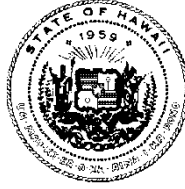


DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 3, 2021

LATE

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways & Means

The Honorable Senator Rosalyn H. Baker, Chair
Senate Committee on Commerce & Consumer Protection

FROM: Cathy Betts, Director

SUBJECT: **SB 820 – RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM**

Hearing: March 4, 2021, 9:35 a.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this bill, which is substantively similar to our administrative measure SB 1131.

PURPOSE: The purpose of the bill is to preserve access to health care for Medicaid recipients by extending the Nursing Facility Sustainability Program.

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

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

For FY 2021, DHS Med-QUEST Division estimates the facilities will be assessed approximately \$13,000,000 in sustainability fees and will receive approximately \$15,000,000 in

March 3, 2021

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additional net reimbursements. These additional moneys will increase the sustainability of nursing facilities in Hawaii to continue as a critical part of the safety net as well as to incentivize quality using a pay for performance. DHS greatly appreciates the strong collaboration with the Healthcare Association of Hawaii to continue to strengthen this successful program and we concur with their proposed amendment.

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



March 4, 2021 at 9:35 am
Via Videoconference

Senate Committee on Ways and Means

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

Senate Committee on Commerce and Consumer Protection

To: Chair Rosalyn H. Baker
Vice Chair Stanley Chang

From: Hilton Raethel
President and CEO
Healthcare Association of Hawaii

Re: Testimony in Support
SB 820, Relating to the Nursing Facility Sustainability Program

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the healthcare continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities, and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

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

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

facility care as their health declines. The nursing facility sustainability program has successfully supported providers and seniors for nearly ten years—and it is important to note that this program is different and separate from other proposals that would levy a fee on insurance providers.

We request an amendment that would allow nursing facilities to pay their assessed fees within 60 days, rather than 30. That is the same timeline that is currently proposed for hospitals and would standardize the timeline across the two proposals. This amendment was inserted in the House version of the bill, HB 311 HD 1.

The proposed amendment would read:

Section 346F-6, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

(c) The department shall collect and each nursing facility shall pay in twelve equal installments the nursing facility sustainability fee in section 346F-5 on a monthly basis, subject to the terms of this section. The fee shall be due within sixty [~~thirty~~] days after the end of each month, with the initial payment due on the later of July 31, 2012, or forty-five days after the required federal approvals for the assessment and any increase in health plan capitation payments have been secured from the Centers for Medicare and Medicaid Services.

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



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March 4, 2021 at 9:35 am
Via Videoconference

Senate Committee on Ways and Means

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

Senate Committee on Commerce and Consumer Protection

To: Chair Rosalyn H. Baker
Vice Chair Stanley Chang

From: Kurt Akamine
Vice President
Ohana Pacific Health

Re: Testimony in Support
SB 820, Relating to the Nursing Facility Sustainability Program

Ohana Pacific Health is the largest post-acute care provider in the state of Hawaii, servicing communities on the islands of Kauai, Oahu, Maui and Hawaii island through our skilled nursing, assisted living, adult day health, home health, and care coordination services.

We are grateful for the opportunity to provide testimony in **support** of this bill. This program is key in protecting access for seniors needing long-term care by helping participating nursing facilities offset some of the losses they incur taking care of under- and uninsured patients in Hawaii. In its simplest telling, the program works by levying a fee on participating providers. Most importantly, **no state general funds are used for this program.**

This program has been in effect since 2012 when, recognizing that Medicaid payments were below the actual costs of care in nursing facilities, the legislature established this program. The nursing facility sustainability program has successfully supported providers and seniors for nearly ten years—and it is important to note that this program is different and separate from other proposals that would levy a fee on insurance providers.

We request an amendment that would allow nursing facilities to pay their assessed fees within 60 days, rather than 30. That is the same timeline that is currently proposed for

hospitals and would standardize the timeline across the two proposals. This amendment was inserted in the House version of the bill, HB 311 HD 1.

We will continue our partnership with the MedQUEST office on this measure and appreciate your consideration of this important measure.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Members, Senate Committee on Ways and Means

The Honorable Rosalyn H. Baker, Chair
The Honorable Stanley Chang, Vice Chair
Members, Senate Committee on Commerce & Consumer Protection

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

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

Date: March 4, 2021

Re: Support for SB820: Relating to the Nursing Sustainability Program

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

Queen's appreciates the opportunity to testify in support for SB820, relating to the Nursing Facility Sustainability Program; which continues the Nursing Facility Sustainability Program for two years. This measure appropriates funds out of the Nursing Facility Sustainability Program Special Fund for fiscal years 2021-2022 and 2022-2023. The Nursing Facility Sustainability Program assists nursing facilities in Hawai'i by mitigating losses that are incurred when taking care of underserved populations. These facilities play a critical role in the continuum of care for our community. We also concur with the Healthcare Association of Hawai'i's testimony in support of this measure.

For hospitals like The Queen's Medical Center-Punchbowl (QMC-PB), which experiences a waitlist of over 35 patients a day waiting to be transferred to sub- or post-acute care settings, nursing facilities are integral to the continuing care of patients. Patients on our waitlists are no longer in need of acute care, but due to the limited community based resources and low Medicaid reimbursement, our hospitals are unable to place patients ready for discharge. Other patients needing an acute level of care may not be able to access a hospital bed if census is full and waitlisted patients occupy acute care beds. We ask for your support of this measure and the

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.

continuation of the Nursing Facility Sustainability Program. Thank you for your time and attention to this important issue.



**Testimony to the Senate Joint Committee on Ways and Means, and Commerce and
Consumer Protection
Thursday, March 4, 2021; 9:35 a.m.
State Capitol, Conference Room 211
Via Videoconference**

RE: SENATE BILL NO. 0820, RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

Chair Dela Cruz, Chair Baker, and Members of the Joint Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** Senate Bill No. 0820, RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

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

- (1) Extend the date on which all moneys remaining in the Nursing Facility Sustainability Special Fund (Special Fund) are to be returned to the nursing facilities from which the funds were received from December 30, 2021, to June 30, 2024;
- (2) Eliminate the \$20.00 cap on the per resident daily fee; and
- (3) Appropriate \$33,000,000 from the Special Fund for fiscal year 2021-2022 for uses consistent with the Program.

By way of background, the HPCA represents Hawaii Federally-Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

Testimony on Senate Bill No. 0820
Thursday, March 4, 2021; 9:35 a.m.
Page 2

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

We urge your favorable consideration of this bill.

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