

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**

April 2, 2015
Conference Room 308
3:30 p.m.
Hawaii State Capitol

Testimony Providing Comments on Senate Bill 912, SD1, 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 **SB 912, SD1, 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 respectfully recommend the Committee's support of this measure.



Thursday, April 2, 2015 – 3:30 p.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 Providing Comments with Suggested Amendments
SB912 SD1 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 SB912 SD1 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 implementing this inflationary adjustment (1.8 % for the upcoming fiscal year) 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. Such funding would help nursing facilities continue to provide high quality care to Hawaii's kupuna.

Thank you for the opportunity to testify in support of SB912 SD1 HD1.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 31, 2015 4:25 PM
To: FINTestimony
Cc: pheckathorn@queens.org
Subject: *Submitted testimony for SB912 on Apr 2, 2015 15:30PM*

SB912

Submitted on: 3/31/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Paula Yoshioka	The Queen's Health Systems	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



March 31, 2015

To: Chair Sylvia Luke and Members of the House Committee on Finance

Re: **Testimony in support of SB 912, SD1, HD 1 – Relating to long term care facilities**

As the C.E.O. of Hale Makua Health Services which operates the Wailuku and Kahului nursing homes on Maui ministering to the needs of 344 kupuna and their families and employing 450 dedicated staff, I am writing today to request your support of Senate Bill 912 and House Bill 583 (Relating to Long-Term Care Facilities), which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

Thank you for your attention to this very important matter for the long-term care industry. We respectfully ask for your support of SB912 so we can continue to meet the needs of Hawaii's kupuna.

Sincerely,

A handwritten signature in cursive script that reads 'Tony Krieg'.

Tony Krieg

C.E.O.



NUUANU HALE HOSPITAL

Thursday, April 2, 2015 - 3:30 p.m.

To: Chair Sylvia Luke and Members of the House Committee on Finance

From: Ms. Gayle Lau, NHA, Administrator Nuuanu Hale Nursing Facility

Re: Testimony in support of SB 912, SD1, HD 1 - Relating to long term care facilities

Nuuanu Hale is a 75-bed long-term care facility located in the Nuuanu area helping to meet the needs of our kupuna and employing 70+ dedicated staff. Our residents and committed caregivers strongly urge your support of SB 912, SB1, HD1, which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

We desperately need this measure to continue to care for the frail, vulnerable kupuna and convalescent disabled in our community in manner they deserve. Thank you for the opportunity to testimony on this critical legislation.

LILIHA HEALTHCARE CENTER

Thursday, April 2, 2015 - 3:30 p.m.

To: Chair Sylvia Luke and Members of the House Committee on Finance
From: Nico Santos, Administrator Liliha Healthcare Center

Re: **Testimony in support of SB 912, SD1, HD 1 - Relating to long term care facilities**

LILIHA HEALTHCARE CENTER is a long-term care facility located in Honolulu ministering to the needs of 92 kupuna and employing 110 dedicated staff. Our residents and committed caregivers strongly urge your support of SB 912, SB1, HD1, which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

We desperately need this measure to continue to care for the frail, vulnerable kupuna and convalescent disabled in our community in manner they deserve. Thank you for the opportunity to testify on this critical legislation.

**WAHIAWA NURSING AND REHABILITATION CENTER***Never Out of Touch*

Thursday, April 2, 2015 - 3:30 p.m.

To: Chair Sylvia Luke and Members of the House Committee on Finance**From: Becky Canon-Fratis, Administrator for Wahiawa Nursing and Rehab Center
or Wahiawa General Hospital's Long Term Care Facility****Re: Testimony in support of SB 912, SD1, HD 1 - Relating to long term care
facilities**

Wahiawa Nursing and Rehab Center is a long-term care facility located in the small town of Wahiawa ministering to the needs of 107 kupuna and employing approximately 120 dedicated staff. Our residents and committed caregivers strongly urge your support of SB 912, SB1, HD, which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

My family goes back five generations in the town of Haleiwa, and I as well as many other family members, have aging kupuna who will require continued care sometime in their future. Wahiawa Nursing and Rehab Center, along with our other Hawaii Nursing

**WAHIAWA NURSING AND REHABILITATION CENTER***Never Out of Touch*

Homes, must continue to provide for the health care needs of our aging population. According to health trends in Hawaii, the elderly population here will represent 20% of the population for each county, each state, and the nation as a whole by the year 2030. Therefore, we will need all the long term care beds we currently have as well as additional beds to provide for them should they require these services.

As a provider in the long term care industry in Hawaii for over 20 years, I have seen the many financial challenges that our nursing homes faced. Your support of SB 912, SD1, HD1 will help to ensure a better future for not only our nursing homes, but also for our elderly population here at home.

We desperately need this measure to continue to care for the frail, vulnerable kupuna and convalescent disabled in our community in a manner they deserve. Thank you for the opportunity to testimony on this critical legislation.

Thursday, April 2, 2015 – 3:30 p.m.

To: Chair Sylvia Luke and Members of the House Committee on Finance
From: Leland M. Yagi, Administrator Island Nursing Home
Re: **Testimony in support of SB 912, SD1, HD 1 – Relating to long term care facilities**

Island Nursing Home is an **employee-owned** long-term care facility located in McCully/Moiliili ministering to the needs of 42 SNF/ICF/Subacute (pediatric and adult) residents and employing 77 dedicated staff. Our residents and committed caregivers strongly urge your support of SB 912, SB1, HD1, which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have **not** been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly. In addition, Island Nursing Home's Medicaid Subacute "negotiated" rates have not been adjusted since July 2007 (8 years).

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

We desperately need this measure to continue to care for the frail, vulnerable kupuna and convalescent disabled in our community in manner they deserve. Thank you for the opportunity to testimony on this critical legislation.

Thursday, April 2, 2015 – 3:30 p.m.

To: Chair Sylvia Luke and Members of the House Committee on Finance
From: Avalon Care Center-Honolulu
Re: Testimony in support of SB 912, SD1, HD 1 – Relating to long term care facilities

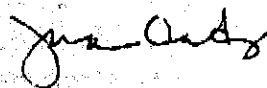
Avalon Care Center-Honolulu is a long-term care facility located in Kalihi ministering to the needs of 108 kupuna and employing 150 dedicated staff. Our residents and committed caregivers strongly urge your support of SB 912, SB1, HD1, which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

We desperately need this measure to continue to care for the frail, vulnerable kupuna and convalescent disabled in our community in manner they deserve. Thank you for the opportunity to testify on this critical legislation.


Administrator



March 31, 2015

To: Chair Sylvia Luke and Members of the House Committee on Finance

From: Laurie Tomas, R.N.

Re: Testimony in support of SB 912, SD1, HD 1 -- Relating to long term care facilities

I am the Director of Nursing for Maui's largest nursing home, Hale Makua, Kahului. I am writing to ask for your support SB 912, SD1, HD 1 (Relating to Long-Term Care Facilities). This bill provides for annual inflationary adjustments to the long-term care reimbursement methodology used to reimburse nursing homes 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. Over 80% of the residents at our two Hale Makua nursing homes are covered by Medicaid. While expenses such as electricity, food, and labor have continued to rise, the revenue from Medicaid over the past 5 years 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. We provide critical safety net services in our community and without increases to our single largest revenue source -- Medicaid, it places our services in jeopardy. Thank you for allowing me to express my views on this important matter.

Thursday, April 2, 2015 – 3:30 p.m.

To: Chair Sylvia Luke and Members of the House Committee on Finance

From: Amy Lee, Administrator of Aloha Nursing Rehab Centre

Re: Testimony in support of SB 912, SD1, HD 1 – Relating to long term care facilities

Aloha Nursing Rehab Centre is a long-term care facility located in Kaneohe, ministering to the needs of 141 kupuna and employing 190 dedicated staff. Our residents and committed caregivers strongly urge your support of SB 912, SB1, HD1, which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

We desperately need this measure to continue to care for the frail, vulnerable kupuna and convalescent disabled in our community in manner they deserve. Thank you for the opportunity to testify on this critical legislation.

Thursday, April 2, 2015 – 3:30 p.m.
Conference Room #308



House Committee on Finance

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

From: Dee Robinson
Administrator for One Kalakaua Senior Living

Re: Testimony Providing Comments with Suggested Amendments
SB912 SD1 HD1— Relating to Long-Term Care Facilities

Thank you for the opportunity to testify in support of SB912 SD1 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 on a daily basis, to provide quality healthcare to Hawaii residents. These challenges are exacerbated for those that serve Medicaid enrollees as current payments do not cover the actual cost of care.

Implementing this much needed inflationary adjustment is desperately needed for these facilities to continue to provide the highest quality of care to their residents.

Thank you for the opportunity to testify in support of SB912 SD1 HD1.



45-090 Namoku St
Kaneohe HI 96744-5305

Phone: 808-247-6211
Fax: 808-247-9312
www.good-sam.com

Thursday, April 2, 2015 - 3:30 p.m.

To: Chair Sylvia Luke and Members of the House Committee on Finance
From: Beryl Muramatsu, Administrator - Harry & Jeanette Weinberg Care Center at Pohai Nani
Re: Testimony in support of SB 912, SD1, HD 1 - Relating to long term care facilities

The Harry & Jeanette Weinberg Care Center at Pohai Nani is a long-term care facility located in Kaneohe ministering to the needs of 44 kupuna and employing 76 dedicated staff. Our residents and committed caregivers strongly urge your support of SB 912, SB1, HD1, which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

We desperately need this measure to continue to care for the frail, vulnerable kupuna and convalescent disabled in our community in manner they deserve. Thank you for the opportunity to testify on this critical legislation.

Sincerely,

Beryl Muramatsu, Administrator
236-7825
bmuramat@good-sam.com

In Christ's Love, Everyone Is Someone.



HALE MAKUA HEALTH SERVICES

472 Kaulana Street • Kahului, Hawaii 96732
P: 808.877.2761 • F: 808.871.9262
www.halemakua.org

April 1, 2015

Re: Testimony in support of SB 912, SD1, HD 1 – Relating to long term care facilities

Aloha Chair Sylvia Luke and Members of the House Committee on Finance:

I am writing to ask for your support for Senate Bill 912 and House Bill 583 (Relating to Long-Term Care Facilities). These bills provides for annual inflationary adjustments to the long-term care reimbursement methodology used to reimburse nursing homes 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. Over 80% of the residents at our two Hale Makua nursing homes are covered by Medicaid.

While expenses such as electricity, food, and medical supplies continue to rise, the Medicaid reimbursement rate has only been increased 1% since 2008. Consequently, Hale Makua Health Services has experienced financial difficulty resulting in wages freezes, a pension plan freeze, and layoffs.

We provide critical safety net services in our community and without increases to our single largest revenue source – Medicaid, it places Hale Makua Health Services in jeopardy. I respectfully request your support of Senate Bill 912 and House Bill 583.

Sincerely,

Ted Tucker, MA, SHRM-SCP, SPHR
Chief Human Resources & Compliance Officer

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

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

April 1, 2015

Testimony in Support
SB912 SD1 HD1 – Relating to Long Term Care Facilities

Aloha Chair Luke and members of the House Finance Committee.

My name is *Roy Sakamoto* 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 SB912 SD1 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

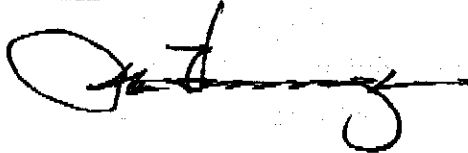
April 1, 2015

Testimony in Support

SB912 SD1 HD1 – Relating to Long Term Care Facilities

Aloha Chair Luke and members of the House Finance Committee.

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 SB912 SD1 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

April 1, 2015

Testimony in Support
SB912 SD1 HD1 – Relating to Long Term Care Facilities

Aloha Chair Luke and members of the House Finance Committee.

My name is _____ 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 SB912 SD1 HD1


Michael Munekiyo

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

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

April 1, 2015

Testimony in Support
SB912 SD1 HD1 – Relating to Long Term Care Facilities

Aloha Chair Luke and members of the House Finance Committee.

My name is *MELVIN T. KADAMMO* 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 SB912 SD1 HD1

hky

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

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

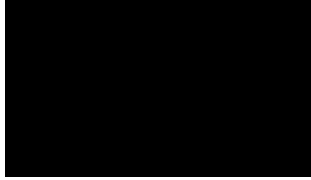
April 1, 2015

Testimony in Support
SB912 SD1 HD1 – Relating to Long Term Care Facilities

Aloha Chair Luke and members of the House Finance Committee.

My name is CATHERINE NORRIS KIM 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 SB912 SD1 HD1

Catherine Norris Kim



Thursday, April 2, 2015 – 3:30 p.m.
Conference Room #308

House Committee on Finance

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

From: Connie Miller, Administrator
Hale Makua Health Services

Re: Testimony in Support of SB912 SD1 HD1— Relating to Long-Term Care Facilities

I am submitting this written testimony in support of SB912 SD1 HD1, which provides for annual inflationary adjustments to the long-term care reimbursement methodology used to reimburse nursing facilities for Medicaid recipients.

Long-term care facilities in the state continue to face major financial challenges, primarily because 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. 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 80% of patients in Hale Makua's two facilities are covered by the state Medicaid program.

Hale Makua has undertaken 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.

In terms of fiscal impact, it is my understanding that implementing this inflationary adjustment (1.8 % for the upcoming fiscal year) 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. Such funding would help Hawaii's nursing facilities continue to provide high quality care to kupuna.

Thank you for the opportunity to testify in support of SB912 SD1 HD1.



Hale Nani Rehabilitation & Nursing Center*

We embrace a reverence for life, and a heart for healing.

Thursday, April 2, 2015 – 3:30 p.m.

To: Chair Sylvia Luke and Members of the House Committee on Finance
From: Steve Gold, Administrator, Hale Nani Rehabilitation & Nursing Center
Re: Testimony in support of SB 912, SD1, HD 1 – Relating to long term care facilities

Hale Nani Rehabilitation & Nursing Center is a long-term care facility located in Honolulu ministering to the needs of 288 kupuna and employing over 400 dedicated staff. Our residents and committed caregivers strongly urge your support of SB 912, SB1, HD1, which would require an annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

Despite being a State Medicaid Plan requirement, annual inflationary updates have not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

Without proper inflationary adjustments to reimbursements, nursing facilities must face the difficult proposition of declining patient admissions and/or shutting down services to remain financially viable. This has large repercussions to Hawaii's broader health care system as these patients would then remain in acute hospital beds awaiting placement in alternative care settings.

According to data prepared by the Healthcare Association of Hawaii, the suspension of inflationary updates since 2009 has resulted in nearly \$78 million in lost reimbursement for the care of our kupuna. Of this amount, roughly \$41 million are foregone federal matching funds which could have been drawn down for the benefit of serving our seniors.

We desperately need this measure to continue to care for the frail, vulnerable kupuna and convalescent disabled in our community in manner they deserve. Thank you for the opportunity to testimony on this critical legislation.

1677 Pensacola Street | Honolulu, HI 96822 | p (808) 537-3371 f (808) 528-1613 www.avalonhci.com

*Avalon Care Center - Hale Nani, L.L.C. doing business as Hale Nani Rehabilitation & Nursing Center is a subsidiary of Avalon Health Care, Inc.

Thursday, April 2, 2015 – 3:30 p.m.
Conference Room #308

House Committee on Finance

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

From: Colleen Kojima
Administrator

Re: Testimony Providing Comments with Suggested Amendments
SB912 SD1 HD1— Relating to Long-Term Care Facilities

Thank you for the opportunity to testify in **support** of SB912 SD1 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 such as Oahu Care Facility, i 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. We 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 implementing this inflationary adjustment (1.8 % for the upcoming fiscal year) 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. Such funding would help nursing facilities such as ours to continue providing high quality care to Hawaii's kupuna.

Thank you for the opportunity to testify in support of SB912 SD1 HD1.

LATE



3- 3420 Kuhio Highway, Suite 300 • Lihue, HI 96766

Hearing Date: Thursday, April 2, 2015 – 3:30 p.m.

To: Chair Sylvia Luke, House Committee on Finance
Representative Jimmy Tokioka

Fr: Kurt Akamine

Re: **Strongly support of SB 912, SD1, HD 1 – Relating to long term care facilities**

We are a 109 bed Skilled Nursing Facility located on the island of Kauai. Along with the 152 staff members, I am requesting for your support of SB 912, SB1, HD1. A vast majority of residents/patients that we serve depend on their Medicaid benefit. This legislation would provide a much needed annual inflationary adjustment for Medicaid reimbursement to nursing facilities.

While the State Medicaid Plan requires annual inflationary updates, this has not been paid by Medicaid essentially since 2009 (except when a partial adjustment was provided in 2011). The lack of inflationary updates has left nursing facilities with reimbursements locked in at 2009 rates at a time when, six years later, operating costs for wages, health insurance and utilities have increased significantly.

We respectfully ask of you and your committee to pass this measure. Thank you for the opportunity to testimony on this critical legislation.

Respectfully,

A handwritten signature in black ink that reads "Kurt Akamine". The signature is written in a cursive style.

Administrator



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

LATE

April 1, 2015

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

FROM: Rachael Wong, DrPH, Director

SUBJECT: **S.B. 912 SD1 HD1 - RELATING TO LONG TERM CARE
FACILITIES**

Hearing: Thursday, April 2, 2015; 3:30 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of the bill is to provide an 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) opposes this measure as it proposes to require annual Medicaid inflationary rate increases statutorily for long term care facilities. While we appreciate the intent of this measure, this statutory obligation will require on-going annual funding in the Medicaid budget and we are concerned about the cost implications. By establishing this inflationary adjustment in statute, it will significantly limit the ability of the DHS and the State to adjust the Medicaid budget in response to fiscal fluctuations.

While the inflationary adjustment was suspended in 2011, the DHS and facilities implemented the Nursing Facility Sustainability Program that was 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.

If the intent of the Legislature is to provide for an annual increase, the DHS respectfully requests that it be appropriated to Medicaid's base budget rather than through statute. This will preserve the ability of the Department to respond to the State's changing fiscal conditions.

Thank you for the opportunity to testify on this bill.