

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 93 - Relating to Medicaid**

Hearing: 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 and provides comments.

PURPOSE: The purpose of the bill is to provide enhanced Medicaid payments to long-term care facilities that accept and care for medically-complex patients awaiting discharge from an acute care hospital, to help place patients in the most appropriate setting of care, and to open up hospital beds for acute patients.

We agree with the intent of the bill to provide care for our Medicaid beneficiaries in the most appropriate setting, and that waitlisted patients in acute care facilities can face barriers to being transferred from the hospital to another community-based facility due to their complex health needs. We also recognize that changing the reimbursement method by using an add-on to the base rate is one potential method to address the issue. We are concerned that passage of this measure not impact the Executive office's budget priorities.

There are many details that need to be clarified or modified to more effectively accomplish the intent of the bill. It is unclear who or what entity would be responsible for

making the assessment of the need for the level of care, or who or what entity would request such a review. Currently, the level of care assessment for long-term care services is done by an independent party to the acute care and the nursing facilities.

The nursing facility rates are currently acuity based using a prospective payment system. The rate is updated every six months to account for the acuity level of the nursing facilities' residents. The impact of the add-on payment on the current acuity based payment would need to be determined.

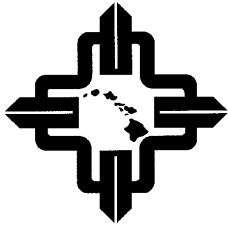
Additionally, we respectfully suggest analyses be done regarding the adequacy of the 40% add-on payment in order to ensure the most efficient and effective use of Medicaid state and federal dollars. However, some additional clarity on the details as well as additional time to gather the disparate data is needed in order to assess the value and financial impact of the 40% add-on payment.

The long-term care nursing facilities are only one type of setting where Medicaid enrollees are discharged from acute-care settings. The definition of long-term care facility referenced in the bill (section 349-21, Hawaii Revised Statutes) includes Adult Residential Care Homes, but not Community Care Foster Homes (CCFH). However, many more Medicaid beneficiaries are discharged from the hospital to CCFHs than to Adult Residential Care Homes. We would suggest that the entire range of settings be considered in addressing the intent of the bill.

In addition, we respectfully seek clarification of the following technical issues:

- Section (b) lists 6 qualifying conditions for the Medicaid beneficiary to have in order to qualify for the add-on payment. Section (c) (2) also lists qualifying conditions. However, the qualifying conditions are different, and
- Section (b) qualifying conditions lists include "(1) A moderately severe to very severe medical or physical health conditions". However, there is not an already agreed-upon definition of "moderately severe to very severe medical or physical health condition". This would need to be clarified in order to implement.

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 93, Relating To Medicaid.
Establishes an add-on payment of forty percent to the Medicaid base rate for
Medicaid enrollees at long-term care facilities that have medically complex
conditions requiring higher level of care. Appropriates funds for fiscal years 2018
and 2019 to cover increased costs.**

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. 93 that provides for add-on payment of forty per cent to the Medicaid base rate for Medicaid enrollees at long-term care facilities that have medically complex conditions requiring higher level of care.

This measure attempts to address the issue of wait-listed patients that are occupying beds in acute care hospitals until a community long-term care provider can be found that can accommodate their complex medical issues. For HHSC's facilities, the wait-list issue has a significant negative impact on Maui Memorial Medical Center's financial performance. Maui Memorial Medical Center can have anywhere between 30-50 wait-listed patients per day. It is estimated that the lost revenue from holding these patients in the hospital rather than filling the beds with true acute care patients is approximately \$15 million per year. Any measure that encourages more facilities to treat sub-acute patients with complex medical conditions would greatly benefit Maui Memorial Medical

Page 2
February 8, 2017
H.B. 93

Center and reduce the amount of money that the taxpayers of the State of Hawaii would have to pay to subsidize that facility.

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



OAHU REGION
HAWAII HEALTH SYSTEMS CORPORATION

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: Derek Akiyoshi
CEO, Oahu Region
Hawaii Health Systems Corporation

Re: Testimony in Support
HB 93, Relating to Medicaid

We thank the committees for the opportunity to support HB 93. This legislation seeks to alleviate the bottleneck between acute-care hospitals and long-term care (LTC) facilities when waitlisted patients cannot be placed in the most appropriate setting of care due to cost concerns. Some patients end up residing in a hospital for extended periods because the cost of caring for such patients in a LTC facility is much higher than what the facility would receive in reimbursements from the Medicaid program. To address this issue, this measure provides an add-on payment that would amount to 40 percent of the base rate, or approximately \$100 per day, to help LTC facilities cover the costs of caring for waitlisted patients with complex conditions.

Waitlisted patients are individuals who have recovered to point that they no longer need the acute level of care that a hospital provides but nevertheless cannot be transferred to a different facility with a lower level of care. There are a myriad of reasons why these transfers cannot be made but, quite often, the reasons include a patient's complex medical needs or behavioral health

or substance abuse issues that require more intensive and costly services. Since these patients are usually too expensive to treat – especially given the gap between actual costs and inadequate Medicaid reimbursement rates – facilities with a lower level of care frequently choose not to accept them.

By providing an add-on payment to base rates for these complex patients, the state would help to encourage the transfer of medically complex patients to LTC facilities. Without it, the current bottleneck that occurs between the hospital and the LTC facility will likely get worse since the level of reimbursement is projected to increasingly fall shorter of the cost of providing needed services.

Further, patients who need acute care services may not be able to access a hospital bed if it is taken up by an individual who no longer meets that level of care but cannot be moved to an appropriate facility.

Thank you for your consideration of this important matter and we humbly request your support of this measure.

todd2 - Chloe

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 7:57 AM
To: HUS testimony
Cc: ecabatu@hhsc.org
Subject: Submitted testimony for HB93 on Feb 8, 2017 09:00AM

HB93

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 93.

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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todd2 - Chloe

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 3, 2017 5:36 PM
To: HUS testimony
Cc: louis@hawaiidisabilityrights.org
Subject: Submitted testimony for HB93 on Feb 8, 2017 09:00AM

HB93

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
Louis Erteschik	Hawaii Disability Rights Center	Support	Yes

Comments: This is one of the most thoughtful, insightful bills we have seen in some time. We have been advocating for a provision for a differentiated rate payment for years. It is interesting to note the study which references that 38 states have a similar provision because for years we had been told by prior administrations that it was not possible. We have had a long history of working with this "challenging patient" group and served on a Legislative Task Force years ago that sought to address this. We see these clients at our office. There is no doubt that the waitlist and the backlog that occurs at hospitals results from a simple basic truth. In our free market system of individually and family owned community care homes, operators are free to pick and choose who they wish to accept into their home. It is an easy confluence of human nature and economics that in most cases, for the same base rate of pay, the operator will choose the patient who is the easiest to care for. As a result, individuals with more complex medical needs or behavioral issues are often unable to find a care home that will accept them. Since the hospitals cannot inappropriately discharge them, these people languish in the hospitals when they don't need to be there, at a huge economic cost to the facility. The only way in our present system to place them in the community is to properly incentivize the operators so that they can recoup the cost to them of providing care and basically make it "worth their while" to do so. Otherwise, this problem will never get solved and these individuals will continue to live in hospitals which in turn will continue to lose money and run the risk of a shortage of beds to serve those who really need to be there.

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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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 8, 2017

Hrg: House Committees on Human Services and Health Joint Hearing; Wednesday, February 8, 2017 at 9:00AM in Room 329

Re: **Support for HB 93, Relating to Medicaid**

My name is Paula Yoshioka, and I am a Senior Vice President at The Queen's Health Systems. We would like to express our **support** for HB 93, Relating to Medicaid. This bill would provide enhanced Medicaid payments to long-term care (LTC) facilities that accept and care for medically-complex patients awaiting discharge from an acute care hospital.

At Queen's we are committed to providing care for Hawaii's most underserved. We concur with the testimony from the Healthcare Association of Hawaii. By providing an add-on payment to base rates for these complex patients, the State would help to encourage the transfer of medically complex patients to LTC facilities. At The Queen's Medical Center – Punchbowl (QMC-Punchbowl), Medicaid patients accounted for a total of 5,484 days on the waitlist with 53 percent considered to be medically-complex patients. We experienced a net loss of \$6.6 million in FY 2016 caring for these patients as they were waitlisted for transfer to a long-term care facility.

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. 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. Therefore, providing this add-on payment to LTC facilities will help to alleviate the transfer waitlist at hospitals and free up more beds for patients needing an acute level of care.

I commend the legislature for introducing this measure and ask you to support it. 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.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 8, 2017

The Honorable Dee Morikawa, Chair
The Honorable Chris Todd, Vice Chair
House Committee on Human Services

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

Re: HB 93 – Relating to Medicaid

Dear Chair Morikawa, Chair Belatti, Vice Chair Todd, Vice Chair Kobayashi, and Committee Members:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 93, relating to add-on payments to the Medicaid base rate for Medicaid enrollees with medically complex conditions who are receiving care at long-term care facilities. HMSA appreciates the Committees' intent to address the expressed challenge of placing medically complex patients in long-term care environments. We do have concerns that clarification is needed for some elements of the Bill, and we offer comments.

HMSA would ask the Committees to consider clarifying in Section 2(b)(1) and (5) respectively on what qualifies as “moderately severe” and “severe” conditions. Without this clarification, conflicts may arise regarding when the add-on payment should apply. In addition, we ask the Committees to offer further clarity on (b)(2) with regard to how drug costs are measured; as written we believe there could be confusion as to when this cost is calculated (e.g., when administered in the hospital, after discharge, etc.).

We additionally ask the Committees to consider providing adequate lead-time for plans to operationalize the statutory changes.

Thank you for allowing us to testify on HB 93.

Sincerely,

Mark K. Oto
Director, Government Relations.



ALOHA NURSING REHAB CENTRE

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Phone 808-247-2220 • Fax 808-235-3676

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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: Amy Lee
Executive Director
Aloha Nursing Rehab Centre

Re: **Testimony in Support**
HB 93, Relating to Medicaid

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 committee for the opportunity to **support** HB 93. This legislation seeks to alleviate the bottleneck between acute care hospitals and long-term care (LTC) facilities when waitlisted patients cannot be placed in the most appropriate setting of care due to cost concerns. All too often, patients end up residing in a hospital for many months because the cost of caring for that patient in a LTC facility is much higher than what the facility would receive in reimbursements from the Medicaid program. To address this issue, this measure would provide an add-on payment that would amount to 40 percent of the base rate, or approximately \$100 per day, to help LTC facilities cover the costs of caring for waitlisted patients with complex conditions. A similar add-on payment is available in 38 other states to encourage LTC facilities to accept costly and complex patient who might otherwise reside in a hospital.

Waitlisted patients are individuals who have recovered sufficiently to no longer need the acute level of care that a hospital provides but who cannot be transferred from a hospital to another facility. The predominant reason that this transfer cannot be made is that a patient has a complex medical need, such as septicemia or behavioral health or substance abuse issues, that require more intensive services. These patients are often too costly to treat because the gap between costs and the reimbursement from Medicaid is too wide.

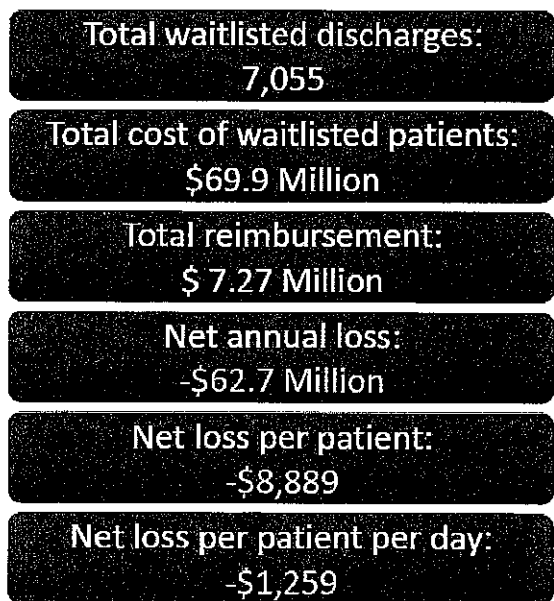
By providing an add-on payment to base rates for these complex patients, the state would help to encourage the transfer of medically complex patients to LTC facilities. Without it, the current bottleneck that occurs between the hospital and the LTC facility will likely get worse since the level of reimbursement will increasingly fall short of the cost of providing needs and services. Further, costs to the health care system will increase as patients continue to receive care in high-cost, less-appropriate settings of care.

The costs incurred by hospitals for caring for waitlisted health care patients is concerning. A 2014 report by the Hawaii Health Information Corporation found that there were 7,055 patients who were waitlisted in Hawaii hospitals in 2011. The costs to hospitals for taking care of those patients were \$1,259 per day, with a net annual loss of approximately \$60 million. Further, patients who need acute care services may not be able to access a hospital bed if it is taken up by an individual who no longer meets that level of care but cannot be moved to an appropriate facility. Further statistics on the issue can be found in **Figure 1**, which borrows from a report issued by the Hawaii Health Information Corporation in 2014.

The estimated cost of providing this add-on payment would be approximately \$4 million in state general funds, which would be matched by about \$4 million in federal funds. This sum is just a fraction of the costs that hospitals incur caring for these patients because patients will be placed in a lower-cost (and more appropriate) setting of care. Further, acute care facilities will no longer lose potential revenue because they are unable to provide a bed for a patient needing acute care. The compounding costs of waitlisted patients residing in hospitals can be mitigated with these funding, helping to make sure that patients receive quality care while saving costs.

Thank you for your consideration of this important matter and we humbly request your support of this measure.

Figure 1
Acute Care Waitlisted Patients in Hawaii 2006-2011
Report by the HHIC – March 5, 2014





HAWAII CHAPTER - AMERICAN PHYSICAL THERAPY ASSOCIATION

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

**HB 93, Relating to Medicaid
House HUS/HLT Committee Hearing
Wednesday, Feb. 8, 2017 – 9:00 am
Room 329
Position: Support**

Chairs Morikawa and Belatti and Members of the Joint HUS/HLT Committee:

I am Gregg Pacilio, PT and Board President of the Hawaii Chapter of the American Physical Therapy Association (HAPTA), 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 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 enhanced Medicaid payments to long term care (LTC) facilities that accept and care for medically-complex patients awaiting discharge from an acute care hospital, which will help place patients in the most appropriate care setting, and will open up hospital beds for acute care patients. This will decrease the cost of care overall as acute care cost is higher than long term care cost.

Physical therapists are part of the interdisciplinary team of many long term care hospitals and see behaviorally and medically complex patients, many of which are on higher cost medication and with psychiatric or cognitive deficits. These conditions may lead to particularly high rates of falls that are difficult to prevent without 1:1 sitters or higher staffing, even with aggressive PT and interprofessional care.

Higher compensation for care of complex patients will allow for 1) LTC facilities to accept these patients that require greater resource utilization and 2) Improved care for those currently accepted to LTC facilities.

Your support of HB93 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 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 93, Relating to Medicaid

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 93. This legislation seeks to alleviate the bottleneck between acute care hospitals and long-term care (LTC) facilities when waitlisted patients cannot be placed in the most appropriate setting of care due to cost concerns. All too often, patients end up residing in a hospital for many months because the cost of caring for that patient in a LTC facility is much higher than what the facility would receive in reimbursements from the Medicaid program. To address this issue, this measure would provide an add-on payment that would amount to 40 percent of the base rate, or approximately \$100 per day, to help LTC facilities cover the costs of caring for waitlisted patients with complex conditions. A similar add-on payment is available in 38 other states to encourage LTC facilities to accept costly and complex patient who might otherwise reside in a hospital.

Waitlisted patients are individuals who have recovered sufficiently to no longer need the acute level of care that a hospital provides but who cannot be transferred from a hospital to another facility. The predominant reason that this transfer cannot be made is that a patient has a complex medical need, such as septicemia or behavioral health or substance abuse issues, that require more intensive services. These patients are often too costly to treat because the gap between costs and the reimbursement from Medicaid is too wide.

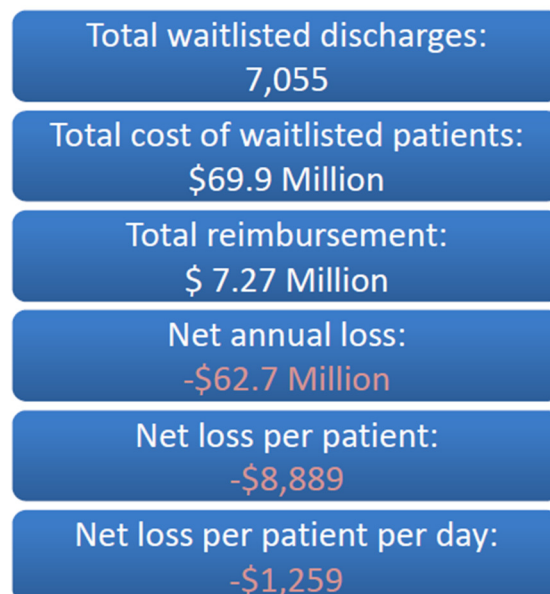
By providing an add-on payment to base rates for these complex patients, the state would help to encourage the transfer of medically complex patients to LTC facilities. Without it, the current bottleneck that occurs between the hospital and the LTC facility will likely get worse since the level of reimbursement will increasingly fall short of the cost of providing needed services. Further, costs to the health care system will increase as patients continue to receive care in high-cost, less-appropriate settings of care.

The costs incurred by hospitals for caring for waitlisted health care patients is concerning. A 2014 report by the Hawaii Health Information Corporation found that there were 7,055 patients who were waitlisted in Hawaii hospitals in 2011. The costs to hospitals of taking care of those patients was \$1,259 per day, with a net annual loss of approximately \$60 million. Further, patients who need acute care services may not be able to access a hospital bed if it is taken up by an individual who no longer meets that level of care but cannot be moved to an appropriate facility. Further statistics on the issue can be found in **Figure 1**, which borrows from a report issued by the Hawaii Health Information Corporation in 2014.

The estimated cost of providing this add-on payment would be approximately \$4 million in state general funds, which would be matched by about \$4 million in federal funds. This sum is just a fraction of the costs that hospitals incur caring for these patients because patients will be placed in a lower-cost (and more appropriate) setting of care. Further, acute care facilities will no longer lose potential revenue because they are unable to provide a bed for a patient needing acute care. The compounding costs of waitlisted patients residing in hospitals can be mitigated with this funding, helping to make sure that patients receive quality care while saving costs.

Thank you for your consideration of this important matter and we humbly request your support of this measure.

Figure 1
Acute Care Waitlisted Patients in Hawaii 2006-2011
Report by the HHIC – March 5, 2014





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**
HB 93, Relating to Medicaid


Thank you for this opportunity to testify in support of HB93. 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.

Hawaii's waitlist problem is well-documented, and on Maui the situation is at critical levels. From a financial standpoint there are between 35 – 40 waitlisted patients, or 15% of the beds available, at MMMC on any given day. The cost to care for these individuals at MMMC is \$1,500 per day. At 35 patients per day, that equates to over \$19 million annually.

The average cost to care for a waitlisted individual at a nursing home ranges from \$300 – 500 per day. Unfortunately the average Medicaid reimbursement rate is only \$240 per day. By providing an add-on payment to base rates for complex individuals from MMMC's waitlist, the state would help to encourage the transfer of medically complex individuals to Hale Makua. Without it, the current bottleneck that occurs between the MMMC and Hale Makua nursing homes will likely get worse since the level of reimbursement will increasingly fall short of the cost of providing needed services. Further, costs to the healthcare system will increase as individuals continue to receive care in high-cost, less-appropriate settings of care.

Thank you for your consideration of this important matter. I humbly request your support of this measure.

Respectfully,

A handwritten signature in black ink, appearing to read 'Ted Tucker', with a long horizontal flourish extending to the right.

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
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 93, Relating to Medicaid

Thank you for the opportunity to testify in **strong support** of HB 93, which seeks to alleviate the barrier between hospitals and long-term care facilities when waitlisted patients are not able to be placed in the most appropriate care setting due to cost impediments. Most of these patients have special needs such as complex medical conditions, mental/behavioral conditions, substance abuse issues, etc. Patients remain in hospitals because long-term care facilities are not able to take these patients, because the costs of care for these medically complex needs are significantly higher than what Medicaid reimburses them for.

This measure provides for an add-on payment that would allow long-term care facilities to receive increased reimbursement for these medically complex patients. Without it, these patients will continue to stress our already struggling acute care hospitals and patients will not be afforded the opportunity to receive the care they need in the most appropriate, less costly, care setting.

Thank you for the opportunity to testify in **support** of HB 93.



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

Re: Testimony in Support
HB 93, Relating to Medicaid

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 93. This legislation seeks to alleviate the bottleneck between acute care hospitals and long-term care (LTC) facilities when waitlisted patients cannot be placed in the most appropriate setting of care due to cost concerns. All too often, patients end up residing in a hospital for many months because the cost of caring for that patient in a LTC facility is much higher than what the facility would receive in reimbursements from the Medicaid program. To address this issue, this measure would provide an add-on payment that would amount to 40 percent of the base rate, or approximately \$100 per day, to help LTC facilities cover the costs of caring for waitlisted patients with complex conditions. A similar add-on payment is available in 38 other states to encourage LTC facilities to accept costly and complex patient who might otherwise reside in a hospital.

Waitlisted patients are individuals who have recovered sufficiently to no longer need the acute level of care that a hospital provides but who cannot be transferred from a hospital to another facility. The predominant reason that this transfer cannot be made is that a patient has a complex medical need, such as septicemia or behavioral health or substance abuse issues, that require more intensive services. These patients are often too costly to treat because the gap between costs and the reimbursement from Medicaid is too wide.

Phone: (808) 521-8961 | Fax: (808) 599-2879 | HAH.org | 707 Richards Street, PH2 - Honolulu, HI 96813

Affiliated with the American Hospital Association, American Health Care Association, National Association for Home Care and Hospice,
American Association for Homecare and Council of State Home Care Associations

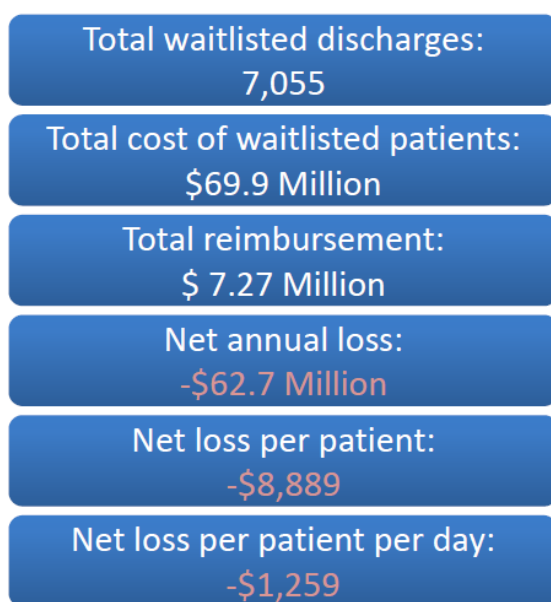
By providing an add-on payment to base rates for these complex patients, the state would help to encourage the transfer of medically complex patients to LTC facilities. Without it, the current bottleneck that occurs between the hospital and the LTC facility will likely get worse since the level of reimbursement will increasingly fall short of the cost of providing needed services. Further, costs to the health care system will increase as patients continue to receive care in high-cost, less-appropriate settings of care.

The costs incurred by hospitals for caring for waitlisted health care patients is concerning. A 2014 report by the Hawaii Health Information Corporation found that there were 7,055 patients who were waitlisted in Hawaii hospitals in 2011. The costs to hospitals of taking care of those patients was \$1,259 per day, with a net annual loss of approximately \$60 million. Further, patients who need acute care services may not be able to access a hospital bed if it is taken up by an individual who no longer meets that level of care but cannot be moved to an appropriate facility. Further statistics on the issue can be found in **Figure 1**, which borrows from a report issued by the Hawaii Health Information Corporation in 2014.

The estimated cost of providing this add-on payment would be approximately \$4 million in state general funds, which would be matched by about \$4 million in federal funds. This sum is just a fraction of the costs that hospitals incur caring for these patients because patients will be placed in a lower-cost (and more appropriate) setting of care. Further, acute care facilities will no longer lose potential revenue because they are unable to provide a bed for a patient needing acute care. The compounding costs of waitlisted patients residing in hospitals can be mitigated with this funding, helping to make sure that patients receive quality care while saving costs.

Thank you for your consideration of this important matter and we humbly request your support of this measure.

Figure 1
Acute Care Waitlisted Patients in Hawaii 2006-2011
Report by the HHIC – March 5, 2014





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 93, Relating to Medicaid

Thank you for this opportunity to testify in support of HB93. 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 our 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.

Hawaii's waitlist problem is well-documented, and on Maui the situation is at critical levels. From a financial standpoint there are between 35-40 waitlisted patients, or 15% of the beds available, at MMMC on any given day. The cost to care for these individuals at MMMC is \$1,500 per day. At 35 patients per day, that equates to over \$19 million annually.

The average cost to care for a waitlisted individual at a nursing home ranges from \$300-\$500 per day. Unfortunately the average Medicaid reimbursement rate is only \$240 per day. By providing an add-on payment to base rates for complex individuals from MMMC's waitlist, the state would help to encourage the transfer of medically complex individuals to Hale Makua. Without it, the current bottleneck that occurs between the MMMC and Hale Makua nursing homes will likely get worse since the level of reimbursement will increasingly fall short of the cost of providing

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Thank you for your consideration of this important matter. I humbly request your support of this measure.

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Thank you for your consideration of this important matter. I humbly request your support of this measure.

todd2 - Chloe

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 3, 2017 1:33 PM
To: HUSstestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB93 on Feb 8, 2017 09:00AM*

HB93

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:

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Thank you for your consideration of this important matter. I humbly request your support of this measure.

Respectfully,
Denise Thayer

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