

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

February 18, 2015

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

The Honorable Della Au Belatti, Chair
House Committee on Health

FROM: Rachael Wong, DrPH, Director

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

Hearing: Thursday, February 19, 2014; 11:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of the bill is to provide 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 offer 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 benefitted from the Nursing Facility Sustainability Program initiated in 2012. The nursing facilities participating in the Nursing Facility Sustainability Program this year will be assessed \$10,346,784 in fees and receive \$21,614,340 in additional reimbursements.

In addition, 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.

If the intent of the Legislature is to provide for an annual increase, the DHS respectfully requests that the increase be appropriated through the Executive Budget rather than fixing the rate increase through statute. Providing additional appropriation through the Executive Budget will preserve the ability of the DHS to respond to the State's changing fiscal conditions. However, any appropriation passed through this measure to address an annual increase could not replace or adversely impact priorities indicated in the Executive Budget.

Thank you for the opportunity to testify on this bill.



THE QUEEN'S HEALTH SYSTEMS

HB 583, Relating to Long-Term Care Facilities
House Committee on Health
House Committee on Human Services
Hearing—February 19, 2015 at 11:00 AM

Dear Chairwoman Belatti, Chairwoman Morikawa, and Members of the House Committees on Health and Human Services:

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, 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.



NURSING FACILITY & ADULT DAY HEALTH CENTER

45-181 Waikalua Road • Kaneohe, Hawaii 96744 • (808) 247-8558 • Fax: (808) 247-4115

February 17, 2015

To: House Committees on Human Services and Health

Rep Dee Morikawa
Rep Della Belatti
Rep Richard Greagan

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

I am writing to request your support for HB583 to allow us to continue to provide quality care to the residents' of Ann Pearl Nursing and Rehabilitation.

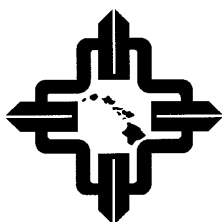
By providing for annual inflationary adjustments to long-term care reimbursement you will be making a statement that you understand the huge gap between costs and reimbursements that is currently in place for our Medicaid residents.

I appreciate the opportunity to voice my request and ask that you take a good look at the financial impact that the lack of inflationary adjustments has on long-term care facilities, the residents and the staff.

Thank you.

Sincerely,

Robin Fortin, Administrator



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

"Quality Healthcare For All"

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

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

February 19, 2015
Conference Room 329
11:00 a.m.
Hawaii State Capitol

**Testimony Supporting House Bill 583, 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 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 respectfully recommend the Committee's support of this measure

kobayashi2-Lynda

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 17, 2015 2:46 PM
To: HUS testimony
Cc: drobinson@onekalakaua.net
Subject: *Submitted testimony for HB583 on Feb 19, 2015 11:00AM*

HB583

Submitted on: 2/17/2015

Testimony for HUS/HLT on Feb 19, 2015 11:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
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.

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HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

Testimony in Support of HB 583

2/17/15

REGULAR SESSION OF 2015

COMMITTEE ON HUMAN SERVICES

Rep. Dee Morikawa, Chair

Rep. Bertrand Kobayashi, Vice Chair

COMMITTEE ON HEALTH

Rep. Della Au Belatti, Chair

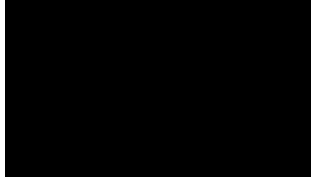
Rep. Richard P. Creagan, Vice Chair

Aloha Chairs, Representative Belatti, Representative Morikawa, and members of the Committees on Health and Human Services

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 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. I urge you to pass this bill out of your respective committees.



Thursday, February 19, 2015 – 11 a.m.
Conference Room #329

House Committees on Human Services and Health

To: Rep. Dee Morikawa, Chair, HUS Committee
Rep, Vice Chair, HUS Committee
Rep. Della Belatti, Chair, HLT Committee
Rep, Richard Creagan, MD, Vice Chair, HLT Committee

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

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

I am submitting this testimony in **support** of HB583, 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.



Thursday, February 19, 2015 – 11 a.m.
Conference Room #329

House Committees on Human Services and Health

To: Rep. Dee Morikawa, Chair, HUS Committee
Rep, Vice Chair, HUS Committee

Rep. Della Belatti, Chair, HLT Committee
Rep, Richard Creagan, MD, Vice Chair, HLT Committee

From: George Greene
President & CEO
Healthcare Association of Hawaii

Re: Testimony in Support
HB583— 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, 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.

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

Phone: (808) 521-8961 | Fax: (808) 599-2879 | HAH.org | 707 Richards Street, PH2 - Honolulu, HI 96813

Affiliated with the American Hospital Association, American Health Care Association, National Association for Home Care and Hospice,
American Association for Homecare and Council of State Home Care Associations

Thursday, February 19, 2015 – 11 a.m.
Conference Room #329

House Committees on Human Services and Health

To: Rep. Dee Morikawa, Chair, HUS Committee
Rep, Vice Chair, HUS Committee

Rep. Della Belatti, Chair, HLT Committee
Rep, Richard Creagan, MD, Vice Chair, HLT Committee

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.

kobayashi2-Lynda

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 18, 2015 7:41 PM
To: HUS testimony
Cc: fajotinacare@aol.com
Subject: Submitted testimony for HB583 on Feb 19, 2015 11:00AM



HB583

Submitted on: 2/18/2015

Testimony for HUS/HLT on Feb 19, 2015 11:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Lilia P. Fajotina	Individual	Support	Yes

Comments: STRONGLY SUPPORT

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.

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