



HB 583 HD1

Measure Title:	RELATING TO LONG-TERM CARE FACILITIES.
Report Title:	Long-Term Care Facility; Inflationary Update
Description:	Provides for an annual inflationary adjustment to long-term care facility prospective reimbursement rates for care provided to Medicaid recipients. (HB583 HD1)
Companion:	
Package:	None
Current Referral:	HSH, WAM
Introducer(s):	BELATTI

Thursday, March 19, 2015 – 1:45 p.m.
Conference Room #016

Senate Committee on Human Services and Housing

Sen. Suzanne Chun Oakland, Chair
Sen. Josh Green, MD, Vice Chair

Testimony in Support

HB583 HD1 — Relating to Long-Term Care Facilities

My name is Nick Hughey, Chief Business Officer of Hawai'i Health Systems Corporation – Maui Region. 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.

Hawaii's Long-term care facilities (LTC) continue to face significant fiscal challenges in providing quality healthcare to Hawaii residents. Currently Medicaid enrollees generally do not cover the actual cost of care. Hawaii's Long-Term Care 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. The financial impact is further magnified since approximately 70% of patients in such facilities are covered by the state Medicaid program.

It is my understanding if this bill were enacted a general fund appropriation of approximately \$1.55 million would then be eligible for a federal match of approximately \$1.78 million.

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

Nick Hughey

Chief Business Officer

HHSC- Maui Region

Maui Memorial Medical Center * Kula Hospital and Clinic * Lanai Community Hospital



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Senate Committee on Human Services and Housing

To: Sen. Suzanne Chun Oakland, Chair
Sen. Josh Green, MD, 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. The financial impact is further magnified since approximately 70% of patients in such facilities are covered by the state Medicaid program.

In terms of fiscal impact, it is our understanding that this would require a general fund appropriation of approximately \$1.55 million, which would then be eligible for a federal match of approximately \$1.78 million.

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



Committee on Human Services and Housing

To: Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair

From: Richard Kishaba
President
Ohana Pacific Management Company

Re: **Testimony in Strong 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. 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.



THE QUEEN'S HEALTH SYSTEMS

To: Chair Suzanne Chun Oakland
Vice Chair Josh Green
Senate Committee on Human Services and Housing

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

Re: HB 583 HD 1, Relating to Long-Term Care Facilities
Hearing—March 19, 2015 at 1:45 PM

The Queen's Health Systems (QHS) would like to offer 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.

We join our partners at the Healthcare Association of Hawaii in supporting this legislation and 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.



HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

Senate Committee on Human Services and Housing

To: Sen. Suzanne Chun Oakland, Chair
Sen. Josh Green, MD, Vice Chair

Re: Testimony in Support - HB583 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.** And, we have not had 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 and Maui Memorial and the community will suffer

We desperately need an inflation increase to keep serving the frail and vulnerable elders and disabled who need 24 hour nursing care. I urge you to pass this bill on to the Ways and Means Committee for their consideration.

Senate Committee on Human Services and Housing

To: Sen. Suzanne Chun Oakland, Chair
Sen. Josh Green, MD, Vice Chair

From: Joyce Tamori, CFO
Hale Makua Health Services

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

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, primarily due to the fact that payments for Medicaid enrollees do not cover the actual cost of care. Approximately 80% of the residents at our two Hale Makua nursing home are covered by Medicaid. While expenses such as electricity, food, and labor have continued to rise, the revenue from Medicaid has not increased to help offset these costs.

Consequently, Hale Makua Health Services has been experiencing financial difficulty; a situation that has been exacerbated by a lack of inflationary adjustments for the past five years. I respectfully request your support of HB583 HD1.

Thank you.



Senate Committee on Human Services and Housing

To: Sen. Suzanne Chun Oakland, Chair
Sen. Josh Green, MD, Vice Chair

From: Connie Miller, Administrator
Hale Makua, Wailuku

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

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, primarily due to the fact that payments for Medicaid enrollees do not cover the actual cost of care. Approximately 85% of the residents in my nursing home are covered by Medicaid. 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 increase, but as these expenses rise, our revenue from Medicaid has not increased to help offset these costs.

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

From: mailinglist@capitol.hawaii.gov
To: [HSH Testimony](#)
Cc: mkawano@ktsmaui.com
Subject: Submitted testimony for HB583 on Mar 19, 2015 13:45PM
Date: Tuesday, March 17, 2015 11:50:16 AM

HB583

Submitted on: 3/17/2015

Testimony for HSH on Mar 19, 2015 13:45PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Melvin T. Kawano	Hale Makua Health Services	Support	No

Comments: Senate Committee on Human Services and Housing To: Sen. Suzanne Chun Oakland, Chair Sen. Josh Green, MD, Vice Chair From: Melvin T. Kawano, Board Member Hale Makua Health Services Re: Testimony in Support HB583 HD1 — Relating to Long-Term Care Facilities 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, primarily due to the fact that payments for Medicaid enrollees do not cover the actual cost of care. Approximately 80% of the residents at our two Hale Makua nursing home are covered by Medicaid. While expenses such as electricity, food, and labor have continued to rise, the revenue over the last five years from Medicaid has not increased to help offset these costs. Hale Makua Health Services has undertaken major cost containment measures including cessation of the defined benefit pension plans for employees, and proactively implemented new revenue strategies to supplement Medicaid reimbursements. Despite these efforts, the current fiscal health of Hale Makua Health Services remains challenging and the absence of annual inflationary adjustments is untenable and jeopardizes the continuing viability of Hale Makua Health Services. I respectfully request your support of HB583 HD1. Thank you.

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

Senate Committee on Human Services and Housing

To: Sen. Suzanne Chun Oakland, Chair
Sen. Josh Green, MD, Vice Chair

From: Paul Y. Hiranaga, Board Member
Hale Makua Health Services

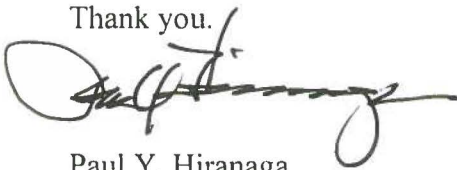
Re: **Testimony in Support**
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Long-term care facilities in the state continue to face major financial challenges, primarily due to the fact that payments for Medicaid enrollees do not cover the actual cost of care. Approximately 80% of the residents at our two Hale Makua nursing home are covered by Medicaid. While expenses such as electricity, food, and labor have continued to rise, the revenue from Medicaid has not increased to help offset these costs.

Consequently, Hale Makua Health Services has been experiencing financial difficulty; a situation that has been exacerbated by a lack of inflationary adjustments for the past five years. I respectfully request your support of HB583 HD1.

Thank you.



Paul Y. Hiranaga
Controller