

DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 16, 2021

TO: The Honorable Senator Joy A. San Buenaventura, Chair
Senate Committee on Human Services

The Honorable Senator Jarrett Keohokalole, Chair
Senate Committee on Health

FROM: Cathy Betts, Director

SUBJECT: **HB 311 HD 1– RELATING TO THE NURSING FACILITY SUSTAINABILITY
PROGRAM.**

Hearing: Tuesday, February 23, 2021, 9:30 a.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this bill, which is substantively similar to our administrative measure HB 977. As session continues, DHS respectfully requests the effective dates of this measure be amended as follows, "SECTION 11. This Act shall take effect on June 29, 2021; provided that sections 8 and 9 of this Act shall take effect on July 1, 2021."

The House Committee on Health, Human Services and Homelessness amended the bill by:

- (1) Allowing nursing facilities to pay their assessed fees within sixty days after the end of each month, rather than thirty days;
- (2) Changing the appropriation to an unspecified amount;
- (3) Changing the effective date to July 1, 2060, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

The House Committee on Finance passed the measure unamended.

PURPOSE: The purpose of the bill extends the nursing facility sustainability program to 2024. Allows the nursing facility sustainability fee to be used to enhance capitated rates for the purpose of paying quality incentives. Allows nursing facilities sixty days to pay the nursing facility sustainability fee. Specifies that the nursing facility sustainability fee limit is 5.5 per cent of overall net patient service revenue. Removes the per resident daily maximum fee of \$20 for each facility. Specifies facilities that meet certain exceptions shall pay a reduced daily fee in comparison to other participating facilities. Appropriates funds. Effective 7/1/2060. (HD1)

The Nursing Hospital Sustainability Program and the Nursing Facility Sustainability Program Special Fund (Special Fund) were established by Act 156, Session Laws of Hawaii (SLH) 2012, and last amended by Act 163, SLH 2019.

The Special Fund receives moneys from the nursing facility sustainability fee, which is used as the state fund match for federal Medicaid matching funds. These are used to increase reimbursements to the nursing facilities through capitation payments with a greater benefit to those providing proportionately more services to Medicaid recipients.

For SFY 2021, DHS Med-QUEST Division estimates the facilities will be assessed approximately \$13,000,000 in sustainability fees and will receive approximately \$15,000,000 in additional net reimbursements. These additional moneys will increase the sustainability of nursing facilities in Hawaii to continue as a critical part of the safety net as well as to incentivize quality using a pay for performance. DHS greatly appreciates the strong collaboration with the Healthcare Association of Hawaii to continue to strengthen this successful program and we concur with their proposed amendment.

Thank you for the opportunity to provide testimony in strong support of this measure.



**Testimony to the Senate Joint Committee on Human Services and Health
Thursday, March 18, 2021; 3:05 p.m.
State Capitol, Conference Room 308
Via Videoconference**

RE: HOUSE BILL NO. 0311, HOUSE DRAFT 1, RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

Chair San Buenaventura, Chair Keohokalole, and Members of the Joint Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 0311, House Draft 1, RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

The bill, as received by your Committee, would preserve access to health care for Medicaid recipients by extending the Nursing Facility Sustainability Program (Program). Specifically, this bill would:

- (1) Extend the date on which all moneys remaining in the Nursing Facility Sustainability Special Fund (Special Fund) are to be returned to the nursing facilities from which the funds were received from December 30, 2021, to June 30, 2024;
- (2) Eliminate the \$20.00 cap on the per resident daily fee;
- (3) Extend the period the fee would be due from thirty to sixty days after the end of each month; and
- (4) Appropriate an unspecified amount from the Special Fund for fiscal year 2021-2022 for uses consistent with the Program.

The bill would also take effect on July 1, 2060, to facilitate discussion.

Testimony on House Bill No. 0311, House Draft 1
Thursday, March 18, 2021; 3:05 p.m.
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By way of background, the HPCA represents Hawaii Federally-Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

Recognizing that Medicaid payments to nursing facilities were far below the actual costs of care, the Legislature enacted Act 156, SLH 2012, to establish the Program and increase Medicaid payments to nursing facilities. The Program achieves this by assessing a fee on nursing facilities, using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to nursing facilities.

We urge your favorable consideration of this bill.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.



ALOHA NURSING REHAB CENTRE

45-545 Kamehameha Hwy. • Kaneohe, HI 96744
Phone 808-247-2220 Fax 808-235-3676

www.alohanursing.com

March 18, 2021 at 3:05 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

Senate Committee on Health

To: Chair Jarrett Keohokalole
Vice Chair Rosalyn H. Baker

From: Amy Lee
Chief Executive Officer
Aloha Nursing Rehab Centre

Re: Testimony in Support

HB 311 HD 1, Relating to the Nursing Facility Sustainability Program

Aloha Nursing Rehab Centre is a 141-bed Skilled Nursing Facility located in Kaneohe, ministering to the needs of 350 seniors and their families annually and employing 190 dedicated staff. For over thirty years, Aloha Nursing has been contributing positively to the community and to the state economy.

Thank you for the opportunity to provide testimony in strong **support** of this bill. The nursing facility sustainability program is key in protecting access for seniors needing long-term care by helping participating nursing facilities offset some of the losses they incur taking care of under- and uninsured patients in Hawaii. In its simplest telling, the program works by levying a fee on participating providers. The funds generated through that fee are used to draw down additional federal dollars and are distributed back to the providers, which results in a net gain for most participants. Most importantly, **no state general funds are used for this program.**

This program has been in effect since 2012 when, recognizing that Medicaid payments were below the actual costs of care in nursing facilities, the legislature established this program. While the program was reauthorized annually for several years, the legislature passed a two-year authorization of the program in 2017. This was evidence of how successful the program has been, especially in bringing together private and public entities to help increase access to care for Medicaid recipients. This is especially important for seniors, who rely on nursing facility care as their health declines. The nursing facility sustainability program has successfully supported providers and seniors for nearly ten years—and it is important to note that this

program is different and separate from other proposals that would levy a fee on insurance providers.

Thank you for the opportunity to provide supportive testimony for this successful program, which will help protect access for seniors needing long-term care during this continued health and economic crisis. We will continue our partnership with the MedQUEST office on this measure and appreciate your consideration of this important measure.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Joy San Buenaventura, Chair
The Honorable Les Ihara, Jr., Vice Chair
Members, Senate Committee on Human Services

The Honorable Jarrett Keohokalole, Chair
The Honorable Rosalyn Baker, Vice Chair
Members, Senate Committee on Health

From: Rowena Buffett Timms, Executive Vice President & Chief Administrative Officer, The Queen's Health Systems

Colette Masunaga, Director, Government Relations & External Affairs, The Queen's Health Systems

Date: March 18, 2021

Re: Support for HB311, HD1: Relating to the Nursing Sustainability Program

The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 1,500 affiliated physicians and providers statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to testify in support for HB311, HD1, relating to the Nursing Facility Sustainability Program; which continues the Nursing Facility Sustainability Program for two years. This measure appropriates funds out of the Nursing Facility Sustainability Program Special Fund for fiscal years 2021-2022 and 2022-2023. The Nursing Facility Sustainability Program assists nursing facilities in Hawai'i by mitigating losses that are incurred when taking care of underserved populations. These facilities play a critical role in the continuum of care for our community. We also concur with Healthcare Association of Hawai'i's testimony in support of this measure.

For hospitals like The Queen's Medical Center-Punchbowl (QMC-PB), which experiences a waitlist of over 35 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. We 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 measure.

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.



March 18, 2021 at 3:05 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

Senate Committee on Health

To: Chair Jarrett Keohokalole
Vice Chair Rosalyn H. Baker

From: Hilton R. Raethel
President and CEO
Healthcare Association of Hawaii

**Re: Testimony in Support
HB 311 HD 1, 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 170 member organizations who represent almost every aspect of the healthcare 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 provide testimony in strong **support** of this bill. The nursing facility sustainability program is key in protecting access for seniors needing long-term care by helping participating nursing facilities offset some of the losses they incur taking care of under- and uninsured patients in Hawaii. In its simplest telling, the program works by levying a fee on participating providers. The funds generated through that fee are used to draw down additional federal dollars and are distributed back to the providers, which results in a net gain for most participants. Most importantly, **no state general funds are used for this program.**

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Thank you for the opportunity to provide supportive testimony for this successful program, which will help protect access for seniors needing long-term care during this continued health and economic crisis. We will continue our partnership with the MedQUEST office on this measure and appreciate your consideration of this important measure.