

SB 2213

Measure Title: RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

Report Title: Nursing Facility Sustainability Program; Appropriation (\$)

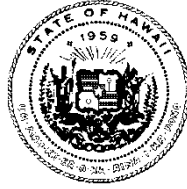
Description: Continues the nursing facility sustainability program for one additional year. Appropriates funds out of the nursing facility sustainability program special fund for fiscal year 2016-2017.

Companion:

Package: None

Current Referral: HMS/CPH, WAM

Introducer(s): CHUN OAKLAND, BAKER, GREEN, NISHIHARA



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

February 4, 2016

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce, Consumer Protection, and Health

FROM: Rachael Wong, DrPH, Director

SUBJECT: **SB 2213 - RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM**

Hearing: Thursday, February 4, 2016; 1:15 p.m.
Conference Room 016, 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.

The Administration's bill, S.B. 2871, also proposes to extend the Nursing Facility Sustainability Program. S.B. 2871 does include additional language in Section 3 that will ensure provisions to the Hawaii Revised Statutes related to the Nursing Facility Sustainability Program will be removed when the sustainability program ends.

Thank you for the opportunity to testify on this measure.



**Testimony to the Senate Committee on Human Services & Committee on
Commerce, Consumer Protection, and Health
Thursday, February 4, 2016 at 1:15 P.M.
Conference Room 016, State Capitol**

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

Chairs Chun Oakland and Baker, Vice Chairs Riviere and Kidani, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2213, 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.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Human Services

The Hon. Suzanne Chun Oakland, Chair

The Hon. Gil Riviere, Vice Chair

Senate Committee on Commerce, Consumer Protection, and Health

The Hon. Rosalyn H. Baker, Chair

The Hon. Michelle N. Kidani, Vice Chair

Testimony on Senate Bill 2213

Relating to the Nursing Facility Sustainability Program

Submitted by Dustin Stevens, Public Affairs and Policy Director

February 4, 2016, 1:15pm, room 016

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.



February 4, 2016 at 1:15 PM
Room 016

Senate Committee on Human Services
Senate Committee on Commerce, Consumer Protection, and Health

To: Chair Suzanne Chun Oakland
Vice Chair Gil Riviere

Chair Rosalyn H. Baker
Vice Chair Michelle N. Kidani

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: Testimony in Support
SB 2213, 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 Chair Chun Oakland, Chair Baker, and the Senate Committees on Human Services and Commerce, Consumer Protection, and Health for the opportunity to testify in **support** of SB 2213. 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 an edit to change the date from 2015 to 2016 in subsection (c)(3) at page 2, line 5 as follows:

“December 30, ~~2016,~~ 2017, shall be distributed to....”

Second, we would respectfully ask that section 2 be amended at page 5, line 6 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.

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



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Suzanne Chun Oakland, Chair, Committee on Human Services
The Honorable Gil Riviere, Vice Chair, Committee on Human Services
Members, Committee on Human Services

The Honorable Rosalyn H. Baker, Chair, Committee on Commerce, Consumer
Protection, and Health

The Honorable Michelle N. Kidani, Vice Chair, Committee on Commerce, Consumer
Protection, and Health

Members, Committee on Commerce, Consumer Protection, and Health

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

Date: February 3, 2016

Hrg: Senate Committee on Human Services and Senate Committee on Commerce, Consumer
Protection, and Health Joint Committee Hearing; Thursday, February 4, 2016 at 1:15 pm
in Room 016

Re: **Support for SB 2213, 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 SB 2213, 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.

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 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.

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.