

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

March 17, 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: **SB 308 SD1 - Relating to Long-Term Care Facilities**

Hearing: March 17, 2017, 9:30 a.m.  
Conference Room 329, 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 Senate Committee on Ways and Means defected the effective date and noted that it intends to consider including this appropriation in the General Appropriation Act of 2017.

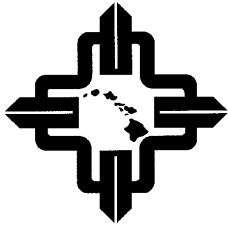
The inflation factor would be restored to the basic per diem rate paid to the nursing facilities. The 2016 legislature passed Act 136, Session Laws of Hawaii 2016, and restored funding of the inflation factor for one year.

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.



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

*"Quality Healthcare For All"*

**House Committee on Human Services  
Representative Dee Morikawa, Chair  
Representative Chris Todd, Vice Chair**

March 17, 2017  
Conference Room 329  
9:30 a.m.  
Hawaii State Capitol

**Testimony Supporting Senate Bill 308, SD 1, Relating To Long-Term Care  
Facilities.**

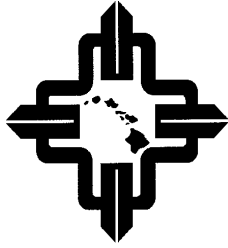
**Provides for an annual inflationary adjustment in the methodology used to  
reimburse facilities for the long-term care of medicaid recipients. Appropriates  
funds for the inflationary adjustment for fiscal years 2017-2018 and 2018-2019.**

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, SD 1 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.



OAHU REGION  
HAWAII HEALTH SYSTEMS CORPORATION

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March 17, 2017 at 9:30 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  
Oahu Region CEO  
Hawaii Health Systems Corporation

Re: Testimony in Support  
SB 308 SD1, Relating to Long-Term Care Facilities

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We thank the committees for providing us with the opportunity to testify in support of SB 308 SD1. 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.



**March 17, 2017 at 9:30 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: Richard S Kishaba  
President and CEO  
Ohana Pacific Management Company, Inc.

**Re: Testimony in Support**  
**SB 308 SD 1, 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.

I would like to thank the committees for the opportunity to **support** SB 308 SD 1. 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.



**SB308sd1, Relating to Long Term Care Facilities  
House HUS/HLT Hearing  
Fri, March 17, 2017 – 9:30am  
Room 329  
Position: Support**

Chairs Morikawa and Belatti, and Members of the House HUS/HLT 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 SB308sd1 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.





## 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: March 14, 2017

Hrg: House Committees on Human Services and Health Joint Hearing; Friday, March 17, 2017  
at 9:30AM in Room 329

Re: **Support for SB 308, SD1, 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, SD1, 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

*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.*

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, 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.



**March 17, 2017 at 9:30**  
**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**  
**SB 308 SD 1, Relating to Long-Term Care Facilities**

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** SB 308 SD1. 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.



**March 17, 2017 at 9:30 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**  
**SB 308 SD 1, 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 committees for the opportunity to **support** SB 308 SD 1. 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

Phone: (808) 521-8961 | Fax: (808) 599-2879 | [HAH.org](http://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

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.



Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the House Committee on Human Services and  
the House Committee on Health  
Friday, May 17, 2017 at 9:30 A.M.  
Conference Room 329, State Capitol**

**RE: SENATE BILL 308 SD1 RELATING TO LONG-TERM CARE FACILITIES**

Chairs Morikawa and Belatti, Vice Chairs Todd and Kobayashi, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 308 SD1, 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.



**March 17, 2017 at 9:30 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: Bronson Ho  
Administrator  
Hale Kupuna Heritage Home

**Re: Testimony in Support**  
**SB 308 SD 1, Relating to Long-Term Care Facilities**

Hale Kupuna Heritage Home is a 84 bed skilled nursing facility serving the island of Kauai.

I would like to thank the committees for the opportunity to **support** SB 308 SD 1. 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.

**March 17, 2017 at 9:30 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: Mary Beth Santoro  
Administrator  
Puuwai O Makaha

**Re: Testimony in Support**  
**SB 308 SD 1, Relating to Long-Term Care Facilities**

Puuwai O Makaha is a 93 bed skilled nursing facility serving the communities of the Waianae Coast for over 40 years.

I would like to thank the committees for the opportunity to **support** SB 308 SD 1. 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.

**March 17, 2017 at 9:30 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: Nolan Namba  
Administrator  
Ann Pearl Rehabilitation and Healthcare

**Re: Testimony in Support**  
**SB 308 SD 1, Relating to Long-Term Care Facilities**

Ann Pearl Rehabilitation and Healthcare Center, is a 104 bed skilled nursing facility and adult day health serving the Kaneohe community for over 50 years.

I would like to thank the committees for the opportunity to **support** SB 308 SD 1. 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.

March 17, 2017 at 9:30 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**  
**SB 308 SD 1, Relating to Long-Term Care Facilities**

Thank you for the opportunity to testify in **strong support** of SB 308 SD 1, which provides financial relief to long-term care facilities in Hawaii by increasing the Medicaid rates they receive, via an inflationary update for fiscal years 2018 and 2019. Prior to last year's one time appropriation from the legislature for approximately \$2 million dollars, these facilities have gone without an inflationary increase since 2009, and long-term care facilities in the state continue to face major financial challenges on a daily basis to provide quality healthcare to Hawaii residents and our kupuna. These challenges are exacerbated for those that serve Medicaid enrollees as current payments do not cover the actual cost of care. These facilities are extremely grateful for last year's appropriation as well as funding being included as part of the biennium budget and hope that legislature will support this complementary measure to ensure this much needed funding is available.

Facilities are faced with increased costs for supplies and labor. It becomes very difficult to recruit and retain competent, properly trained healthcare staff when the staff can only look forward to stagnant wages and reduced benefits. This affects the entire healthcare industry as a whole, as our quality staff are now leaving our facilities and kupuna, to look at other career paths outside of the healthcare industry. There are also more and more regulatory requirements that are directed at facilities, which without proper funding can be very challenging to meet.

Implementing this much needed funding is absolutely **critical** for these facilities to continue to provide the highest quality of care to our kupuna.

Thank you for the opportunity to testify in **support** of SB 308 SD 1.



March 15, 2017

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: Connie Miller, Administrator  
Hale Makua Kahului

Re: Testimony in Support of SB 308 SD 1, Relating to Long-Term Care Facilities

Thank you for the opportunity to testify in **support** of SB 308 SD 1. As the Administrator of Hale Makua Kahului, a Maui nursing home with a capacity for 254 Kupuna, I urge you to support this bill.

At my nursing home in Kahului, over 70% of our residents are on Medicaid. We do not turn away people in need because they are on Medicaid. However, the Medicaid reimbursement is less than our costs for providing care. We have done all we can to cut expenses, but without the inflationary increase, our labor challenges will continue to worsen. Not only are we not able to provide the kinds of wages our employees deserve, we are having a very hard time recruiting for numerous openings due to our inability to compete with wages offered by other employers. Additionally, our delayed maintenance continues to add up, and our year-over-year losses continue to drain our limited reserves.

This legislation would provide financial relief to nursing in Hawaii by increasing our 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.

This legislation presents a common-sense way to use available federal resources to support Hawaii's Kupuna; a population that is growing quickly. The state funding will generate an additional \$7.2 million in federal dollars coming into the state. I urge you to support Hawaii's long-term care providers and the Kupuna we serve by voting in favor of SB 308 SD 1. Thank you for your consideration.



**March 17, 2017 at 9:30 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  
Administrator  
Garden Isle Healthcare & Rehabilitation

**Re: Testimony in Support**  
**SB 308 SD 1, Relating to Long-Term Care Facilities**

Garden Isle Healthcare & Rehabilitation (Garden Isle) is a 109 skilled nursing facility serving the island of Kauai.

I would like to thank the committees for the opportunity to **support** SB 308 SD 1. 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.



**March 17, 2017 at 9:30 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: Jan Shishido  
Administrator  
The Clarence T.C. Ching Villas at St. Francis

**Re: Testimony in Support**  
**SB 308 SD 1, Relating to Long-Term Care Facilities**

The Clarence T.C. Ching Villas at St. Francis (the Villas) is a 119 bed skilled nursing facility located on the St Francis Liliha campus.

I would like to thank the committees for the opportunity to **support** SB 308 SD 1. 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.

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

March 17, 2017/9:30 a.m.  
Conference Room 329

**House Committee on Human Services**  
**House Committee on Health**

To: Representative Dee Morikawa, Chair  
Representative Chris Todd, Vice Chair

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

**Re: SB 308 SD1 – Testimony in Support**

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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 with over 70 locations statewide including medical centers, clinics, physicians and other caregivers serving Hawai'i and the Pacific Region with high quality, compassionate care. Its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox – specialize in innovative programs in women's health, pediatric care, cardiovascular services, cancer care, bone and joint services and more. Hawai'i Pacific Health is recognized nationally for its excellence in patient care and the use of electronic health records to improve quality and patient safety.

I am writing in support of SB 308 SD1 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 SD1 will help to preserve access to health care for Medicaid recipients in Hawai'i.

Thank you for the opportunity to testify.



**LATE**

March 15, 2017

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: Connie Miller, Administrator  
Hale Makua Kahului

Re: Testimony in Support of SB 308 SD 1, Relating to Long-Term Care Facilities

Thank you for the opportunity to testify in **support** of SB 308 SD 1. As the Administrator of Hale Makua Kahului, a Maui nursing home with a capacity for 254 Kupuna, I urge you to support this bill.

At my nursing home in Kahului, over 70% of our residents are on Medicaid. We do not turn away people in need because they are on Medicaid. However, the Medicaid reimbursement is less than our costs for providing care. We have done all we can to cut expenses, but without the inflationary increase, our labor challenges will continue to worsen. Not only are we not able to provide the kinds of wages our employees deserve, we are having a very hard time recruiting for numerous openings due to our inability to compete with wages offered by other employers. Additionally, our delayed maintenance continues to add up, and our year-over-year losses continue to drain our limited reserves.

This legislation would provide financial relief to nursing in Hawaii by increasing our 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.

This legislation presents a common-sense way to use available federal resources to support Hawaii's Kupuna; a population that is growing quickly. The state funding will generate an additional \$7.2 million in federal dollars coming into the state. I urge you to support Hawaii's long-term care providers and the Kupuna we serve by voting in favor of SB 308 SD 1. Thank you for your consideration.