



March 30, 2016 at 3:00 PM
Conference Room 308

House Committee on Finance

To: Chair Sylvia Luke
Vice Chair Scott Y. Nishimoto

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: Testimony in Support
SB 2213 SD 2, 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 committee for the opportunity to **support** SB 2213 SD 2. 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.

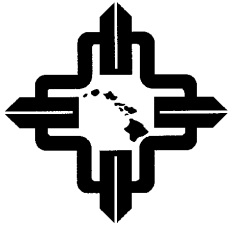
Recognizing that Medicaid payments were below the actual costs of care, the legislature created the nursing facility sustainability program through the enactment of Act 156, SLH 2012 to improve Medicaid reimbursements to nursing facilities. The program achieves this by assessing a fee on private long 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.

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



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**

March 30, 2016
Conference Room 308
3:00 p.m.
Hawaii State Capitol

**Testimony Supporting Senate Bill 2213 SD 2, Relating To The Nursing Facility Sustainability Program.
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.**

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 SB 2213, SD2, that provides for an inflationary adjustment to long-term care facility prospective payment rates.

HHSC operates almost 700 long-term care beds; in fact, almost 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 2015, HHSC was able to certify approximately \$16.3 million in losses from providing long-term care services to patients in the QUEST Integration program. 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.



March 29, 2106

To: House Committee on Finance
Chair Sylvia Luke
Vice Chair Scott Y. Nishimoto

From: Connie Miller, Administrator
Hale Makua Wailuku

Re: **Testimony in Support**
SB 2213 SD 2, Relating to the Nursing Facility Sustainability Program
March 30, 2016 at 3:00pm, Conference Room 308

I am testifying in **support** of SB 2213 SD 2. As the Administrator of Hale Makua Wailuku, a Maui nursing home with a capacity for 90 Elders, I urge you to support this bill.

On average, over 80% of Hale Makua Wailuku's residents have Medicaid as their payer. Medicaid reimbursements are less than our cost of providing care. The Nursing Facility Sustainability Program helps to mitigate this 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.

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.

March 30, 2016 at 3:00 PM
Conference Room 308

House Committee on Finance

To: Representative Sylvia Luke, Chair
Representative Scott Nishimoto, Vice Chair

From: Michael Robinson
Vice President, Government Relations & Community Affairs

Re: SB 2213, SD2 - Testimony in Support

My name is Michael Robinson, Vice President, Government Relations and Community Affairs at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-governmental employer. Hawai'i Pacific Health is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

HPH **supports** SB 2213, SD2 which continues the nursing facility sustainability program for one additional year and appropriates funds out of the hospital sustainability fund for fiscal year 2016-2017.

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.

Thank you very much for the opportunity to testify on this measure.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Sylvia Luke, Chair, Committee on Finance
The Honorable Scott Y. Nishimoto, Vice Chair, Committee on Finance
Members, Committee on Finance

From: Jason Chang, Executive Vice President & Chief Operating Officer of The Queen's Health Systems and The Queen's Medical Center

Date: March 29, 2016

Hrg: House Committee on Finance Hearing; Wednesday, March 30, 2016 at 3:00 p.m. in Room 308

Re: **Support for SB 2213, SD2, Relating to the Nursing Facility Sustainability Program**

My name is Jason Chang, and I am the Executive Vice President and Chief Operating Officer of The Queen's Health Systems (QHS) and The Queen's Medical Center. I would like to express my **strong support** for SB 2213, SD2, 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.

I ask for your support of this measure and 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.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Finance

The Hon. Sylvia Luke, Chair

The Hon. Scott Y. Nishimoto, Vice-Chair

Testimony on Senate Bill 2213, SD2

Relating to the Nursing Facility Sustainability Program

Submitted by Dustin Stevens, Public Affairs and Policy Director

March 30, 2016, 3:00 pm, Room 308

The Hawaii Primary Care Association supports Senate Bill 2213, 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 Finance
Wednesday, March 30, 2016 at 3:00 P.M.
Conference Room 308, State Capitol**

**RE: SENATE BILL 2213 SD 2 RELATING TO THE NURSING FACILITY
SUSTAINABILITY PROGRAM**

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2213 SD 2, which continues the nursing facility sustainability program for one additional year and 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.



**TESTIMONY IN SUPPORT OF:
SENATE BILL 2213, SD2
RELATING TO THE NURSING FACILITY SUSTAINABILITY
PROGRAM**

by
Stephen A. Kula, Ph.D., NHA
President and CEO
Legacy of Life Hawaii

House Committee on Finance
Senator Sylvia Luke, Chair
Senator Scott Nishimoto, Vice Chair

Wednesday, March 30; 3:00 PM
State Capitol, Conference Room 308

Chair Luke, Vice Chair Nishimoto, and members of the House Committee on Finance:

As a member of the Healthcare Association of Hawaii (HAH), Legacy of Life Hawaii stands in strong support of SB2213 SD 2. HAH's proposed legislation would extend the program through June 30, 2017, and make other adjustments as needed.

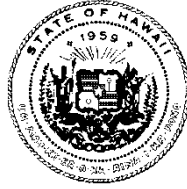
This legislation would help mitigate the losses that nursing facilities incur taking care of underserved beneficiaries. Nursing facilities serve a patient population that is a majority of Medicaid enrollees. Medicaid enrollees are the ultimate beneficiaries of this bill, which ensures that they continue to have access to quality care.

Legacy of Life Hawaii appreciates your consideration of this important matter, and urges your support of this measure.

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legacyoflifehawaii.org





STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 29, 2016

LATE

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

FROM: Rachael Wong, DrPH, Director

SUBJECT: **SB 2213 SD2 - RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM**
Hearing: Wednesday, March 30, 2016; 3:00 p.m.
Conference Room 308, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the opportunity to testify on this bill and supports this 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 then is 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 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.