the high quality care that we each strive to provide our seniors. We ask that you take a close look at our situation and provide an annual inflation factor that truly represents the additional cost of doing business in Hawaii as compared to the mainland. Since almost everything we use in providing the care we provide has to be shipped from the mainland, this cost needs to be considered in our rate of inflation.

Thank you for the opportunity to testify in support of HB583



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THE TWENTY-EIGHTH LEGISLATURE  
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Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

**Testimony in Support**

**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Tony Krieg, C.E.O. of Hale Makua Health Services on Maui. Hale Makua's nursing homes with 344 beds admits, on average 40 patients per month from Maui Memorial Medical Center. Eighty one percent (81%) of the residents in our nursing homes are Medicaid recipients. We have not an increase in our Medicaid rate since 2010. At the same time, costs of food, electricity, gas, supplies etc have increased substantially. The majority of our employees have not had wage increases for four years.

As you know there is a severe shortage of primary care physicians in Maui and the rest of the state. To be admitted to Hale Makua's services, each potential patient needs a primary care physician to care for them. Nearly all of the local physicians on Maui are now too busy to admit and attend patients in our nursing homes. In order to keep patient flow between our homes and Maui Memorial, we are bringing temporary contracted physicians from the Mainland who rotate on a 4-6 month basis. As you can imagine this is very costly and probably not sustainable. But, if we do not continue to provide physician services, we will not be able to continue to admit patients.

We desperately need an inflation increase to keep serving the frail and vulnerable elders and disabled who need 24 hour nursing care. Thank you for the opportunity to testify on this important matter.

**From:** Julie LaCroix <JulieL@halemakua.org>  
**Sent:** Tuesday, February 24, 2015 2:59 PM  
**To:** FINTestimony  
**Subject:** Testimony in support of HB 583 HD1

HOUSE OF REPRESENTATIVES  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

Aloha, my name is Julie LaCroix and I am employed by Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care.

Eighty one percent (81%) of our patients are paid for by the State Medicaid program which reimburses below cost. We have not received an inflationary update to Medicaid reimbursement in many years, even as the cost of supplying goods and services continues to rise. As this legislation points out, the gap between rising costs and reimbursement for care has widened considerably.

Passing this legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

Julie LaCroix | Director

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**Testimony in Support of HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Joyce Tamori and I am the Chief Financial Officer of Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the nursing homes that receive the majority of Maui Memorial Medical Center's patients who need post-acute care. Around 80 percent of our patients are paid for by the State Medicaid program and we have been significantly impacted by not receiving any inflationary updates to the Medicaid reimbursement rates since 2010. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB 583 HD1.

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Rep. Scott Y. Nishimoto, Vice Chair

2/26/15

**Testimony in Support**  
**HB 583 HD1 - Relating to Long Term Care Facilities**

My name is Alice Lee and I am a member of the Hale Makua Health Services Board of Directors. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. The majority of our employees have not received a wage increase in five years. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Meg Obenauf, and I am a member of the Hale Makua Health Services Board of Directors. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary update to Medicaid reimbursement in many years. As this legislation points out, the gap between rising costs and reimbursement for care has widened considerably. The majority of our employees have not received a wage increase in five years. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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2/26/15

**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Brian M. Kakihara and I am a member of the Hale Makua Health Services Board of Directors. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. The majority of our employees have not received a wage increase in five years. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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2/26/15

**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Donald Mitch Mitchell and I am a member of the Hale Makua Health Services Board of Directors. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. The majority of our employees have not received a wage increase in five years. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Gayle Long and I am a member of the Hale Makua Health Services Board of Directors. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. The majority of our employees have not received a wage increase in five years. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.





To: Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice Chair

From: Connie Miller, Administrator, Wailuku Campus  
Hale Makua Health Services

**Re: Testimony in Support**  
**HB 583 HD 1 — Relating to Long-Term Care Facilities**

I am submitting this testimony in **support** of HB583 HD-1, which provides for annual inflationary adjustments to the reimbursement methodology used to reimburse long-term care facilities for Medicaid recipients.

Approximately 85% of the residents in my nursing home are covered by Medicaid, and the payments for Medicaid are less than our actual cost of care. Consequently, my home has been in financial difficulty; a situation that has been exacerbated by a lack of inflationary adjustments for the past five years.

As you are well aware, the cost of electricity, food, and labor continues to grow, but as these expenses rise, our revenue has not increased to offset these costs. I urge you to help us help our Kupuna by voting in favor of HB583 HD-1.

HOUSE OF REPRESENTATIVES  
THE TWENTY-EIGHTH LEGISLATURE  
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COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Medardo Lagat and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

**From:** Mark Souza <MarkS@halemakua.org>  
**Sent:** Tuesday, February 24, 2015 2:52 PM  
**To:** FINTestimony  
**Subject:** HB583 HD1

HOUSE OF REPRESENTATIVES  
THE TWENTY-EIGHTH LEGISLATURE  
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COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Mark Souza and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Carlene Rafael and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points out, the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical in our ability to continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Harvey Mira and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

**From:** Steven Nakashima <StevenN@halemakua.org>  
**Sent:** Tuesday, February 24, 2015 3:14 PM  
**To:** FINTestimony  
**Subject:** HB 583 HD1 - Relating to Long Term Care Facilities

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**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Steven Nakashima and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community.

Thank you for the opportunity to testify in favor of HB583 HD1.

Steven Nakashima | Information Technology Manager/ISO  
**HALE MAKUA HEALTH SERVICES**  
Hale Makua LTC | Home Health | Rehab | Adult Day Health  
a: 472 Kaulana Street | Kahului, HI 96732  
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*"No man is a fool who gives what he cannot keep to gain that which he cannot lose." - Jim Elliott*

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**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Sandra Gaskey and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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2/26/15

**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is ELIZABETH A. IVEY and I am a member of the Hale Makua Health Services Board of Directors. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. The majority of our employees have not received a wage increase in five years. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.



HOUSE OF REPRESENTATIVES  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Veronica Tanner and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Teresa Lopes and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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My name is Janinne Grimes and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points out, the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

From: Christiana Casio <christianac@halemakua.org>  
Sent: Tuesday, February 24, 2015 3:40 PM  
To: FINTestimony  
Subject: Testimony 583 HD1

My name is Christiana Casio and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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My name is Laurie Tomas and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Mona Ordono and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

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**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Sofia Cabias and I am staff member at Hale Makua Health Services. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
Committee on Finance

Charna Underwood, BSW  
charna@hawaii.edu

Hearing: Thursday, February 26, 2015 11:00AM

## **SUPPORT HB 583, RELATING TO LONG-TERM CARE FACILITIES**

My name is Charna Underwood, MSW student at the University of Hawai'i at Manoa, writing to you today **in support of HB 583** to increase Medicaid payment rates for long-term care facilities. I have volunteer and practicum experience in the long-term care system and community case management and have seen first-hand the struggles that families and organizations in Hawaii face as a result of the high costs of long-term care for older adults.

As you likely know, Hawaii is expecting a large increase in our older adult population, with almost 1 in 3 adults over the age of 65 by the year 2035 (EOA, 2011). The largest growing group within our older population will be those over 85, indicating there will soon be a high demand for health services for the oldest and most frail group of elders.

Unfortunately, our current healthcare system is not set up in a way that is profitable to service those populations who are older, sicker, and without financial resources. Part of this problem is that Medicaid does not pay dollar for dollar in the long-term care system, causing deficits for facilities who service these marginalized populations. I do not think facilities who service Medicaid recipients should be forced to take the hit financially, because we cannot neglect those who most need assistance.

Without continued service from long-term care facilities that serve Medicaid recipients, we will have an even larger crisis on our hands than just this deficit in the near future. Without safety net long-term care providers, the exceedingly high prices of long-term care and other healthcare services will cause major health disparity among our older and ailing populations. Therefore, we need to increase Medicaid payment and funding for supportive long-term care programs to care for our elders and those with increased healthcare needs.

So again, please consider the future of our kupuna, those with health needs, and their families and **support HB 583** to increase Medicaid payment rates for long-term care facilities. Thank you for your consideration on this issue.



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COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

2/26/15

**Testimony in Support**  
**HB 583 HD1 – Relating to Long Term Care Facilities**

My name is Paul Hiranaga and I am a member of the Hale Makua Health Services Board of Directors. Hale Makua Health Services operates two nursing homes totaling 344 beds on the Island of Maui. We are the major discharge point from Maui Memorial Medical Center for those who need post acute care. Eighty one percent (81%) of our patients are paid for by the State Medicaid program. We have not received an inflationary updates to Medicaid reimbursement in many years. As this legislation points, out the gap between rising costs and reimbursement for care has widened considerably. The majority of our employees have not received a wage increase in five years. This legislation is critical to our ability continue to be part of the safety net that serves the frail and vulnerable in our community. Thank you for the opportunity to testify in favor of HB583 HD1.

**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Thursday, February 26, 2015 7:28 AM  
To: FINTestimony  
Cc: drobinson@onekalakaua.net  
Subject: \*Submitted testimony for HB583 on Feb 26, 2015 11:00AM\*

**HB583**

Submitted on: 2/26/2015

Testimony for FIN on Feb 26, 2015 11:00AM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dee Robinson	One Kalakaua Senior Living	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**LATE**



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Thursday, February 26, 2015 – 11 a.m.  
Conference Room #329

House Committees on Finance

To: Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

From: Richard Kishaba  
President  
Ohana Pacific Management Company

Re: Testimony in Support  
HB583— Relating to Long-Term Care Facilities

Ohana Pacific Management Company operates four nursing facilities in Hawaii, with almost 400 beds and employing 600 employees. All of our facilities serve Medicaid patients in rural Oahu and on Kauai.

Thank you for the opportunity to testify in support of HB583, which provides for annual inflationary adjustments to the long-term care reimbursement methodology used to reimburse facilities for Medicaid recipients.

Long-term care facilities in the state continue to face major financial challenges in providing quality healthcare to Hawaii residents, primarily due to the fact that payments for Medicaid enrollees do not cover the actual cost of care. Our facilities have not received inflationary adjustments for a number of years, which has only widened the gap between costs and reimbursements. Similar to the American Health Care Association 2012 findings, we estimated that this gap nearly averaged \$20 per day (per patient) for one of our facilities. The financial impact is further magnified in some of our facilities as more than 70% of the patients are covered by the state Medicaid program. Furthermore, our facilities are also financially impacted by generally sicker patients and increasing costs. The inflationary adjustment is important to provide quality care to Hawaii residents.

Thank you for the opportunity to testify in support of HB583.