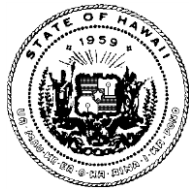


DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

BRIDGET HOLTHUS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 8, 2017

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

The Honorable Representative Della Au Belatti, Chair
House Committee on Health

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 90 - Relating to the Nursing Facility Sustainability Program**

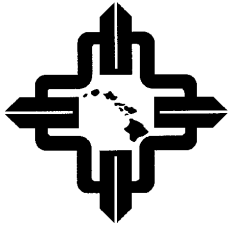
Hearing: Wednesday, February 8, 2017, 9:00 a.m.
Conference Room 329, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the opportunity to testify in support.

PURPOSE: The purpose of the bill is to preserve access to health care for Medicaid recipients by extending the nursing facility sustainability fee program; appropriates funds out of the nursing facility sustainability program special fund for fiscal year 2017-2018; and extends exemptions from certain special fund fees.

This bill is nearly identical to the Administration's bills, HB 1097/SB 963. We express strong support for the bill as we have been implementing this program successfully for several years.

Thank you for the opportunity to testify on this bill.



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

"Quality Healthcare For All"

House Committee on Human Services
Rep. Dee Morikawa, Chair
Rep. Chris Todd, Vice Chair

House Committee on Health
Rep. Della Au Belatti, Chair
Rep. Bertrand Kobayashi, Vice Chair

February 8, 2017
Conference Room 329
9:00 a.m.
Hawaii State Capitol

Testimony Supporting House Bill 90 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 2017-2018.

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 H.B. 90 that continues the Nursing Facility Sustainability Program.

Given that health care provider reimbursements are declining at both the federal and state level, it is imperative that health care providers find innovative ways to generate revenues to offset the decline in reimbursements. We believe that the concept of a provider fee on health care items or services provided by nursing facilities is a good financing mechanism that leverages federal funds to increase the reimbursements to nursing facilities from the MedQUEST programs.

As is common in other states that have implemented sustainability fee programs, the public hospitals of the Hawaii Health Systems Corporation are being exempted from the nursing facility sustainability program. This is being done to maximize both the amount of federal funds that the private nursing facilities will receive through the nursing facility sustainability fee program and the amount of federal matching funds the public hospitals

can receive under the MedQUEST program. As a matter of public policy, the public hospitals should be allowed to utilize their certified public expenditures to the maximum extent possible for their exclusive benefit as a means of continuing financing for their operating deficits. In this way, the greatest amount of federal funds may be realized and the private nursing facilities and the public hospitals as a whole will receive greater reimbursements than they are currently receiving.

Thank you for the opportunity to testify before this committee. We would respectfully recommend the Committee's support of this measure.

todd2 - Chloe

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 7:55 AM
To: HUSstestimony
Cc: ecabatu@hhsc.org
Subject: Submitted testimony for HB90 on Feb 8, 2017 09:00AM

HB90

Submitted on: 2/6/2017

Testimony for HUS/HLT on Feb 8, 2017 09:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Elena Cabatu	East Hawaii Region of Hawaii Health Systems Corporation	Support	No

Comments: On behalf of the East Hawaii Region, consisting of Hilo Medical Center, Ka`u Hospital, Hale Ho`ola Hamakua, 9 specialty clinics and over 1,200 employees, please accept our testimony in support of HB 90.

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



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Dee Morikawa, Chair
The Honorable Chris Todd, Vice Chair
Members, Committee on Human Services

The Honorable Della Au Belatti, Chair
The Honorable Bertrand Kobayashi, Vice Chair
Members, Committee on Health

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

Date: February 6, 2017

Hrg: House Committees on Human Services and Health Joint Hearing; Wednesday, February 8, 2017 at 9AM in Room 329

Re: **Support for HB 90, 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). QHS would like to express our **strong support** for HB 90, Relating to the Nursing Facility Sustainability Program. This bill continues the Nursing Facility Sustainability Program for one year. It also appropriates funds out of the Nursing Facility Sustainability Program Special Fund for fiscal year 2017-2018.

The Nursing Facility Sustainability Program assists nursing facilities in Hawaii by mitigating losses that are incurred when taking care of underserved populations. Nursing facilities in Hawaii play a critical role in the continuum of care for our community. For our hospitals like The Queen's Medical Center-Punchbowl (QMC Punchbowl), which experiences a waitlist of over 40 patients a day waiting to be transferred to sub- or post-acute care settings, nursing facilities are integral to the continuing care of patients. 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. Other patients needing an acute level of care may not be able to access a hospital bed if census is full and waitlisted patients occupy acute care beds.

QMC-Punchbowl experiences an average daily census (ADC) of 94 percent (80 percent is the efficient ADC level). In 2016, QMC Punchbowl reached capacity multiple times requiring us to go on divert for 153 days or 42 percent of the entire year. At the same time the number of Emergency Department (ED) holds at QMC-Punchbowl, defined as an individual waiting more than four hours to be hospitalized, averaged 11.43 holds a day last year. Waitlisted patients directly impact the availability of acute care beds.

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 Hawaii continues to build up

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

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 attention to this important issue.



ALOHA NURSING REHAB CENTRE

45-545 Kamehameha Hwy • Kaneohe, HI 96744
Phone 808-247-2220 • Fax 808-235-3676

www.alohanursing.com

February 8, 2017 at 9:00 AM
Conference Room 329

House Committee on Human Services
House Committee on Health

To: Chair Dee Morikawa
Vice Chair Chris Todd

Chair Della Au Belatti
Vice Chair Bertrand Kobayashi

Re: **Testimony in Support**
HB 90, Relating to the Nursing Facility Sustainability Program

Aloha Nursing Rehab Centre is a 141-bed Skilled Nursing Facility located in Kaneohe, ministering to the needs of 450 seniors and their families annually and employing 190 dedicated staff. For thirty years, Aloha Nursing has been contributing positively to the community and to the state economy.

Aloha Nursing Rehab Centre would like to thank the committees for the opportunity to **support** HB 90 with amendments. This legislation would extend the Nursing Facility Sustainability Program, which has helped Hawaii nursing homes offset some of the losses they incur taking care of the most vulnerable in our state. We humbly request your support in amending this measure to authorize the program for two years instead of one, as the bill is currently written.

Recognizing that Medicaid payments were below the actual costs of care, the legislature created the Nursing Facility Sustainability Program in 2012. This program improves Medicaid payments to nursing facilities by assessing a fee on those facilities. The funds generated by the fees are then used to obtain additional federal Medicaid funds, which are deposited in a special fund and distributed back to private nursing facilities. Payment back to these providers is based on the amount of a nursing facility's uncompensated care, which includes costs incurred serving under- and uninsured patients. Importantly, no state funds are used for the Nursing Facility Sustainability Program—in fact, the state is able to use a portion of the fees to support Medicaid activities.

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This program is critical for nursing facilities that serve a population where up to 70 percent of residents are enrolled in Medicaid. These enrollees are the ultimate beneficiaries of this bill, which ensures that they continue to have access to quality care. We humbly request that the State Legislature continue its support of this program. Thank you for your time and consideration of this measure.



February 8, 2017 at 9:00 AM
Conference Room 329

House Committee on Human Services
House Committee on Health

To: Chair Dee Morikawa
Vice Chair Chris Todd

Chair Della Au Belatti
Vice Chair Bertrand Kobayashi

From: Kurt Akamine
Vice President
Ohana Pacific Management Company, Inc.

Re: Testimony in Support
HB 90, Relating to the Nursing Facility Sustainability Program

Ohana Pacific Management Company, Inc. (OPMC) which owns and operates five post-acute care facilities servicing more than 500 patients on Oahu and Kauai as well as an adult day health program and home health agency on Kauai.

OPMC is the largest privately owned post-acute health care provider in the state and strives to provide the highest quality of post-acute care to the Hawaii population. Our foundation for delivery of care encompasses many aspects but quality is the main driver.

Ohana Pacific Management Company would like to thank the committees for the opportunity to **support** HB 90 with amendments. This legislation would extend the Nursing Facility Sustainability Program, which has helped Hawaii nursing homes offset some of the losses they incur taking care of the most vulnerable in our state. We humbly request your support in amending this measure to authorize the program for two years instead of one, as the bill is currently written.

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HALE MAKUA HEALTH SERVICES

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

February 8, 2017 at 9:00 AM
Conference Room 329

House Committee on Human Services

House Committee on Health

To: Chair Dee Morikawa
Vice Chair Chris Todd

Chair Della Au Belatti
Vice Chair Bertrand Kobayashi

Re: **Testimony in Support**
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Thank you for this opportunity to testify in support of HB90. Hale Makua Health Services, a private non-profit corporation has provided services to Maui's kupuna for over 70 years, and operates the only free-standing nursing homes on the island of Maui. We provide care to an average of 235 residents at the Kahului location and 82 residents at its Wailuku location. 74% of our residents are covered by Medicaid at our Kahului location and 80 % of the residents at our Wailuku location are covered by Medicaid. It has been difficult for our nursing homes to sustain themselves because our Medicaid reimbursements are less than the cost of providing care. At Hale Makua Wailuku, we lose \$9 -13 a day on a Medicaid resident.

The Nursing Facility Sustainability Program helps to mitigate that 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 nursing homes, and the Nursing Facility Sustainability Program supports non-government homes like Hale Makua in providing this service.

I would like to thank the committees for the opportunity to support HB 90 with amendments. This legislation would extend the Nursing Facility Sustainability Program, which has helped Hale Makua Health Services offset some of the losses they incur taking care of the most vulnerable in

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Respectfully,



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

February 8, 2017 at 9:00 AM
Conference Room 329

House Committee on Human Services

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Vice Chair Bertrand Kobayashi

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Vice Chair Chris Todd

Chair Della Au Belatti
Vice Chair Bertrand Kobayashi

Re: Testimony in Support
HB 90, 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 160 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.

The Healthcare Association of Hawaii would like to thank the committees for the opportunity to **support** HB 90 with amendments. This legislation would extend the Nursing Facility Sustainability Program, which has helped Hawaii nursing homes offset some of the losses they incur taking care of the most vulnerable in our state. We humbly request your support in amending this measure to authorize the program for two years instead of one, as the bill is currently written.

Recognizing that Medicaid payments were below the actual costs of care, the legislature created the Nursing Facility Sustainability Program in 2012. This program improves Medicaid payments to nursing facilities by assessing a fee on those facilities. The funds generated by the fees are then used to obtain additional federal Medicaid funds, which are deposited in a special fund and distributed back to private nursing facilities. Payment back to these providers is based on the amount of a nursing facility's uncompensated care, which includes costs incurred serving under- and uninsured patients. Importantly, no state funds are used for the Nursing Facility Sustainability Program—in fact, the state is able to use a portion of the fees to support Medicaid activities.

We would request that the committee consider amendments offered below that would authorize the Nursing Facility Sustainability Program for two years instead of one. This is

consistent with changes being sought for the companion Hospital Sustainability Program. The following amendments are requested:

Page 3, Line 12: Changing the date to read "December 30, [2017,] 201[8]9"

Page 4, Lines 1-2: Changing the date to read "state fiscal year [~~2016-2017~~] 2017-201[8]9,

Page 5, Line 13: Changing the date to read "June 30, [~~2016;~~] 201[7]8;"

Page 6, Line 10: Changing the date to read "shall be repealed on June 30, [~~2017;~~] 201[8]9;"

Page 6, Line 18: Changing the date to read "201[8]9."

Page 7, Line 15: Changing the date to read "201[8]9."

Page 7, Line 19: Changing the line to read "and the same sum or so much thereof as may be necessary for fiscal year 2018-2019"

This program is critical for nursing facilities that serve a population where up to 70 percent of residents are enrolled in Medicaid. These enrollees are the ultimate beneficiaries of this bill, which ensures that they continue to have access to quality care. We humbly request that the State Legislature continue its support of this program. Thank you for your time and consideration of this measure.

February 8, 2017 at 9:00 AM
Conference Room 329



House Committee on Human Services
House Committee on Health

To: Chair Dee Morikawa
Vice Chair Chris Todd

Chair Della Au Belatti
Vice Chair Bertrand Kobayashi

From: Dee Robinson
Administrator
One Kalakaua Senior Living

Re: Testimony in Support
HB 90, Relating to the Nursing Facility Sustainability Program

I would like to thank the committees for the opportunity to testify in **strong support** of HB 90 with amendments. This legislation would extend the Nursing Facility Sustainability Program, which has helped Hawaii nursing homes offset some of the losses they incur taking care of the most vulnerable in our state. Please support the amending of this measure to authorize the program for two years instead of one, as the bill is currently written.

Recognizing that Medicaid payments were below the actual costs of care, the legislature created the Nursing Facility Sustainability Program in 2012. This program improves Medicaid payments to nursing facilities by assessing a fee on those facilities. The funds generated by the fees are then used to obtain additional federal Medicaid funds, which are deposited in a special fund and distributed back to private nursing facilities. Payment back to these providers is based on the amount of a nursing facility's uncompensated care, which includes costs incurred serving under and uninsured patients. Importantly, no state funds are used for the Nursing Facility Sustainability Program—in fact, the state is able to use a portion of the fees to support Medicaid activities.

Please consider the amendments offered below that would authorize the Nursing Facility Sustainability Program for two years instead of one. This is consistent with changes being sought for the companion Hospital Sustainability Program. The following amendments are requested:

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This program is critical for nursing facilities that serve a population where up to 70 percent of residents are enrolled in Medicaid. These enrollees are the ultimate beneficiaries of this bill, which ensures that they continue to have access to quality care.

Thank you for the opportunity to testify in **support** of HB 90.

February 8, 2017 at 9:00 AM
Conference Room 329

House Committee on Human Services
House Committee on Health

To: Chair Dee Morikawa
Vice Chair Chris Todd

Chair Della Au Belatti
Vice Chair Bertrand Kobayashi

Re: **Testimony in Support**
HB 90, Relating to the Nursing Facility Sustainability Program

Thank you for this opportunity to testify in support of HB90. Hale Makua Health Services, a private non-profit corporation has provided services to Maui's kupuna for over 70 years, and operates the only free-standing nursing homes on the island of Maui. We provide care to an average of 235 residents at the Kahului location and 82 residents at its Wailuku location. 74% of our residents are covered by Medicaid at our Kahului location and 80 % of the residents at our Wailuku location are covered by Medicaid. It has been difficult for our nursing homes to sustain themselves because our Medicaid reimbursements are less than the cost of providing care. At Hale Makua Wailuku, we lose \$9 -13 a day on a Medicaid resident.

The Nursing Facility Sustainability Program helps to mitigate that 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 nursing homes, and the Nursing Facility Sustainability Program supports non-government homes like Hale Makua in providing this service.

I would like to thank the committees for the opportunity to support HB 90 with amendments. This legislation would extend the Nursing Facility Sustainability Program, which has helped Hale Makua Health Services offset some of the losses they incur taking care of the most vulnerable in our state. We humbly request your support in amending this measure to authorize the program for two years instead of one, as the bill is currently written.

Recognizing that Medicaid payments were below the actual costs of care, the legislature created the Nursing Facility Sustainability Program in 2012. This program improves Medicaid payments to nursing facilities by assessing a fee on those facilities. The funds generated by the fees are then used to obtain additional federal Medicaid funds, which are deposited in a special fund and distributed back to private nursing facilities. Payment back to these providers is based on the amount of a nursing facility's uncompensated care, which includes costs incurred serving under- and uninsured patients. Importantly, no state funds are used for the Nursing Facility Sustainability Program—in fact, the state is able to use a portion of the fees to support Medicaid activities.

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This program is critical both Hale Makua nursing homes which serve a population where up to 80 percent of residents are enrolled in Medicaid. These enrollees are the ultimate beneficiaries of this bill, which ensures that they continue to have access to quality care. We humbly request that the State Legislature continue its support of this program. Thank you for your time and consideration of this measure.

February 8, 2017 at 9:00 AM
Conference Room 329

House Committee on Human Services
House Committee on Health

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Vice Chair Chris Todd

Chair Della Au Belatti
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todd2 - Chloe

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 3, 2017 1:32 PM
To: HUSstestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB90 on Feb 8, 2017 09:00AM*

Categories: Done

HB90

Submitted on: 2/3/2017

Testimony for HUS/HLT on Feb 8, 2017 09:00AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	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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