

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

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 308 Relating to Medicaid**

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

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

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

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

This bill seeks to continue the inflation factor for the next two fiscal years. Without restoration going forward, it will be challenging for the nursing facilities to continue to accept Medicaid beneficiaries and continue to operate. This could impact access to care for Medicaid

beneficiaries needing long-term care services just as the overall population is growing in our state most likely to need such services, those over the age of 65.

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

The Governor's budget request includes a request for \$1,887,883 A funds for state fiscal year (SFY) 2018-19, and \$4,056,077 A funds for SFY2019-20. We respectfully ask the Legislature to support the Governor's budget request.

Thank you for the opportunity to testify on this bill.



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

**Senate Committee on Human Services**

To: Chair Josh Green  
Vice Chair Stanley Chang

From: Kurt Akamine  
Vice President

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

Ohana Pacific Management Company, Inc. (OPMC) which owns and operates five post-acute care facilities servicing more than 500 patients on Oahu and Kauai as well as an adult day health program and home health agency on Kauai.

OPMC is the largest privately owned post-acute health care provider in the state and strives to provide the highest quality of post-acute care to the Hawaii population. Our foundation for delivery of care encompasses many aspects but quality is the main driver.

Ohana Pacific Management Company would like to thank the committee for the opportunity to **support** SB 308. This legislation would provide financial relief to long-term care (LTC) facilities in Hawaii by increasing their Medicaid rates through a modest inflationary update in fiscal years 2018 and 2019. We are extremely grateful that the legislature supported this funding last year by approving a one-time appropriation of approximately \$2 million that generated an additional \$2.5 million in federal funding for the state. Please note that this Medicaid program leverages Federal matching funds. 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 serves our most vulnerable populations, including low-income seniors to ensure they have access to needed long-term care services. The immediate impact of this funding will provide financial relief to struggling providers, especially on the neighbor islands.

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.



## THE QUEEN'S HEALTH SYSTEMS

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 27, 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 308, Relating to Long-Term Care Facilities**

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

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

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

The average daily census (ADC) at QMC-Punchbowl is 94 percent (80 percent is the efficient ADC level). In 2016, QMC-Punchbowl reached capacity multiple times requiring us to go on divert for 153 days or 42 percent of the entire year. At the same time the number of Emergency

*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.

**January 30, 2017/2:45pm**  
Conference Room 016

Senate Committee on Commerce, Consumer Protection & Health

To: Senator Rosalyn Baker, Chair  
Senator Clarence Nishihara, Vice Chair

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

**Re: SB 132 – Testimony in Support**

---

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

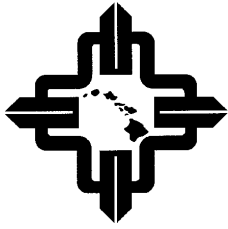
I am writing in support of SB 308 which provides funding for a Medicaid inflationary rate update for the long-term care of Medicaid recipients in fiscal years 2018 and 2019.

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

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

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

Thank you for the opportunity to testify.



**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 308, Relating To Long-Term Care Facilities. Provides for an annual inflationary adjustment in the methodology used to reimburse facilities for the long-term care of medicaid recipients. Appropriates funds for the inflationary adjustment for fiscal years 2017-2018 and 2018-2019.**

Linda Rosen, M.D., M.P.H.  
Chief Executive Officer  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in support of S.B. 308 that provides for an annual inflationary adjustment in the methodology used to reimburse facilities for the long-term care of Medicaid recipients.

HHSC operates almost 700 long-term care beds; in fact, almost 60% of HHSC's beds represent long-term care beds. Like other long-term care facilities, HHSC has suffered from a lack of inflationary adjustments in Medicaid long-term care rates for several years. This means that while the cost of providing care increased, there were no offsetting increases in reimbursement rates, forcing long-term care facilities to eat any inflationary costs through their own cash flow. In fiscal year 2016, HHSC was able to certify approximately \$15.2 million in losses from providing long-term care services to patients in the QUEST Integration program. Instituting an annual inflationary adjustment to long-term care reimbursement rates would certainly help in reducing the cost to the State for funding HHSC's operating losses for its long-term care services.



Thank you for the opportunity to testify before this committee. We would 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

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

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

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 160 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

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

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

In fiscal years 2009-2016, LTC facilities in Hawaii did not receive an inflation update for Medicaid payments because of the Great Recession. However, the legislature last year approved a one-time

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.

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

From: Dee Robinson  
Administrator  
One Kalakaua Senior Living

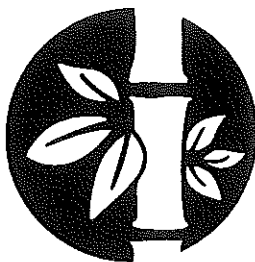
**Re: Testimony in Support**  
**SB 308, Relating to Long-Term Care Facilities**

Thank you for the opportunity to testify in **strong support** of SB 308, 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.



# Oahu Care Facility

1808 South Beretania Street • Honolulu, Hawaii 96826 • Phone (808) 973-1900

**January 27, 2017 at 2:45 PM  
Conference Room 016**

**Senate Committee on Human Services**

To: Chair Josh Green  
Vice Chair Stanley Chang

From: Colleen Kojima, Administrator  
Oahu Care Facility

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

I would like to echo the testimony submitted by the Healthcare Association of Hawaii which reads as follows:

“The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 160 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii’s residents, our members contribute significantly to Hawaii’s economy by employing over 20,000 people statewide.

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

**SB 308, Relating to Long-Term Care Facilities**

**Page Two**

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 I humbly ask for your support of this measure.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, January 30, 2017 7:55 AM  
**To:** HMS Testimony  
**Cc:** ecabatu@hhsc.org  
**Subject:** Submitted testimony for SB308 on Jan 30, 2017 14:45PM

**SB308**

Submitted on: 1/30/2017

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, January 28, 2017 2:46 PM  
**To:** HMS Testimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for SB308 on Jan 30, 2017 14:45PM\*

**SB308**

Submitted on: 1/28/2017

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, January 27, 2017 10:51 PM  
**To:** HMS Testimony  
**Cc:** williamrandysmith@gmail.com  
**Subject:** \*Submitted testimony for SB308 on Jan 30, 2017 14:45PM\*

**SB308**

Submitted on: 1/27/2017

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William R Smith	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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)