



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

February 23, 2017

TO: The Honorable Senator Jill N. Tokuda, Chair
Senate Committee on Ways and Means

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 308 Relating to Long-Term Care Facilities**

Hearing: February 23, 2017, 9:35 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the bill and provides comments. We ask for the Legislature's support of the Governor's budget request to restore the inflation factor for nursing facilities on an ongoing basis.

PURPOSE: The purpose of the bill is to preserve access to health care for Medicaid recipients by providing an inflationary adjustment to the long-term care reimbursement methodology used to reimburse facilities for Medicaid recipients in fiscal years 2017-2018 and 2018-2019.

The inflation factor would be restored to the basic per diem rate paid to the nursing facilities. The 2016 legislature passed Act 136, Session Laws of Hawaii 2016, and restored funding of the inflation factor for one year.

This bill seeks to continue the inflation factor for the next two fiscal years. Without restoration going forward, it will be challenging for the nursing facilities to continue to accept Medicaid beneficiaries and continue to operate. This could impact access to care for Medicaid beneficiaries needing long-term care services just as the overall population is growing in our state most likely to need such services, those over the age of 65.

In addition to the inflation factor, the nursing facilities participating in the Nursing Facility Sustainability Program this year are estimated to be assessed \$14.3 million and paid additional reimbursements of \$27.8 million for a net increase of \$13.5 million. Continued support of the nursing facility sustainability program is also needed to help enable continued access to long-term care services.

The Governor's budget request includes a request for \$1,887,883 in general funds for state fiscal year (SFY) 2018-19, and \$4,056,077 in general funds for SFY 2019-20. We respectfully ask the Legislature to support the Governor's budget request.

Thank you for the opportunity to testify on this bill.



OAHU REGION
HAWAII HEALTH SYSTEMS CORPORATION

February 23, 2017 at 9:35 AM
Conference Room 211

State Committee on Ways and Means

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

From: Derek Akiyoshi
Oahu Region CEO
Hawaii Health Systems Corporation

Re: Testimony in Support
SB 308, Relating to Long-Term Care Facilities

We thank the committees for providing us with the opportunity to testify in support of SB 308. This proposed legislation would provide much needed relief to long-term care (LTC) facilities in Hawaii through a modest inflationary update to the Medicaid reimbursement rates for fiscal years 2018 and 2019 that would be accompanied by matching federal dollars.

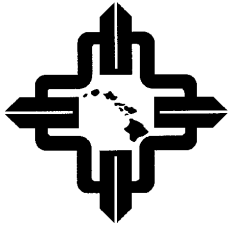
We are grateful that the legislature supported this funding last year by approving a one-time appropriation of approximately \$2 million that generated an additional \$2.5 million in federal funding for the state. We also appreciate that the administration included this funding as part of the biennium budget and hope that the legislature will support this complementary measure to ensure that this critical funding is available.

This legislation would provide some relief by increasing Medicaid reimbursements to reflect inflationary costs which have been absorbed by the LTC facilities respective operating budgets. For the HHSC Oahu Region in particular, we believe that this legislation could have a significant impact on our operational deficits given that nearly 90 percent of our patient population is covered by Medicaid. The high percentage of Medicaid patients at our facilities, Leahi Hospital and Maluhia, combined with the long lengths of stay required for each patient contribute to the

operational losses the Oahu Region is currently experiencing. The increase in the reimbursement rate could assist us by partially offsetting these losses.

Both Leahi Hospital and Maluhia are experiencing financial difficulties and providing us with this increase will help to ensure that we can still deliver high quality care to the community's most vulnerable residents.

This legislation presents one approach to maximize the use of available federal funding to support our growing senior population. We appreciate your consideration of this important legislation, and respectfully urge your support for this measure.



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 Tokuda, Chair
Senator Donovan Dela Cruz, Vice Chair**

February 23, 2017
Conference Room 211
9:35 a.m.
Hawaii State Capitol

**Testimony Supporting Senate Bill 308, Relating To Long-Term Care Facilities.
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.**

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 308 that provides for an annual inflationary adjustment in the methodology used to reimburse facilities for the long-term care of Medicaid recipients.

HHSC operates almost 700 long-term care beds; in fact, almost 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 2016, HHSC was able to certify approximately \$15.2 million in losses from providing long-term care services to patients in the QUEST Integration program. Instituting an annual 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.



February 23, 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

From: Paige Heckathorn
Senior Manager, Legislative Affairs
Healthcare Association of Hawaii

Re: **Testimony in Support**
SB 308, Relating to Long-Term Care Facilities

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 308. This legislation would provide financial relief to long-term care (LTC) facilities in Hawaii by increasing their Medicaid rates through a modest inflationary update in fiscal years 2018 and 2019. We are extremely grateful that the legislature supported this funding last year by approving a one-time appropriation of approximately \$2 million that generated an additional \$2.5 million in federal funding for the state. We also appreciate that the administration included this funding as part of the biennium budget and hope that the legislature will support this complementary measure to ensure that this critical funding is available.

The Medicaid program is the largest payer of long-term care services in Hawaii. Many of our most vulnerable populations, including low-income seniors, rely on Medicaid as they age to ensure they have access to needed long-term care services. Some of our long-term care facilities serve patient populations where a vast majority of individuals—up to 70 percent—are enrolled in the Medicaid program.

In fiscal years 2009-2016, LTC facilities in Hawaii did not receive an inflation update for Medicaid payments because of the Great Recession. However, the legislature last year approved a one-time appropriation to reinstate this critical funding. The immediate impact of that funding was to provide financial relief to struggling providers, especially on the neighbor islands. If funding is made available for fiscal years 2018 and 2019, the long-term care system in Hawaii will be more stable and facilities across the state will have the ability to invest in needed maintenance and retain experienced staff in

a competitive labor market. The state funding will also generate an additional \$7.2 million in federal dollars coming into the state.

It is significant to note that not all of the losses incurred by nursing facilities caring for Medicaid enrollees are made up by other programs, such as the Nursing Facility Sustainability Program. In fact, in 2015, the industry-wide Medicaid shortfall for Hawaii's nursing facilities was \$16.5 million, even after the nursing facility sustainability program was taken into account. This funding, then, is necessary to ensure that beds and services remain available not only to seniors, but also to younger, more complex patients with difficult-to-treat conditions or mental health or substance abuse issues.

We appreciate your consideration of this important matter and humbly ask for your support of this measure.



To: Senate Committee on Ways and Means
Chair Jill N. Tokuda
Vice Chair Donovan M. Dela Cruz

From: Connie Miller, Administrator
Hale Makua Kahului

Date: February 21, 2017

Re: Testimony in **Support of SB 308**, Relating to Long-Term Care Facilities
February 23, 2017, 9:35am, Conference room 211

Thank you for the opportunity to **support SB 308**. This legislation provides financial relief to long-term care facilities in Hawaii by increasing our Medicaid rates through a modest inflationary update in fiscal years 2018 and 2019.

At Hale Makua Kahului, over 70% of our residents are enrolled in the Medicaid program and rely on Medicaid to pay for their long-term care. In fiscal years 2009-2016, we did not receive an inflation update for Medicaid payments. However, the legislature last year approved a one-time appropriation to reinstate this critical funding. The immediate impact of that funding was to provide financial relief to struggling providers, especially those of us on the neighbor islands.

If funding is made available for fiscal years 2018 and 2019, the long-term care system in Hawaii will be more stable and facilities across the state will have the ability to invest in needed maintenance and retain experienced staff in a competitive labor market. The state funding will also generate an additional \$7.2 million in federal dollars coming into the state.

It is significant to note that not all of the losses incurred by nursing facilities caring for Medicaid enrollees are made up by other programs, such as the Nursing Facility Sustainability Program. In fact, in 2015, the industry-wide Medicaid shortfall for Hawaii's nursing facilities was \$16.5 million, even after the nursing facility sustainability program was taken into account. This funding, then, is necessary to ensure that beds and services remain available not only to seniors, but also to younger, more complex patients with difficult-to-treat conditions or mental health or substance abuse issues.

I humbly ask for your support of SB 308. Thank you.



**Testimony to the Senate Committee on Ways and Means
Thursday, February 23, 2017 at 9:35 A.M.
Conference Room 211, State Capitol**

RE: SENATE BILL 308 RELATING TO LONG-TERM CARE FACILITIES

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 308, which 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.

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.

Increasing costs and regulatory requirements coupled with a lack of inflationary increase in Medicaid rates, have forced long-term care facilities to begin cutting back on services and maintenance as their staff faces stagnant wages and reduced benefits. Since the majority of long-term care patients are enrolled in Medicaid, these facilities face operational losses.


The reduced capacity and services at long-term care facilities exacerbate a growing issue with the waitlisted patient population in hospitals, which creates an incredibly costly and dangerous situation. Although these waitlisted patients no longer require acute, emergency care, they encounter a waitlist for post-acute care and must receive continued, extended care in the hospital. However, patients who do require emergency care may not gain access to a hospital bed. This bill takes the necessary steps of relieving a bit of the financial burden and Medicaid losses placed on long-term care facilities by best utilizing federal resources.

Thank you for the opportunity to testify.



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, Senior Vice President, The Queen's Health Systems

Date: February 21, 2017

Hrg: Senate Committee on Ways and Means, Decision Making; Thursday, February 23, 2017
at 9:35AM in Room 211

Re: **Support for SB 308, Relating to Long-Term Care Facilities**

My name is Paula Yoshioka, and I am a Senior Vice President at The Queen's Health Systems (QHS). We would like to express my **support** for SB 308, Relating to Long-Term Care Facilities. This bill would provide for an annual inflationary adjustment in the methodology used to reimburse facilities for the long-term care (LTC) of Medicaid recipients in fiscal years 2018 and 2019.

At QHS we believe that providing adequate funding for LTC facilities is important for a robust health care system in Hawaii. After a patient transitions out of the acute-care system, LTC facilities step in to provide sub or post-acute medical and personal care for patients who are unable to manage independently in the community. This legislation would provide some relief for these providers by increasing Medicaid reimbursements slightly to reflect inflation.

Providing this inflationary update will benefit the entire continuum of care in the state by helping to address the waitlist issue for hospitals. A patient is waitlisted when they no longer require an acute level of care but cannot be placed in an appropriate facility offering sub- or post-acute care. As a result, patients who do not need to be in the hospital end up staying for extended periods of time. The Queen's Medical Center – Punchbowl (QMC-Punchbowl) averages over 40 patients a day who are waitlisted to be placed into sub- and post-acute care settings with over 41 percent covered by Medicaid. Waitlisted patients are very costly for the health care system since patients are receiving care in the most expensive setting. It also means that 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.

The average daily census (ADC) at QMC-Punchbowl is 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.

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.

Waitlisted patients directly impact the availability of acute care beds. Therefore, the need for adequate LTC facility funding is vital not only for patients who need this level of care, but also for the good of the entire health care system.

We commend the legislature for introducing this measure and ask you to support it. Thank you for your time and attention to this important issue.

February 23, 2017/9:35am
Conference Room 211

Senate Committee on Ways and Means

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

From: Michael Robinson
Vice President – Government Relations & Community Affairs

Re: SB 308 – Testimony in Support

My name is Michael Robinson, Vice President, Government Relations and Community Affairs at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-governmental employer. Hawai'i Pacific Health is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

I am writing in support of SB 308 which provides funding for a Medicaid inflationary rate update for the long-term care of Medicaid recipients in fiscal years 2018 and 2019.

Long-term care facilities are a vital and essential component of the health care delivery system which acute care facilities rely upon. These facilities have faced financial challenges in providing quality health care as similar to acute care facilities, the payments for Medicaid enrollees do not cover the actual costs of care. Since approximately 70% of patients in some long-term care facilities are covered by the State Medicaid program, the effect of Medicaid underfunding is of particular concern for these facilities providing care to this vulnerable population.

As the financial viability of long term care facilities is threatened, the constrained options and availability of acute care facilities result in waitlisted patients and care settings that are inappropriate for patient's health care needs.

The inflationary adjustment in SB 308 will help to preserve access to health care for Medicaid recipients in Hawai'i.

Thank you for the opportunity to testify.



Testimony in Support
SB 308, Relating to Long-Term Care Facilities

by
Stephen A. Kula, Ph.D., NHA
Executive Director
Legacy of Life Hawai'i

Senate Committee on Ways and Means

Chair Jill N. Tokuda
Vice Chair M. Dela Cruz

Thursday, February 23, 9:35 a.m.
State Capitol, Conference Room 211

Thank you for the opportunity to offer testimony on behalf of Legacy of Life Hawai'i in strong support of SB 308. As a member of the Healthcare Association of Hawaii, Legacy of Life Hawai'i supports this legislation which seeks to provide financial relief to long-term care (LTC) facilities in Hawaii by increasing their Medicaid rates through a modest inflationary update in fiscal years 2018 and 2019.

The Medicaid program is the largest payer of long-term care services in Hawaii. Many of our most vulnerable populations, including low-income seniors, rely on Medicaid as they age to ensure they have access to needed long-term care services. Some of our long-term care facilities serve patient populations where a vast majority of individuals—up to 70 percent—are enrolled in the Medicaid program.

It is significant to note that not all of the losses incurred by nursing facilities caring for Medicaid enrollees are made up by other programs, such as the Nursing Facility Sustainability Program. In fact, in 2015, the industry-wide Medicaid shortfall for Hawaii's nursing facilities was \$16.5 million, even after the nursing facility sustainability program was taken into account. This funding, then, is necessary to ensure that beds and services remain available not only to seniors, but also to younger, more complex patients with difficult-to-treat conditions or mental health or substance abuse issues.

I, therefore, urge this committee to give SB 308 your favorable consideration.

Thank you for the opportunity to offer testimony on behalf of Legacy of Life Hawai'i in strong support.

February 23, 2017 at 9:35 a.m.
Conference Room 211

Senate Committee on Ways and Means

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

Re: **Testimony in Support**
SB308, Relating to Long-Term Care Facilities

Hale Makua Health Services is the main provider of skilled and long-term nursing services on Maui, I am writing today to express support my support of SB308, which would increase nursing home payments in the Department of Human Services' budget for the Medicaid program.

This bill is critical to supporting long-term care services in Hawaii that will help our nursing homes continue to provide high-quality care to our kupuna. While payments from the Medicaid program have stagnated or declined, costs have gone up at Hale Makua. These losses are not sustainable, and relief can be provided through this appropriation. This is because other programs that support long-term care facilities, such as the Nursing Facility Sustainability Program, do not fully cover payment shortfalls from the Medicaid program. In fact, in 2015, the payment shortfalls even after the sustainability program was included totaled \$16.5 million industry-wide.

Without an increase in our Medicaid rates, it is becoming harder and harder to make ends meet to provide care to the most vulnerable in our community. While we provide care primarily for kupuna, we also provide care to young adults recovering from substance abuse issues and homeless individuals. If we find ourselves in a position where we have to reduce services, the impact to the community will be undeniable. Maui Memorial Medical Center will have an even harder time discharging their patients, which would limit the number of available beds for the rest of the community.

I would like to thank the committees for the opportunity to support SB308 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.

I would conclude by asking for your support on this important issue by ensuring that this funding is preserved in the budget bill to help ensure that all residents have access to needed long-term care services in Hawaii.

Thank you for your consideration of this important matter.



HAWAII CHAPTER - AMERICAN PHYSICAL THERAPY ASSOCIATION

(800) 554-5569 x13 • www.hapta.org • info@hapta.org

**SB308, Relating to Long Term Care Facilities
Sen WAM Decision Making Hearing
Thurs, Feb. 23, 2017 – 9:35am
Room 211
Position: Support**

Chair Tokuda and Members of the Senate WAM Committee:

I am Gregg Pacilio, PT and Board President of the Hawaii Chapter of the American Physical Therapy Association, a non-profit professional organization serving more than 300 member Physical Therapists and Physical Therapist Assistants. Our members are employed in hospitals and health care facilities, the Department of Education school system, and private practice. We are movement specialists and are part of the spectrum of care for Hawaii, and provide rehabilitative services for infants and children, youth, adults and the elderly. Rehabilitative services are a vital part of restoring optimum functioning from neuromusculoskeletal injuries and impairments.

HAPTA supports providing an inflationary adjustment to the long-term care reimbursement methodology for Medicaid patients. Providing appropriate funding to cover costs adequately in these facilities will improve staff allocation and has the potential to decrease fall risk. The cost of providing care increases with inflation, and payment allocation should reflect this.

Physical therapists are part of the interdisciplinary team of many long term care hospitals. The services and patients provided by these facilities are very important to society and our community. Adequate care should be supported and expected from these facilities which means the funds provided should allow for good care.

Your support of SB308 is appreciated. Thank you for the opportunity to testify. Please feel free to contact Abi Leddy, HAPTA's Elder Care Chair at (214) 883-8329 for further information.

February 23, 2017 at 9:35 a.m.
Conference Room 211

Senate Committee on Ways and Means

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

Re: **Testimony in Support**
SB308, Relating to Long-Term Care Facilities

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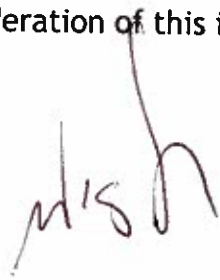
This bill is critical to supporting long-term care services in Hawaii that will help our nursing homes continue to provide high-quality care to our kupuna. While payments from the Medicaid program have stagnated or declined, costs have gone up at Hale Makua. These losses are not sustainable, and relief can be provided through this appropriation. This is because other programs that support long-term care facilities, such as the Nursing Facility Sustainability Program, do not fully cover payment shortfalls from the Medicaid program. In fact, in 2015, the payment shortfalls even after the sustainability program was included totaled \$16.5 million industry-wide.

Without an increase in our Medicaid rates, it is becoming harder and harder to make ends meet to provide care to the most vulnerable in our community. While we provide care primarily for kupuna, we also provide care to young adults recovering from substance abuse issues and homeless individuals. If we find ourselves in a position where we have to reduce services, the impact to the community will be undeniable. Maui Memorial Medical Center will have an even harder time discharging their patients, which would limit the number of available beds for the rest of the community.

I would like to thank the committees for the opportunity to support SB308 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.

I would conclude by asking for your support on this important issue by ensuring that this funding is preserved in the budget bill to help ensure that all residents have access to needed long-term care services in Hawaii.

Thank you for your consideration of this important matter.

A handwritten signature in dark ink, appearing to read "Mish" or "Mishon". The signature is written in a cursive style with a long vertical stroke extending upwards from the top of the letter 'h'.



February 23, 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

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

Re: **Testimony in Support**
SB 308, Relating to Long-Term Care Facilities

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, Inc. would like to thank the committee for the opportunity to **support** SB 308. This legislation would provide financial relief to long-term care (LTC) facilities in Hawaii by increasing their Medicaid rates through a modest inflationary update in fiscal years 2018 and 2019. We are extremely grateful that the legislature supported this funding last year by approving a one-time appropriation of approximately \$2 million that generated an additional \$2.5 million in federal funding for the state. We also appreciate that the administration included this funding as part of the biennium budget and hope that the legislature will support this complementary measure to ensure that this critical funding is available.

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In fiscal years 2009-2016, LTC facilities in Hawaii did not receive an inflation update for Medicaid payments because of the Great Recession. However, the legislature last year approved a one-time appropriation to reinstate this critical funding. The immediate impact of that funding was to provide financial relief to struggling providers, especially on the neighbor islands. If funding is made available for fiscal years 2018 and 2019, the long-term care system in Hawaii will be more stable and facilities across the state will have the ability to invest in needed maintenance and retain experienced staff in a competitive labor market. The state funding will also generate an additional \$7.2 million in federal dollars coming into the state.

It is significant to note that not all of the losses incurred by nursing facilities caring for Medicaid enrollees are made up by other programs, such as the Nursing Facility Sustainability Program. In fact, in 2015, the industry-wide Medicaid shortfall for Hawaii's nursing facilities was \$16.5 million, even after the nursing facility sustainability program was taken into account. This funding, then, is necessary to ensure that beds and services remain available not only to seniors, but also to younger, more complex patients with difficult-to-treat conditions or mental health or substance abuse issues.

We appreciate your consideration of this important matter and humbly ask for your support of this measure.

February 23, 2017 at 9:35 a.m.
Conference Room 211

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To: Chair Jill N. Tokuda
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Re: **Testimony in Support**
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I would conclude by asking for your support on this important issue by ensuring that this funding is preserved in the budget bill to help ensure that all residents have access to needed long-term care services in Hawaii.

Thank you for your consideration of this important matter.