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# A BILL FOR AN ACT

RELATING TO LONG-TERM CARE FACILITIES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that long-term care  
2 facilities in the State face major financial challenges in  
3 providing quality health care for Hawaii residents. These  
4 challenges are largely the result of payments for medicaid  
5 enrollees that do not cover the actual costs of care. The  
6 financial effect is further magnified by the fact that roughly  
7 seventy per cent of patients in some long-term care facilities  
8 are covered by the state medicaid program.

9           The legislature further finds that even with funds from the  
10 nursing facility sustainability program, nursing facilities in  
11 Hawaii experienced a statewide medicaid shortfall of  
12 approximately \$16,000,000 in 2015. This body approved funding  
13 for an inflationary update to medicaid rates for long-term care  
14 facilities in 2016, the first increase in approximately seven  
15 years. That one-time appropriation of approximately \$1,500,000  
16 for fiscal year 2016-2017 generated an additional \$2,500,000 in  
17 federal funds. It also helped to mitigate some of the losses



1 that long-term care facilities incurred, even after the benefits  
2 of programs such as the nursing facility sustainability program  
3 were accounted for. Despite that infusion of funds, the  
4 medicaid shortfall will likely persist as the rising costs of  
5 care continue to outpace reimbursements.

6 The purpose of this Act is to preserve access to health  
7 care for medicaid recipients by providing an inflationary  
8 adjustment to the long-term care reimbursement methodology used  
9 to reimburse facilities for medicaid recipients in fiscal years  
10 2017-2018 and 2018-2019.

11 SECTION 2. Chapter 346D, Hawaii Revised Statutes, is  
12 amended by adding a new section to be appropriately designated  
13 and to read as follows:

14 "§346D- Inflationary adjustment. (a) Beginning with  
15 fiscal year 2017-2018, the department of human services shall  
16 recognize an annual cost increase to a long-term care facility's  
17 provider-specific prospective payment rate by applying an  
18 inflation adjustment factor to the provider's annual costs or  
19 basic prospective payment system rates.



1        (b) The annual inflation adjustment factor shall be the  
2 reimbursement rate approved by the federal government in the  
3 medicaid state plan."

4        SECTION 3. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$                    or so  
6 much thereof as may be necessary for fiscal year 2017-2018 and  
7 the same sum or so much thereof as may be necessary for fiscal  
8 year 2018-2019 to provide an inflationary adjustment to long-  
9 term care facilities' provider-specific prospective payment  
10 rates.

11        The sums appropriated shall be expended by the department  
12 of human services for the purposes of this Act.

13        SECTION 4. New statutory material is underscored.

14        SECTION 5. This Act shall take effect on July 1, 2017.

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# H.B. NO. 92

**Report Title:**

Long-term Care Facilities; Medicaid; Cost Increase; Inflationary Adjustment; Appropriation

**Description:**

Provides for an annual inflationary adjustment in the methodology used to reimburse facilities for the long-term care of medicaid recipients. Appropriates funds for the inflationary adjustment for fiscal years 2017-2018 and 2018-2019.

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