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January 30, 2017

TO: The Honorable Senator Josh Green, Chair
Senate Committee on Human Services

The Honorable Senator Rosalyn H. Baker, Chair
Committee on Commerce, Consumer Protection, and Health

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 285 Relating to the Nursing Facility Sustainability Program**

Hearing: January 30, 2017, 2:45 p.m.
Conference Room 016, 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 bill, SB 963. We express strong support for the bill as we have been implementing this program successfully for several years. We do request one technical amendment for clarity: Add the word "and" on page seven, line five after the semi-colon.

Thank you for the opportunity to testify on this bill.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Human Services and Committee on
Commerce, Consumer Protection, and Health
Monday, January 30, 2017 at 2:45 P.M.
Conference Room 016, State Capitol**

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

Chairs Green and Baker, Vice Chairs Chang and Nishihara, and Members of the Committees:

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

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,400 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.

To: The Honorable Josh Green, Chair
The Honorable Stanley Chang, Vice Chair
Members, Committee on Human Services

The Honorable Rosalyn H. Baker, Chair
The Honorable Clarence K. Nishihara, Vice Chair
Members, Committee on Commerce, Consumer Protection, and Health

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

Date: January 29, 2017

Hrg: Senate Committees on Human Services and Commerce, Consumer Protection, and Health
Joint Hearing; Monday, January 30, 2017 at 2:45PM in Room 016

Re: **Support for SB 285, 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, 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.

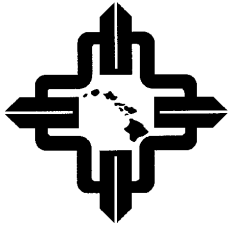
For several years now, the Nursing Facility Sustainability Program has received support for the Legislature. Such support is necessary to ensure that the State of Hawaii continues to build up

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.

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.



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

"Quality Healthcare For All"

Senate Committee on Human Services
Senator Josh Green, Chair
Senator Stanley Chang, Vice Chair

Senate Committee on Commerce, Consumer Protection, and Health
Senator Rosalyn H. Baker, Chair
Senator Clarence K. Nishihara, Vice Chair

January 30, 2017
Conference Room 016
2:45 p.m.
Hawaii State Capitol

Testimony Supporting Senate Bill 285 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 SB 285 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 respectively recommend the Committee's support of this measure.



January 30, 2017 at 2:45 PM
Conference Room 016

Senate Committee on Human Services

Senate Committee on Commerce, Consumer Protection, and Health

To: Chair Josh Green
Vice Chair Stanley Chang

Chair Rosalyn H. Baker
Vice Chair Clarence K. Nishihara

Re: Testimony in Support

SB 285, 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 SB 285** 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. From fiscal years 2013-2017, providers have seen net returns from the program totaling more than \$53 million. 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 and is supported by HAH members and our partners at DHS. 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.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 7:54 AM
To: HMS Testimony
Cc: ecabatu@hhsc.org
Subject: Submitted testimony for SB285 on Jan 30, 2017 14:45PM

SB285

Submitted on: 1/30/2017

Testimony for HMS/CPH on Jan 30, 2017 14:45PM in Conference Room 016

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

Comments: Please accept organizational support from the East Hawaii Region of Hawaii Health Systems Corporation which includes: Hilo Medical Center and our sister Critical Access Hospitals, Hale Ho`ola Hamakua in Honoka`a and Ka`u Hospital.

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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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 2:45 PM
To: HMS Testimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB285 on Jan 30, 2017 14:45PM*

SB285

Submitted on: 1/28/2017

Testimony for HMS/CPH on Jan 30, 2017 14:45PM in Conference Room 016

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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