



STATE OF HAWAII
DEPARTMENT OF HEALTH
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**Testimony in SUPPORT of S.B.2899 SD1
RELATING TO THE MEDICARE CIVIL MONETARY PENALTY SPECIAL FUND.**

SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: Thursday, February 20, 2020 Room Number: 211

1 **Fiscal Implications:** None.

2 **Department Testimony:** The Department of Health SUPPORTS this bill to align Section 321-
3 30.2 Hawaii Revised Statute (HRS) with the U.S. Centers for Medicare and Medicaid (CMS)
4 civil monetary penalty (CMP) reinvestment program and to return moneys to skilled nursing
5 facilities to improve the care and lives of our *kupuna*.

6 Section 321-30.2 HRS established the CMP special fund with an annual spending ceiling
7 of \$30,000. However, CMS now prefers that state statutes not contain spending limits so that
8 favorable reinvestment projects can be better funded from CMP moneys. As of June 30, 2019,
9 Hawaii's CMP fund balance was \$1,051,157, and \$371,324 was deposited during fiscal year
10 2019.

11 CMS's CMP reinvestment program is authorized by 42 CFR 488.433 to support projects
12 that benefit nursing home residents and that protect or improve their quality of care or quality of
13 life. The CFR requires states to maintain an acceptable CMP reinvestment plan, approved by
14 CMS, for the effective use of CMP reinvestment funds. Unfortunately, because of Hawaii's
15 current statutory spending limit, Hawaii's plan was deemed unacceptable. Hawaii's plan includes

1 a process of obtaining information on beneficial projects through a request for information (RFI)
2 process and then publishing requests for proposals (RFP) and contracting with agencies to fund
3 projects pursuant to CMS guidelines. All projects must be approved by CMS and the
4 Department must follow state procurement laws. State procurement laws and the contracting
5 process will take time and effort to accomplish, but it's a worthwhile effort to improve the lives
6 of our *kupuna*.

7 Thank you for the opportunity to testify in SUPPORT of this bill.

8 **Offered Amendments:** None.



Thursday, February 20, 2020 at 1:00 pm
Conference Room 211

Senate Committee on Ways and Means

To: Chair Donovan M. Dela Cruz
Vice Chair Gilbert S.C. Keith-Agaran

From: Paige Heckathorn Choy
Director of Government Affairs
Healthcare Association of Hawaii

Re: **Testimony in Support**
SB 2899 SD 1, Relating to the Medicare Civil Monetary Penalty Special Fund

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 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.

Thank you for the opportunity to **support** this measure, which would lift the ceiling on the funds that can be used from the Medicare Civil Monetary Penalty (CMP) Special Fund each year. CMPs are fines that may be imposed by the Centers for Medicare and Medicaid Services (CMS) on Medicare- and Medicaid-certified nursing facilities found to be out of compliance with certain federal regulations. CMS intends for the majority of the penalty funds collected to be returned to the states in which they are imposed to improve nursing facility residents' quality of life or care.

Removing the ceiling on this special fund will enable our members to undertake quality improvement initiatives that will provide a meaningful benefit to patients. In fact, many of our members have already completed projects and initiatives that have improved patient care. Notable examples include the development and implementation of a music and memory therapy program in nursing facilities; an infection prevention and control training for nursing facility staff; the integration of a telemedicine system to improve resident health outcomes and prevent rehospitalizations; and a workforce retainment program to reduce turnover and increase residents' quality of care.

We appreciate the opportunity to support this measure.