



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

"Quality Healthcare For All"

**Senate Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair**

February 14, 2017
Conference Room 211
9:35 a.m.
Hawaii State Capitol

**Testimony Supporting Senate Bill 285, SD1 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 S.B. 285, SD1 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

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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 respectively recommend the Committee's support of this measure.



February 14, 2017 at 9:35 AM
Conference Room 211

Senate Committee on Ways and Means

To: Chair Jill N. Tokuda
Vice Chair Donovan M. Dela Cruz

Re: **Testimony in Support**
SB 285 SD 1, 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 committee for the opportunity to **support** SB 285 SD 1. 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. This measure would codify the program for fiscal years 2018 and 2019, and make other adjustments to the program as necessary. Notably, this legislation authorizes the program for two years. (Previously, the program was authorized annually.) This change is supported by HAH members and our partners at the Department of Human Services.

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.

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.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Jill N. Tokuda, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair
Members, Committee on Ways and Means

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

Date: February 10, 2017

Hrg: Senate Committee on Ways and Means Decision Making; Tuesday, February 14, 2017 at
9:35AM in Room 211

Re: **Support for SB 285, SD1, 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 SB 285, SD1, Relating to the Nursing Facility Sustainability Program. This bill continues the Nursing Facility Sustainability Program for two years. It also appropriates funds out of the Nursing Facility Sustainability Program Special Fund for fiscal years 2017-2018 and 2018-2019.

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 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.

We 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.

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.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Tuesday, February 14, 2017 at 9:35 A.M.
Conference Room 211, State Capitol**

**RE: SENATE BILL 285 SD1 RELATING TO
THE NURSING FACILITY SUSTAINABILITY PROGRAM**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 285 SD1, which continues the nursing facility sustainability program for two years and appropriates funds out of the nursing facility sustainability program special fund for fiscal years 2017-2018 and 2018-2019.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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.