

**ACT 254**

S.B. NO. 3236

A Bill for an Act Relating to Medicaid Patient Care.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that the coronavirus disease 2019 (COVID-19) pandemic has created significant staffing and financial strains for Hawaii's long-term care facilities. Nursing facilities, community care foster family homes, and expanded adult residential care homes 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. The legislature believes that these large and ongoing pandemic-related losses are not sustainable for Hawaii's

nursing facilities, community care foster family homes, and expanded adult residential care homes, and threaten the integrity of the State's health care system.

The legislature recognizes that 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. These costs continued in 2021 and 2022 as the State experienced surges of the highly contagious delta and omicron variants of COVID-19.

The legislature also recognizes that the soaring cost of labor during the pandemic has been especially damaging to Hawaii's long-term care providers. According to the Healthcare Association of Hawaii, labor costs account for approximately seventy per cent of total costs for the State's nursing facilities. Many nursing facilities have been forced to rely on temporary staff from staffing agencies to compensate for staff absences due to COVID-19 exposure or infection, employee burnout, or employee attrition. The staffing agency fees have added significantly to the facilities' cost of labor.

The legislature acknowledges that the State's nursing facilities have received some federal assistance, including approximately \$20,600,000 in provider relief fund payments. However, 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, and there are no plans or expectations that any additional federal funds will be made available in the future.

Accordingly, the purpose of this Act 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 to state-licensed skilled nursing facilities, community care foster family homes, and expanded adult residential care homes that are caring for medicaid patients. The legislature notes that this enhanced payment would be comparable to the enhanced payments other states are offering to their nursing facilities to assist with pandemic-related costs and lost revenues.

**SECTION 2.** There is appropriated out of the general revenues of the State of Hawaii the sum of \$18,000,000 or so much thereof as may be necessary for fiscal year 2022-2023 to provide enhanced payments to state-licensed skilled nursing facilities, community care foster family homes, and expanded adult residential care homes that are caring for medicaid patients; provided that the department of human services shall obtain the maximum amount of federal matching funds available for this expenditure.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

**SECTION 3.** This Act shall take effect on July 1, 2022.

(Approved July 7, 2022.)