

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON HEALTH, HUMAN SERVICES, &  
HOMELESSNESS  
ON  
HOUSE BILL NO. 2394, H.D. 1

**February 15, 2022  
9:00 a.m.  
Room 329 and Videoconference**

RELATING TO MEDICAID PATIENT CARE

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 2394, H.D. 1, appropriates an unspecified amount of general funds to the Department of Human Services (DHS) in FY 23, with a requirement for DHS to maximize available federal matching funds, to provide enhanced payments to any facility in the State licensed by Medicare to provide skilled nursing or intermediate care to Medicaid patients.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

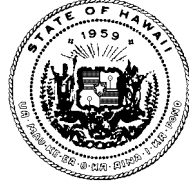
Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

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

February 13, 2022

TO: The Honorable Representative Ryan I. Yamane, Chair  
House Committee on Health, Human Services, & Homelessness

FROM: Cathy Betts, Director

SUBJECT: **HB 2394 HD1– RELATING TO MEDICAID PATIENT CARE.**

Hearing: February 15, 2022, 9:00 am  
Via Videoconference, State Capitol

**DEPARTMENT’S POSITION:** The Department of Human Services (DHS) appreciates the measure’s intent and offers comments. DHS respectfully requests that any appropriation not reduce or replace budget priorities identified in the executive budget.

**PURPOSE:** The purpose of this measure appropriates moneys to provide one-time enhanced payments of fifteen per cent to any facility in the State licensed by medicare to provide skilled nursing or intermediate care to Medicaid patients to assist with pandemic-related costs and lost revenues. Effective 7/1/2050. (HD1) The HD1 blanked out the appropriation amount, defected the date to 7/1/2050, and expanded from nursing facilities to any Medicare licensed skilled nursing or intermediate care facility.

The Department acknowledges the impacts that the ongoing pandemic has had on Hawaii’s skilled nursing and intermediate care facilities, and supports the intent of this measure as long as it does not displace funding for our priorities in the Executive Budget. Should this measure move forward, the Med-QUEST Division can work with the Healthcare Association of Hawaii to refine the estimated amount of the enhanced payment.

Thank you for the opportunity to provide comments on this measure.

**Testimony in Strong Support  
HB 2394 HD 1, Relating to Medicaid Patient Care**

House Committee on Health, Human Services, and Homelessness  
February 15, 2022 at 9:00 am  
Via Videoconference

From: Darlene H. Nakayama  
Chief Executive Officer  
Palolo Chinese Home

I am writing today in **strong support** of this measure, which would provide critical relief for nursing facilities in the state. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

Palolo Chinese Home has suffered a significant decrease in census and revenues due to the pandemic. For January 2022 PCH's occupancy rate was 70% which before the pandemic PCH's occupancy was near capacity. In addition, PCH's Medicaid occupancy rate is increasing which now is 40% of the nursing home's capacity. PCH cares and provides subsidized care for clients in all of its service areas. Having the additional funds will help with attracting health care workers and pay for the higher prices on outside goods and services.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.



**February 15, 2022 at 9:00 a.m.**  
**Via Videoconference**

**House Committee on Health, Human Services & Homelessness**

To: Chair Ryan I. Yamane  
Vice Chair Adrian K. Tam

From: Andrew Lore  
Administrator  
The Villas

Date: February 11, 2022

Re: **Strong Support**  
**HB 2394, Relating to Medicaid Patient Care**

The Villas is a 119-bed skilled nursing facility that cares for Medicaid patients.

The Villas is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.



February 15, 2022 at 9:00 a.m.

Via Videoconference

**House Committee on Health, Human Services & Homelessness**

To: Chair Ryan I. Yamane  
Vice Chair Adrian K. Tam

From: Bronson Ho  
Administrator  
Garden Isle Rehab & Nursing

Date: February 11, 2022

Re: **Strong Support**  
**HB 2394, Relating to Medicaid Patient Care**

Garden Isle Rehab & Nursing is a 109-bed skilled nursing facility that cares for Medicaid patients.

Garden Isle Rehab & Nursing is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.



**February 15, 2022 at 9:00 a.m.**

**Via Videoconference**

**House Committee on Health, Human Services & Homelessness**

**To:** Chair Ryan I. Yamane  
Vice Chair Adrian K. Tam

**From:** Justin Morrison  
Administrator  
Legacy Hilo Rehab & Nursing

**Date:** February 11, 2022

**Re:** **Strong Support**  
**HB 2394, Relating to Medicaid Patient Care**

Legacy Hilo Rehab & Nursing is a 100-bed skilled nursing facility that cares for Medicaid patients.

Legacy Hilo Rehab & Nursing is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.



## HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

February 15, 2022 at 9:00 a.m.

Via Videoconference

### House Committee on Health, Human Services & Homelessness

To: Chair Ryan I. Yamane  
Vice Chair Adrian K. Tam

From: Nicolai Hooppaw  
Administrator  
Hale Makua Health Services - Wailuku

Date: February 11, 2022

Re: **Strong Support**  
**HB 2394, Relating to Medicaid Patient Care**

Hale Makua Health Services is a skilled nursing facility that cares for Medicaid patients. Our Wailuku facility has 90 beds.

Hale Makua Health Services is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.





February 15, 2022 at 9:00 a.m.  
Via Videoconference

**House Committee on Health, Human Services & Homelessness**

To: Chair Ryan I. Yamane  
Vice Chair Adrian K. Tam

From: Mary Beth Santoro  
Administrator  
Pu'uwai 'O Makaha

Date: February 11, 2022

Re: **Strong Support**  
**HB 2394, Relating to Medicaid Patient Care**

Pu'uwai 'O Makaha is a 93-bed skilled nursing facility that cares for Medicaid patients.

Pu'uwai 'O Makaha is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.

**HB-2394-HD-1**

Submitted on: 2/11/2022 11:43:35 AM

Testimony for HHH on 2/15/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Elena Cabatu	East Hawaii Region of Hawaii Hawaii Health Systems Corporation	Support	No

Comments:

The East Hawaii Region of Hawaii Health Systems Corporation, consisting of nursing homes of Hilo Medical Center's Extended Care Facility, Yukio Okutsu State Veterans Home, Hale Ho`ola Hamakua in Honoka`a, and Ka`u Hospital, is in **strong support of HB 2394 HD1**. We understand that there are many priorities for funding this year that are important to our community. Protecting our most vulnerable residents in nursing facilities that have weathered two extremely difficult years, we hope, will be one of the top priorities for any additional funds that might be available. This one-time enhanced payment will be extremely important as nursing facilities rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawaii residents. We urge your support of this measure and appropriation.



**February 15, 2022 at 9:00 a.m.**  
**Via Videoconference**

**House Committee on Health, Human Services & Homelessness**

To: Chair Ryan I. Yamane  
Vice Chair Adrian K. Tam

From: Alisa Racelo  
Interim Administrator  
Ann Pearl Rehab & Nursing

Date: February 11, 2022

Re: **Strong Support**  
**HB 2394, Relating to Medicaid Patient Care**

Ann Pearl Rehab & Nursing is a 104-bed skilled nursing facility that cares for Medicaid patients.

Ann Pearl Rehab & Nursing is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

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We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.



February 15, 2022 at 9:00 am  
Via Videoconference

**House Committee on Health, Human Services, and Homelessness**

To: Chair Ryan I. Yamane  
Vice Chair Adrian K. Tam

From: Hilton Raethel  
President and CEO  
Healthcare Association of Hawaii

Re: **Strong Support**  
**HB 2394 HD 1, Relating to Medicaid Patient Care**

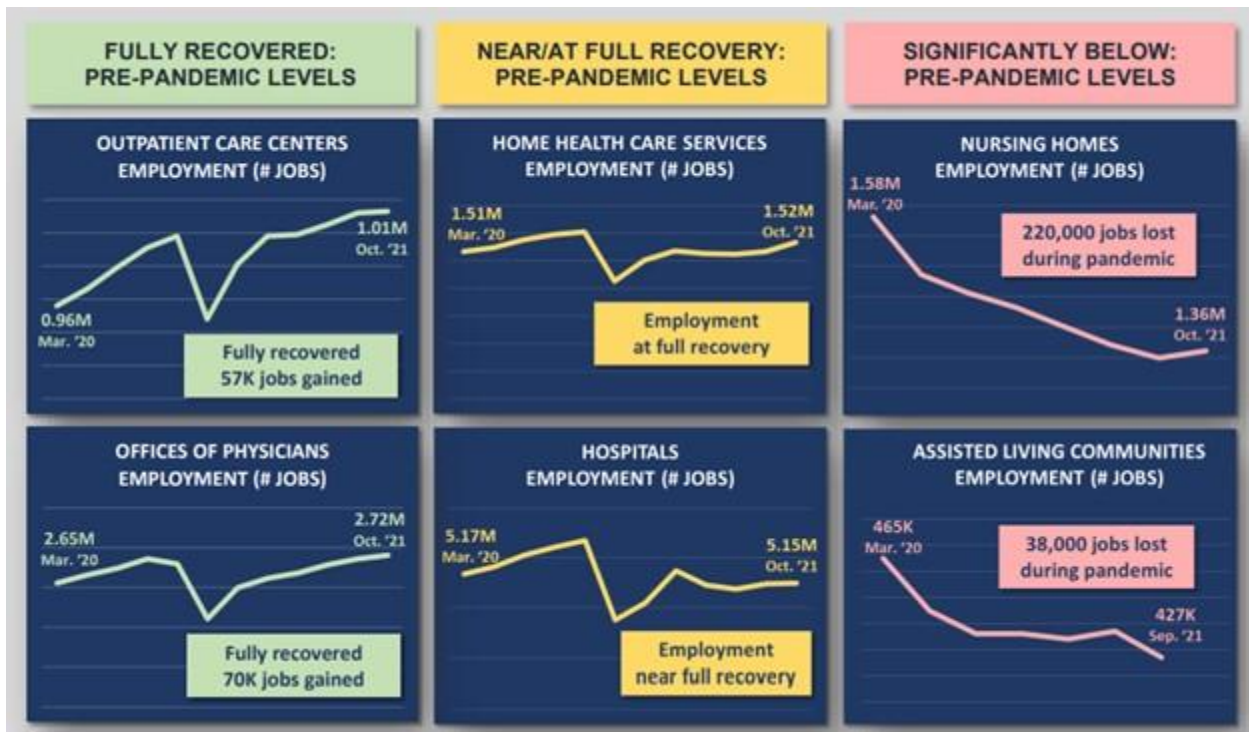
The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, 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.

We write in **strong support** of this measure, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, PPE, supplies, and testing, among other things. Further, nursing facilities experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing facilities in Hawaii and nationwide.

Last year, Hawaii nursing facilities led the nation in vaccinating residents and staff, becoming the leader in protecting nearly 100% of workers and seniors in these vulnerable settings. Nursing facilities, like many, felt that the worst was behind our community as we went into the 2021 session. However, the delta and omicron surges have put incredible pressure on nursing facilities in terms of their costs and ability to recruit and retain critical professions to care for seniors and other vulnerable individuals in long-term care settings.

Nationwide, nursing facilities have lost 15% of their entire workforce and there has been no recover in those numbers over the past two years, unlike in other healthcare settings, as you can see in the figure on the next page. Physician offices and outpatient settings now have higher employment than at the beginning of the pandemic, while hospitals and home health agencies have experienced only slight losses and are close to recovering any jobs lost during the pandemic. Nursing homes, however, have experienced hundreds of thousands of positions lost with no real recover in sight.

Figure 1



While the cost of labor makes up about 50% of all costs for hospitals, the cost of labor makes up about 60% of all costs or nursing homes. In order to recruit and retain staff—along with providing enhanced pay during outbreaks and staffing shortages—nursing homes have had to expend significant funds to ensure they are providing care of the highest quality to their residents. They have done so admirably, with some of the lowest rates of cases and deaths among residents and staff in the nation. However, with the burden of omicron especially, these nursing facilities need some financial support to ensure they can keep their doors open and continue to accept new residents, especially those covered under the Medicaid program.

In a survey completed in 2020, we found that nursing facilities experienced, at minimum, \$50 million in losses that year. We estimate that the facilities experienced \$21 million in revenue losses and approximately \$27 million in additional costs. We believe these numbers are a conservative estimate and that they are likely much higher in 2021 due to the high transmissibility of the delta and omicron variants and the shortages in testing and staff. Further, federal relief covered only about 30% of these losses and there is likely no further federal relief that will be provided now or in the future.

We understand that there are many priorities for funding this year that are important to our community. Protecting our most vulnerable residents in nursing facilities that have weathered two extremely difficult years, we hope, will be one of the top priorities for any additional funds that might be available. This one-time enhanced payment will be extremely important as nursing facilities rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawaii residents. We urge your support of this measure and appropriation.

Tuesday, February 15, 2022 at 9:00 AM  
Via Video Conference

**House Committee on Health, Human Services & Homelessness**

To: Representative Ryan Yamane, Chair  
Representative Adrian Tam, Vice Chair

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

Re: **HB 2394, HD1 – Testimony In Support  
Relating to Medicaid Patient Care**

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My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

I am writing in SUPPORT of HB 2394, HD1 which appropriates money to provide one-time enhanced payments of 15% to each nursing facility caring for Medicaid patients to assist with pandemic related costs and lost revenues.

The COVID-19 pandemic created significant staffing and financial strains for Hawaii's long-term care facilities. Nursing facilities in the State continue to face increased costs, reduced revenues, staff shortages, and other challenges, making it difficult to maintain a high quality of care. Nursing facilities in the State experienced additional costs and revenue losses as a result of the pandemic, totaling \$50,000,000 in 2020 alone. Lower occupancy rates led to almost \$21,000,000 in decreased revenues, while nursing facilities additionally spent an estimated \$27,000,000 on COVID-19 testing, personal protective equipment, temporary staff to administer vaccinations and boosters, supplies, and other pandemic-related expenses. Although nursing facilities received some federal assistance, including approximately \$20,600,000 in provider relief fund payments, these moneys only cover approximately thirty per cent of the facilities' total pandemic-related losses. Additionally, very little other federal funding was made available to cover the costs of COVID-19 testing, personal protective equipment, temporary staff for testing and vaccination, and other expenses. There are no plans or expectations that any additional federal funds will be made available in the future.

The funding will also be valuable in addressing and improving waitlist issues experienced by hospitals. Currently hospitals experience delays in transferring patients to nursing

facilities, although the patients have been treated and are well enough to transition to a nursing facility. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient, and creates a serious financial drain on hospitals. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. The one-time enhanced payments to nursing facilities will be invaluable in helping the facilities stabilize and attract qualified workers, and improve outcomes in their ongoing effort to provide health care for our vulnerable population which in turn alleviates the waitlist issues.

Thank you for the opportunity to testify.

Testimony of  
Jonathan Ching  
Government Relations Director

Before:  
House Committee on Health, Human Services, & Homelessness  
The Honorable Ryan I. Yamane, Chair  
The Honorable Adrian K. Tam, Vice Chair

February 15, 2022  
9:00 a.m.  
Via Videoconference

**Re: HB 2394 HD1, Relating to Medicaid Patient Care**

Chair Yamane, Vice Chair Tam, and committee members, thank you for this opportunity to provide testimony on HB 2394 HD1, which appropriates a one-time enhanced payments of 15% to each nursing or intermediate care facility caring for Medicaid patients to assist with pandemic-related costs and lost revenues.

**Kaiser Permanente Hawai'i SUPPORTS HB 2394 HD1.**

Kaiser Permanente Hawai'i is Hawai'i's largest integrated health system that provides care and coverage for approximately 265,000 members. Each day, more than 4,400 dedicated employees and more than 650 Hawai'i Permanente Medical Group physicians and providers come to work at Kaiser Permanente Hawai'i to care for our members at our 20 medical facilities, including Moanalua Medical Center, providing high-quality care for our members and delivering on our commitment to improve the health of the 1.4 million people living in the communities we serve.

We write in support of HB 2394 HD1, which would provide a one-time, limited payment enhancement to nursing and intermediate care facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing and intermediate care facilities to account for the significant increased costs of labor, PPE, supplies, and testing, among other things. Further, nursing and intermediate care facilities experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing and intermediate care facilities in Hawaii and nationwide.

The recent delta and omicron COVID-19 surges have not only adversely impacted acute care facilities, like Kaiser Permanente Moanalua Medical Clinic, but the many nursing and intermediate care facilities throughout the state. These nursing and intermediate care facilities are important to the entire care continuum in not only caring for our members but also controlling healthcare costs and avoiding hospital re-admissions.



The recent surges have put considerable pressure on nursing homes and intermediate care facilities in terms of their costs and ability to recruit and retain critical professions to care for seniors and other vulnerable individuals in long-term care settings.

Kaiser Permanente Hawai'i supports a one-time enhanced payment to help nursing and intermediate care facilities rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawaii residents.

Mahalo for the opportunity to testify on this important measure.



## ALOHA NURSING REHAB CENTRE

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

www.alohanursing.com

### **Testimony in Strong Support HB 2394 HD 1, Relating to Medicaid Patient Care**

House Committee on Health, Human Services, and Homelessness  
February 15, 2022 at 9:00 am  
Via Videoconference

From: Amy Lee  
Chief Executive Officer/Administrator  
Aloha Nursing Rehab Centre

I am writing today in **strong support** of this measure, which would provide critical relief for nursing facilities in the state. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

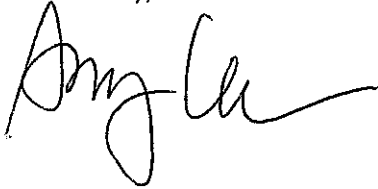
To supplement the staffing shortages, Aloha Nursing had no choice but to rely on high cost agency staffing from the mainland, paying as much as \$100/hour for Licensed Practical Nurses (LPN). The company has also recently increased Certified Nursing Assistants (CNAs) hourly rate by 21% to attract and retain staffing. This will not be sustainable if we do not receive increase to our daily Medicaid Rate.

The nursing home industry for far too long have been ignored and disrespected for the work we do and the dedication we have in caring for our Kupuna. We cannot continue to be subjected to any more regulations and mandates without any financial support. We will go out of

business if something is not done immediately to help offset the high cost of providing care during this unprecedented time.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Lu". The signature is fluid and cursive, with a long horizontal stroke extending to the right.



February 15, 2022  
via Videoconference

Date: February 14, 2022

To: Chair Linda Ichiyama  
Vice Chair Stacelyn K.M. Eli

From: Suanne Morikuni  
Chief Financial Officer  
Ohana Pacific Health

Re: **Strong Support**  
**HB 2394 – Relating to Medicaid Patient Care**

Ohana Pacific Health manages and owns several nursing facilities that care for Medicaid patients across the major islands in the State of Hawaii.

I am writing in **STRONG support** of HB 2394, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, PPE, supplies, and testing, among other things. Further, nursing facilities experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing facilities in Hawaii and nationwide.

Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid

Medicaid reimburses providers less than half the amount that Medicare and other insurance commercial payors. At best, many nursing homes operate at a break even and normally experience negative margins servicing Medicaid patients. The healthcare delivery system in Hawaii is already fragile and the nursing homes are now faced with the tough decision to limit or eliminate Medicaid admissions in order to survive financially.



The limited payment enhancement will provide relief for the nursing homes for them to continue servicing the most vulnerable Medicaid population. Although this payment is an additional budget item, this will offset higher costs incurred in acute hospitals that are not able to discharge this population to nursing homes at a lower cost of care.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.



## THE QUEEN'S HEALTH SYSTEMS

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To: The Honorable Ryan I. Yamane, Chair  
The Honorable Adrian K. Tam, Vice Chair  
Members, House Committee on Health, Human Services, & Homelessness

From: Jacce Mikulanec, Director, Government Relations, The Queen's Health Systems

Date: February 15, 2022

Re: In Support of HB 2394 HD1: Relating to Medicaid Patient Care

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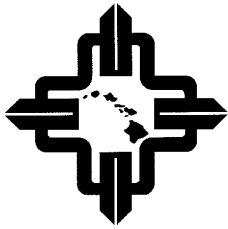
The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health 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 **supports** HB 2394 HD1, which would provide a one-time, limited payment enhancement to any facility in the State that is licensed to care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, PPE, supplies, and testing, among other things. Further, nursing facilities experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing facilities in Hawai'i and nationwide. Queen's supports this one-time enhancement as we depend on our nursing facility partners as a critical part of the overall continuum of care to address waitlisted patients in the acute setting.

This one-time enhanced payment will be extremely important as nursing facilities rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawai'i residents.

Thank you for allowing Queen's to provide testimony in support of this 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.*



**HAWAII HEALTH SYSTEMS**

C O R P O R A T I O N

*Quality Healthcare For All*

**COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS**

February 15, 2022

9:00 a.m.

Via Videoconference

**Testimony in Support of House Bill 2394, H.D.1**

**RELATING TO MEDICAID PATIENT CARE.**

Appropriates moneys to provide one-time enhanced payments of fifteen per cent to any facility in the State licensed by medicare to provide skilled nursing or intermediate care to medicaid patients to assist with pandemic-related costs and lost revenues. Effective 7/1/2050. (HD1)

Linda Rosen, M.D., M.P.H.

President and 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 H.B. 2394, HD1.**

HHSC supports providing increased Medicaid reimbursements to offset the lost revenues and increased costs incurred during the Coronavirus pandemic by licensed facilities providing skilled nursing and intermediate care to Medicaid patients. HHSC's facilities currently operate 443 long-term care beds. Further, HHSC's gross revenues from Medicaid/QUEST patients comprise approximately 54% of its long-term care revenues.

Thank you for the opportunity to provide testimony on this measure.

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[www.hhsc.org](http://www.hhsc.org)



February 15, 2022  
via Videoconference

**House Committee on Health, Human Services and Homelessness**

To: Chair Ryan Yamane  
Vice Chair Adrian Tam

From: Wesley Lo  
*Chief Executive Officer*  
Ohana Pacific Health, Hale Makua Health Services

**Re: Strong Support – HB2394 HD1, Relating to Medicaid Patient Care**

Ohana Pacific Health (OPH) / Hale Makua Health Services (HMHS) is the largest provider of post-acute care services in the State of Hawai‘i and also, the largest provider of Medicaid nursing facility services. Our organization employs almost 1,500 healthcare workers and manages approximately 950 nursing home beds that provide short-term rehab and long-term care, adult day health services and home health care.

We are in STRONG SUPPORT of HB 2394 HD1 which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients.

With the rapidly aging population upon us, the provision of nursing home services for Medicaid recipients is critical. Currently, approximately 60% of all nursing home days are Medicaid. In addition, a large portion of the acute care hospitals documented “wait-list” population are covered by Medicaid.

However, Medicaid has always been reimbursed substantially lower than Medicare and commercial insurance. Medicare reimbursements typically range from \$600-\$700 per day, while Medicaid reimbursements typically reimburse at \$250-\$350 per day. It is common for many nursing homes to operate with breakeven, or negative margins on all Medicaid patients they service.

With the recent staffing shortages related to the pandemic, wages have started skyrocketing, and nursing homes are now faced with decisions to limit or eliminate Medicaid admissions, to ensure financial survival. The consequence to the health care delivery system will be that more and more patients will have to remain in the hospital which is the highest costing level of care.







This ultimately will end up costing the healthcare delivery system substantially more, and more importantly cause the demise of our fragile delivery system, as we will see inadequate hospital beds available for the Hawaii population.

We understand that this is an added cost to the budget, however, in the long run this will save millions of dollars for the healthcare delivery system, and ensure that we can continue to provide the best healthcare for our communities and residents.

Thank you for your consideration,

Wesley Lo  
*Chief Executive Officer*  
Ohana Pacific Health / Hale Makua Health Services



KĀLELE



LUANA LIVING



THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha



**February 15, 2022 at 9:00 am**  
**Via Videoconference**

**COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS**

To: Chair Ryan Yamane  
Vice Chair Adrian Tam

From: Kurt Akamine  
Interim Administrator  
Hale Kupuna Heritage Home

Date: February 14, 2022

Re: **Strong Support**  
**HB 2394, Relating to Medicaid Patient Care**

Hale Kupuna Heritage Home is an 84-bed skilled nursing facility that cares for Medicaid patients.

Hale Kupuna Heritage Home is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing today in **strong support** of this measure, which would provide critical relief for nursing facilities in the state. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building.



However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.

**Testimony in Strong Support**  
**HB 2394 HD 1/SB 3236 HD 1, Relating to Medicaid Patient Care**

House Committee on Health, Human Services and Homelessness  
Tuesday, February 15, 2022  
Via Videoconference

From: Randall Hata  
Vice President  
Ohana Pacific Health

I am writing today in **strong support** of this measure, which would provide critical relief for nursing facilities in the state. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the state have fared relatively well through the pandemic well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

I have worked in nursing facilities for 25 years and have seen the effects of the wars, economic downturns, nursing shortages and natural disasters. The effects of pandemic have far exceeded those of previous challenges. This public health emergency has not only adversely affected the staff of our facilities, but also of the entire care workforce nationwide.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.

**Testimony in Strong Support: HB 2394 HD 1/SB 3236 HD 1, Relating to Medicaid Patient Care**

Committee on Health, Human Services, & Homelessness

Tuesday, February 15, 2020

9:00 am

Via Video Conference

From: Kirsten Szabo

Vice President

Ohana Pacific Health

I am writing today in **strong support** of this measure, which would provide critical relief for nursing facilities in the state. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building.

However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

I understand that there are many priorities you are considering. I also believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. I urge your support of this measure and thank you for your consideration.

Sincerely,

Kirsten Szabo