
A BILL FOR AN ACT

RELATING TO THE NURSING FACILITY SUSTAINABILITY PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Act 156, Session Laws of Hawaii 2012, section
2 2, as amended by section 2 of Act 142, Session Laws of Hawaii
3 2013, is amended as follows:

4 1. By amending subsection (c) of § -4 to read:

5 "(c) Revenue from the nursing facility sustainability fee
6 shall be used exclusively as follows:

7 (1) No less than eighty-eight per cent of the revenue from
8 the nursing facility sustainability fee shall be used
9 to match federal medicaid funds, with the combined
10 total to be used to enhance capitated rates to
11 medicaid managed care health plans for the purpose of
12 increasing medicaid payments to private nursing
13 facilities;

14 (2) Twelve per cent of the revenue from the nursing
15 facility sustainability fee may be used by the
16 department for other departmental purposes; and

17 (3) All moneys remaining in the special fund on
18 December 30, [~~2014,~~] 2015, shall be distributed to



1 nursing facilities within thirty days in the same
2 proportions as received from the nursing facilities."

3 2. By amending § -10 to read:

4 "§ -10 **Enhanced rates to medicaid managed care health**
5 **plans.** In accordance with title 42 Code of Federal Regulations
6 section 438, the department shall use revenues from the nursing
7 facility sustainability fee and federal matching funds to
8 enhance the capitated rates paid to medicaid managed care health
9 plans for the state fiscal year [~~2013-2014~~] 2014-2015 consistent
10 with the following objectives:

11 (1) The rate enhancement shall be used exclusively for
12 increasing reimbursements to private nursing
13 facilities to support the availability of services and
14 to ensure access to care to the medicaid managed care
15 health plan enrollees;

16 (2) The rate enhancement shall be made part of the monthly
17 capitated rates by the department to medicaid managed
18 care health plans, which shall provide documentation
19 to the department and the nursing facility trade
20 associations located in Hawaii certifying that the
21 revenues received under paragraph (1) are used in
22 accordance with this section;



1 (3) The rate enhancement shall be actuarially sound and
2 approved by the federal government for federal fund
3 participation; and

4 (4) The department shall modify the fee-for-service
5 reimbursement rates of the nursing facilities to
6 recognize the medicaid portion of the nursing facility
7 sustainability fee as an additional cost of serving
8 medicaid patients, and to provide a uniform percentage
9 increase in pre-existing facility-specific rates."

10 3. By amending subsection (a) of § -13 to read:

11 "(a) Collection of the nursing facility sustainability fee
12 under section -5 shall be discontinued if:

13 (1) The waiver in section -7 or the enhanced capitation
14 rates in section -10 have not been approved by the
15 Centers for Medicare and Medicaid Services;

16 (2) The department reduces funding for nursing facility
17 services below the state appropriation in effect on
18 June 30, [~~2013~~] 2014;

19 (3) The department or any other state agency uses the
20 money in the special fund for any use other than the
21 uses permitted pursuant to this chapter; or



1 (4) Federal financial participation to match the nursing
 2 facility sustainability fee becomes unavailable under
 3 federal law. In such case, the department shall
 4 terminate the collection of the fee beginning on the
 5 effective date of the federal statutory, regulatory,
 6 or interpretive change."

7 SECTION 2. Act 156, Session Laws of Hawaii 2012, section
 8 5, as amended by section 3 of Act 142, Session Laws of Hawaii
 9 2013, is amended to read as follows:

10 "SECTION 5. This Act shall take effect on July 1, 2012,
 11 and shall be repealed on June 30, [~~2014~~] 2015; provided that
 12 section [~~—4(e)~~], —4, Hawaii Revised Statutes, established
 13 by section 2 of this Act, shall be repealed on December 31,
 14 [~~2014~~] 2015."

15 SECTION 3. Section 36-30, Hawaii Revised Statutes, is
 16 amended by amending subsection (a) to read as follows:

- 17 "(a) Each special fund, except the:
- 18 (1) Transportation use special fund established by section
 - 19 261D-1;
 - 20 (2) Special out-of-school time instructional program fund
 - 21 under section 302A-1310;



- 1 (3) School cafeteria special funds of the department of
- 2 education;
- 3 (4) Special funds of the University of Hawaii;
- 4 (5) State educational facilities improvement special fund;
- 5 (6) Special funds established by section 206E-6;
- 6 (7) Aloha Tower fund created by section 206J-17;
- 7 (8) Funds of the employees' retirement system created by
- 8 section 88-109;
- 9 (9) Hawaii hurricane relief fund established under section
- 10 431P-2;
- 11 (10) Convention center enterprise special fund established
- 12 under section 201B-8;
- 13 (11) Hawaii health systems corporation special funds and
- 14 the subaccounts of its regional system boards;
- 15 (12) Tourism special fund established under section 201B-
- 16 11;
- 17 (13) Universal service fund established under section 269-
- 18 42;
- 19 (14) Emergency and budget reserve fund under section 328L-
- 20 3;
- 21 (15) Public schools special fees and charges fund under
- 22 section 302A-1130;



- 1 (16) Sport fish special fund under section 187A-9.5;
- 2 (17) Center for nursing special fund under section 304A-
3 2163;
- 4 (18) Passenger facility charge special fund established by
5 section 261-5.5;
- 6 (19) Court interpreting services revolving fund under
7 section 607-1.5;
- 8 (20) Hawaii cancer research special fund;
- 9 (21) Community health centers special fund;
- 10 (22) Emergency medical services special fund;
- 11 (23) Rental motor vehicle customer facility charge special
12 fund established under section 261-5.6;
- 13 (24) Shared services technology special fund under section
14 27-43;
- 15 (25) Nursing facility sustainability program special fund[~~r~~
16 ~~under~~] established pursuant to Act 156, Session Laws
17 of Hawaii 2012;
- 18 (26) Automated victim information and notification system
19 special fund established under section 353-136; and
- 20 (27) Hospital sustainability program special fund under Act
21 217, Session Laws of Hawaii 2012,



1 shall be responsible for its pro rata share of the
2 administrative expenses incurred by the department responsible
3 for the operations supported by the special fund concerned."

4 SECTION 4. There is appropriated out of the nursing
5 facility sustainability program special fund the sum of \$
6 or so much thereof as may be necessary for fiscal year 2014-2015
7 for uses consistent with the nursing facility sustainability
8 program special fund.

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

11 SECTION 5. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 6. This Act shall take effect on June 30, 2050;
14 provided that:

- 15 (1) Section 4 shall take effect on July 1, 2014;
- 16 (2) The amendments made in section 3 shall not be repealed
17 when section 36-30, Hawaii Revised Statutes, is
18 reenacted on June 30, 2015, pursuant to section 34 of
19 Act 79, Session Laws of Hawaii 2009; and
- 20 (3) The amendments made in section 3 shall be repealed on
21 December 31, 2015, and section 36-30, Hawaii Revised



1 Statutes, shall be reenacted in the form provided in
2 section 34 of Act 79, Session Laws of Hawaii 2009.



Report Title:

Nursing Facility Sustainability Program; Nursing Facility Sustainability Program Special Fund; Appropriation

Description:

Continues the Nursing Facility Sustainability Program by extending its sunset date, updating the referral dates, and appropriating funding out of the nursing facility sustainability program special fund for fiscal year 2014-2015. (SB2057 HD1)

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