

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 20, 2022

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

FROM: Cathy Betts, Director

SUBJECT: **SB 3236 SD2 HD1– RELATING TO MEDICAID PATIENT CARE.**

HEARING: Tuesday, March 22, 2022, 9:30 a.m.  
Via Videoconference, State Capitol

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

**PURPOSE:** The purpose of this measure is to help preserve the financial viability of nursing facilities, community care foster family homes and expanded adult residential care homes in the State by providing a one-time enhanced payment equal to 15% of Medicaid patient payments of fiscal year 2022-2023 made to any eligible facility in the State, as determined by the Department of Human Services that provide care for Medicaid patients Medicare-certified nursing facility, community care foster family home and expanded adult residential care home, to assist with pandemic-related costs and lost revenues. Effective 7/1/2050. (HD1)

The SD1 amended the measure by:

- (1) Clarifying that the one-time enhanced payment being made pursuant to this measure is an amount equal to fifteen percent of the Medicaid patient payments of fiscal year 2022-2023;

- (2) Adding community care foster family homes and expanded adult residential care homes as recipients of the one-time enhanced payment being made pursuant to this measure; and
- (3) Replacing the appropriation amount with an unspecified amount.

The SD2 defected the effective date.

The HD1 amended the measure by:

- (1) Clarifying that the appropriation is to provide an enhanced payment of fifteen percent to any eligible facility in the State, as determined by the Department of Human Services, that provides care to Medicaid patients in Medicare-certified skilled nursing facilities, community care foster family homes, and expanded adult residential care homes; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

The Department acknowledges the impacts that the ongoing pandemic has had on Hawaii's nursing facilities, community care family foster homes, and expanded adult residential care homes and supports the intent of this measure. DHS has been in collaborative discussions with the Healthcare Association of Hawaii (HAH), which is the proponent of this measure, regarding the HD 1 amendments to the bill, especially clarifying that the DHS will be responsible for determining the eligible facilities. The Med-QUEST Division has also worked with HAH and MQD rates consultants to estimate the fifteen percent one-time enhanced payments that could be made maximizing federal matching funds. The best estimate at this time is \$17,000,000 A funds.

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



**March 22, 2022 at 9:30 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**  
**SB 3236 SD 2 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. This funding would only be available to eligible long-term care facilities that accept and care for Medicaid residents, and would benefit those facilities with a higher proportion of Medicaid residents. Further, while this proposed enhanced payment would be extremely helpful for these facilities, it would not cover the entirety of the losses for nursing facilities during the pandemic.

During the pandemic, many 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, driven largely by lack of staffing, which affected their revenues and further exacerbated the financial difficulties of nursing facilities in the state. Unfortunately, federal funding did not provide substantial support—in fact, the amount of federal provider relief funds that came in amounted to just under three percent of operating expenses for nursing facilities. Even if this enhanced payment is provided, losses for nursing facilities would amount to nearly \$9 million over the period of the pandemic.

Nationwide, nursing facilities have lost 15% of their entire workforce and there has been no recovery—instead, we've seen a persistent shortage of qualified staff at the national level.

Therefore, in order to recruit and retain staff—along with providing enhanced pay during outbreaks and staffing shortages—nursing homes in Hawaii 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.

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.

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, March 22, 2022 at 9:30 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: **SB 3236, SD2 – 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 SB 3236, SD2 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 in Strong Support  
SB 3236 SD 2 HD 1, Relating to Medicaid Patient Care**

House Committee on Health, Human Services, and Homelessness  
March 22, 2022 at 9:30 am  
Via Videoconference

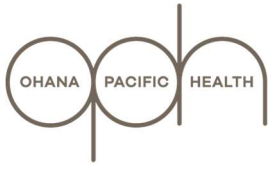
From: Darlene H. Nakayama, CEO  
Palolo Chinese Home

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 3 percent of our operating expenses for the pandemic period. 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.

**The Palolo Chinese Home is in serious need of this relief. The pandemic has caused a serious shortage in health care workers and the cost of goods and services have increased tremendously. PCH's electric bill and food are over 20% more expensive. This pandemic has caused a decrease in PCH's census and revenues. Occupancy was 98% before the pandemic and now has run as low as 63%. PCH is also short workers having to resort to "traveling nurses" at a rate that is 45% higher! Can you imagine having to pay a nurse \$115 per hour?!**

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.



March 21, 2022 at 9:30 a.m.  
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 – SB 3236 SD 2 HD 1, 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 SB 3236 SD2 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.



KĀLELE



LUANA LIVING



THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha





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



# 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 SB 3236 SD 2 HD 1, Relating to Medicaid Patient Care**

House Committee on Health, Human Services, and Homelessness  
March 22, 2022 at 9:30 am  
Via Videoconference

From: Amy Lee  
Chief Executive Officer  
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.

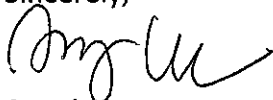
Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came 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 3 percent of our operating expenses for the pandemic period. 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). Just in the past four months alone, Aloha has spent approximately **\$560,000.00** on agency cost. In January, the company has also increased Certified Nursing Assistants (CNAs) hourly rate by 21% in hopes to attract and retain staff. This will not be sustainable if we do not receive increases 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 Lee", written in a cursive style.

Amy Lee

Chief Executive Officer



**March 22, 2022 at 9:30 a.m.**  
**Via Videoconference**

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

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

From: Becky Canon-Fratis  
Administrator  
Ann Pearl Rehab & Nursing

Date: March 18, 2022

Re: **Strong Support**  
**SB 3236 SD2 HD1, Relating to Medicaid Patient Care**

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

Throughout the pandemic, Ann Pearl Rehab & Nursing has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



**March 22, 2022 at 9:30 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: March 18, 2022

Re: **Strong Support**  
**SB 3236 SD2 HD1, Relating to Medicaid Patient Care**

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

Throughout the pandemic, Garden Isle Rehab & Nursing has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



**March 22, 2022 at 9:30 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:** March 18, 2022

**Re: Strong Support**  
**SB 3236 SD2 HD1, Relating to Medicaid Patient Care**

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

Throughout the pandemic, Legacy Hilo Rehab & Nursing has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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

**March 22, 2022 at 9:30 a.m.**

**Via Videoconference**

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

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

From: Teana Kaho`ohanohano  
Administrator  
Hale Makua Health Services - Kahului

Date: March 18, 2022

Re: **Strong Support**  
**SB 3236 SD2 HD1, Relating to Medicaid Patient Care**

Hale Makua Health Services is a skilled nursing facility that cares for Medicaid patients. Our Kahului facility has 254 beds.

Throughout the pandemic, Hale Makua Health Services has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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

**March 22, 2022 at 9:30 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: March 18, 2022

Re: **Strong Support**  
**SB 3236 SD2 HD1, 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.

Throughout the pandemic, Hale Makua Health Services has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.





**March 22, 2022 at 9:30 a.m.**  
**Via Videoconference**

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

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

From: Dusty Davis  
Administrator  
The Villas

Date: March 18, 2022

Re: **Strong Support**  
**SB 3236 SD2 HD1, Relating to Medicaid Patient Care**

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

Throughout the pandemic, The Villas has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



Testimony to the House Committee on Health, Human Services, and Homelessness  
Tuesday, March 22, 2022  
9:30 a. m.  
State Capitol Conference Room 329 and via videoconference

Re: SB 3236 SD 2 HD 1, RELATING TO MEDICAID PATIENT CARE

Dear Chair Yamane, Vice Chair Tam, and Honorable Members of the House Committee on Health, Human Services, and Homelessness:

I am Gary Simon, immediate past president and a current board member of the Hawai'i Family Caregiver Coalition. The mission of the Hawai'i Family Caregiver Coalition (HFCC) is to improve the quality of life of those who give and receive care by increasing community awareness of caregiver issues through continuing advocacy, education, and training.

I am testifying as on behalf of HFCC as an individual who has worked in healthcare for over thirty years.

**HFCC strongly supports SB 3236 SD 2 HD 1, RELATING TO MEDICAID PATIENT CARE**, which would appropriate funds to provide for a one-time enhanced payment equal to 15 percent of Medicaid patient payments of Fiscal Year 2022 - 2023 made to any eligible facility in the State, as determined by the Department of Human Services, that provides care to Medicaid patients in Medicare-certified nursing facility, community care foster family homes, and expanded adult residential care homes, to assist with pandemic-related costs and lost revenues.

The COVID-19 pandemic has created significant and overwhelming staffing and financial stress on Hawaii's long-term care facilities. Nursing facilities and care homes in the State continue to face increased costs, reduced revenues, and staff shortages. Maintaining high quality of care has been difficult during the pandemic.

These difficulties also negatively impact waitlisted patients awaiting transfer from acute care facilities to long-term care facilities, placing a financial burden on these acute care facilities.

The one-time enhanced payments to eligible nursing facilities and care homes is vital to alleviating some of the severe stresses in our healthcare system caused by the pandemic and will assist with staff recruitment and retention efforts by our long-term care facilities.

Ultimately, the public will benefit with improved healthcare from the one-time enhanced payments provided to our qualifying nursing facilities and care homes.

We urge you to support SB 3236 SD 2 HD 1, and we urge you to recommend its passage.

On behalf of HFCC, I thank you for seriously considering the bill.

Very sincerely,



Gary Simon  
Past President  
Hawai'i Family Caregiver Coalition  
Email [garysimon@hawaii.rr.com](mailto:garysimon@hawaii.rr.com)





**March 22, 2022 at 9:30 a.m.**

**Via Videoconference**

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

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

From: Lisa Anne Gruebner  
VP, Planning & Development  
Ohana Pacific Management Company, Inc. dba Ohana Pacific Health

Date: March 18, 2022

Re: **Strong Support**  
**SB 3236 SD2 HD1, Relating to Medicaid Patient Care**

Ohana Pacific Health manages and owns several skilled nursing facilities that care for Medicaid patients in the State of Hawaii. Ohana Pacific Health manages 953 skilled nursing beds.

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.

45-181 Waikalua Road  
Kaneohe, Hawaii 96744

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

March 22, 2022  
9:30 a.m.  
Via Videoconference

**Re: SB 3236, SD2, Relating to Medicaid Patient Care**

Chair Yamane, Vice Chair Tam, and committee members, thank you for this opportunity to provide testimony on SB 3236, SD2, which appropriates an unspecified amount of funds to provide for a one-time enhanced payments of 15% to each nursing facility, community care foster family homes, and expanded adult residential care homes caring for Medicaid patients to assist with pandemic-related costs and lost revenues.

**Kaiser Permanente Hawai'i SUPPORTS SB 3236, SD2.**

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 SB 3236, SD2, which would provide a one-time, limited payment enhancement to nursing facilities, community care foster family homes, and expanded adult residential care homes 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, community care foster family homes, and expanded adult residential care homes experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing 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 Center, but the many sub-acute healthcare facilities throughout the state. These nursing facilities, community care foster family homes, and

expanded adult residential care homes 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 facilities, community care foster family homes, and expanded adult residential care homes 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 facilities, community care foster family homes, and expanded adult residential care homes rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawai'i residents.

Mahalo for the opportunity to testify on this important measure.

**Testimony in Strong Support  
SB 3236 SD 2 HD 1, Relating to Medicaid Patient Care**

House Committee on Health, Human Services, and Homelessness  
March 22, 2022 at 9:30 am  
Via Videoconference

From: **Gary Y.G. Wong, MBA, RRT**  
**Director of Respiratory Services**  
**Islands Skilled Nursing and Rehabilitation**

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 3 percent of our operating expenses for the pandemic period. 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.

*Islands Skilled Nursing and Rehabilitation is the only subacute care facility in Hawaii that has a specialize program to wean medically complexed ventilator and tracheostomy patients from the ventilator. The majority of these patients are Medicaid beneficiaries. We depend on a fair reimbursement rate and any reduction of funding will affect how many of these patients we can serve in our facility.*

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.



March 22, 2022 at 9:30 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: March 18, 2022

Re: **Strong Support**  
**SB 3236 SD2 HD1, Relating to Medicaid Patient Care**

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

Throughout the pandemic, Pu'uwai `O Makaha has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



**Testimony in Strong Support**  
**SB 3236 SD2 HD1, Relating to Medicaid Patient Care**  
Tuesday, March 22, 2022

House Committee on Health, Human Services & Homelessness  
Chair Ryan Yamane  
Vice Chair Adrian Tam

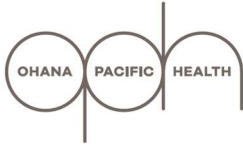
From: Randall Hata  
Vice President  
Ohana Pacific Health

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 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.



**March 22, 2022 at 9:30 a.m.**

**Via Videoconference**

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

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

From: Suanne Morikuni  
Chief Financial Officer  
Ohana Pacific Management Company, Inc. dba Ohana Pacific Health

Date: March 21, 2022

Re: **Strong Support**  
**SB 3236 SD2 HD1, 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 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.

The pandemic has compounded the financial distress of nursing homes with rising operating costs of staffing/supplies and lower admissions due to staffing issues. Although the nursing facilities received some federal assistance, these funds only cover a portion of their losses.

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 to survive financially.

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.

45-181 Waikalua Road  
Kaneohe, Hawaii 96744

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

House Health, Human Services, and Homelessness Committee  
March 21, 2022

From: Doug Tonokawa  
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.

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: March 22, 2022

Re: Support of SB 3236, HD1 – Relating to Medicaid Patient Care

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The Queen's Health Systems (Queen's) is a not-for-profit 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, 66 health care centers and labs, and more than 1,600 physicians 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** SB 3236, HD1, which would provide a one-time, limited payment enhancement to nursing facilities, community care foster family homes, and expanded adult residential care homes 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 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.*

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

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

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  
SENATE BILL NO. 3236, S.D. 2

**March 22, 2022**  
**9:30 a.m.**  
**Room 329 and Videoconference**

RELATING TO MEDICAID PATIENT CARE

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

Senate Bill No. 3236, S.D. 2, 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 one-time enhanced payments equal to 15% of the FY 23 Medicaid patient payments to nursing facilities, community care foster family homes, and expanded adult residential care homes caring for 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.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830  
1-866-295-7282 | Fax: 808-536-2882  
aarp.org/hi | [aarphi@aarp.org](mailto:aarphi@aarp.org) | [twitter.com/AARPHawaii](https://twitter.com/AARPHawaii)  
[facebook.com/AARPHawaii](https://facebook.com/AARPHawaii)

**The State Legislature**  
**The House Committee on Health, Human Services and Homelessness**  
**Tuesday, March 22, 2022**  
**9:30 a.m.**

TO: The Honorable Ryan Yamane, Chair

RE: Support for S.B. 3236 S.D.2,H.D.1 Relating to Medicaid Patient Care

Aloha Chair Yamane and Members of the Committee:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a membership organization of people age fifty and over, with over 140,000 members in Hawai'i. **AARP supports the intent of S.B. 3236 S.D. 2, H.D.1** that provides a one-time enhanced payment equal to fifteen per cent of the Medicaid patient payments made to any eligible facility in the State that provides care to Medicaid patients in Medicare-certified nursing facility, community care foster family home, and expanded adult residential care home to assist with pandemic-related costs and lost revenues, as long as the appropriation does not replace or reduce funding priorities identified in the department of human services budget.

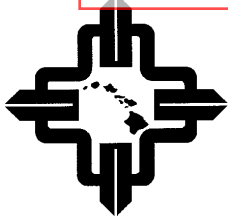
Nursing homes had been devastated during the pandemic. As the COVID-19 pandemic swept the nation, more than 200,000 residents and staff of nursing homes and other long-term care facilities were killed by this deadly virus. Hawaii had been fortunate to have among the lowest COVID-19 infection cases and fatalities. The hard work and commitment of Hawaii's health care workers have managed to keep the vulnerable, frail residents especially kupuna safe as possible. However, the additional protection and safeguards to mitigate the spread of the infection, and the physical, emotional and health toll on staff come at a costly price tag. The proposed one-time funding will help preserve the financial viability of Hawaii's long-term care system. Our kupuna can ill afford to have critical long-term care facilities and home and community-based services shuttered due financial upheaval caused by the pandemic. The current demand for these critical services already outweighs the services and resources available. We are deeply appreciative of its heroic sacrifices of front line staff, and would like to ensure that the funds provided are in the best interest of the nursing home and community-based care home residents and the direct care workforce.

Thank you very much for the opportunity to **testify on S.B. 3236 S.D.2., H.D.1.**

Sincerely,

A handwritten signature in black ink that reads "Keali'i S. Lopez".

Keali'i Lopez, State Director



**HAWAII HEALTH SYSTEMS**

C O R P O R A T I O N

*Quality Healthcare For All*

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

March 22, 2022

9:30 a.m.

Room 329 and via Videoconference

**Testimony Providing Comments with a Request for an Amendment on  
Senate Bill 3236, SD2, HD1  
RELATING TO MEDICAID PATIENT CARE.**

Appropriates funds to provide for a one-time enhanced payment equal to 15 per cent of Medicaid patient payments of fiscal year 2022-2023 made to any eligible facility in the State, as determined by the department of human services, that provides care to medicaid patients in medicare-certified nursing facility, community care foster family homes, and expanded adult residential care homes, 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 S.B. 3236, SD2, HD1.**

HHSC supports providing increased Medicaid reimbursements to nursing facilities to offset the lost revenues and increased costs incurred during the Coronavirus pandemic. HHSC's facilities Hilo Medical Center and Leahi Hospital both are classified "hospitals," yet both include beds licensed for skilled nursing. The two nursing facilities in Oahu Region, the Yukio Okutsu Veterans State Home, and the nursing home on the Hilo Medical Center campus are not cost based and may be deemed eligible for this initiative.

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





**February 3, 2022 at 3:00 pm**  
**Via Videoconference**

**Senate Committee on Human Services**

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

**From:** Kurt Akamine  
Interim Administrator  
Hale Kupuna Heritage Home

**Date:** February 1, 2022

**Re:** **Strong Support**  
**SB 3236, Relating to Medicaid Patient Care**

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

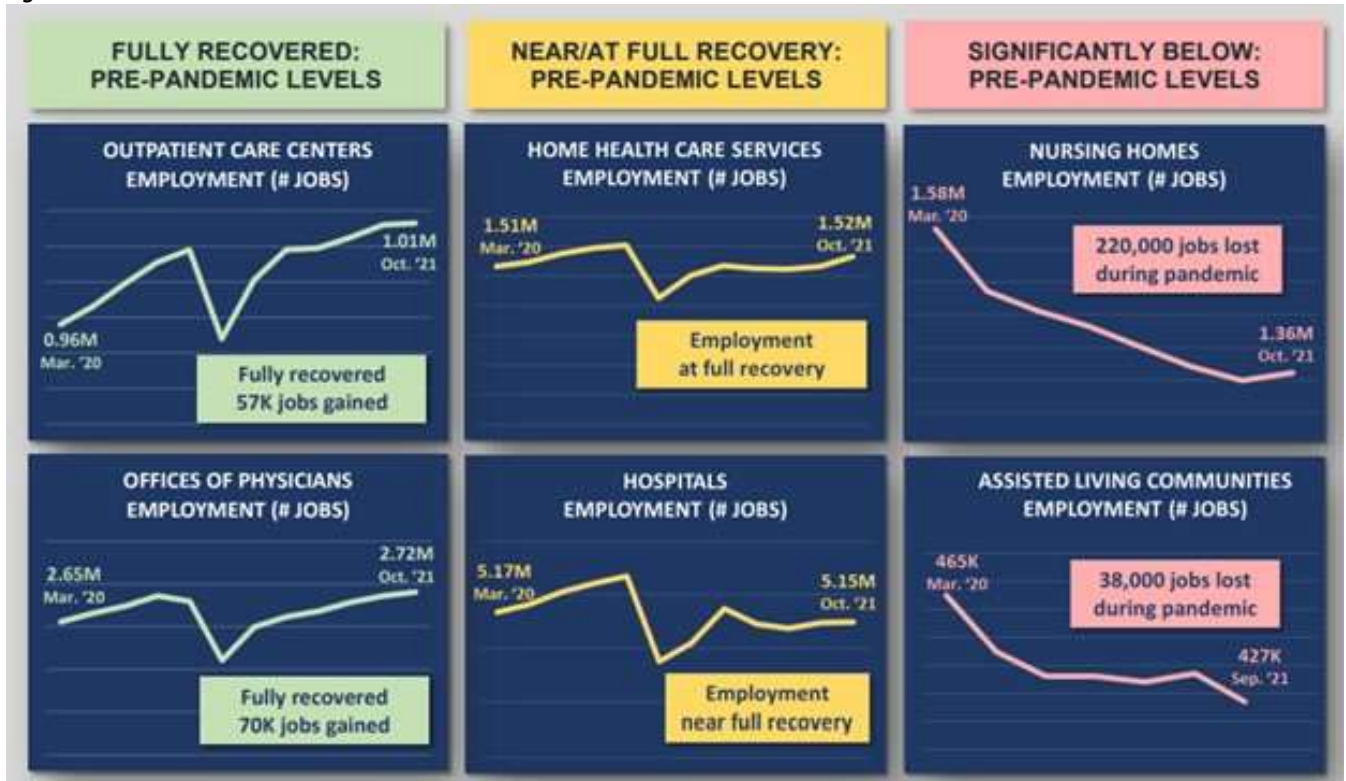
Hale Kupuna Heritage Home is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the 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.

We write in **strong support** of SB 3236, 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 recovery 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 recovery 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 70% of all costs for 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.