
A BILL FOR AN ACT

RELATING TO LONG-TERM CARE FACILITIES.

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

1 SECTION 1. The legislature finds that long-term care
2 facilities in the State face major financial challenges in
3 providing quality health care for Hawaii residents. These
4 challenges are largely the result of payments for medicaid
5 enrollees that do not cover the actual costs of care. The
6 financial effect is further magnified by the fact that roughly
7 seventy per cent of patients in some long-term care facilities
8 are covered by the state medicaid program.

9 The legislature further finds that even with funds from the
10 nursing facility sustainability program, nursing facilities in
11 Hawaii experienced a statewide medicaid shortfall of
12 approximately \$16,000,000 in 2015. This body approved funding
13 for an inflation adjustment to medicaid rates for long-term care
14 facilities in 2016, the first increase in approximately seven
15 years. That one-time appropriation of approximately \$1,500,000
16 for fiscal year 2016-2017 generated an additional \$2,500,000 in
17 federal funds. It also helped to mitigate some of the losses



1 that long-term care facilities incurred, even after the benefits
 2 of programs such as the nursing facility sustainability program
 3 were accounted for. Despite that infusion of funds, the
 4 medicaid shortfall will likely persist as the rising costs of
 5 care continue to outpace reimbursements.

6 The purpose of this Act is to preserve access to health
 7 care for medicaid recipients by providing an inflation
 8 adjustment to the long-term care reimbursement methodology used
 9 to reimburse facilities for medicaid recipients in fiscal years
 10 2017-2018 and 2018-2019.

11 SECTION 2. Chapter 346D, Hawaii Revised Statutes, is
 12 amended by adding a new section to be appropriately designated
 13 and to read as follows:

14 "§346D- Inflation adjustment. (a) Beginning with
 15 fiscal year 2017-2018, the department of human services shall
 16 recognize an annual cost increase to a long-term care facility's
 17 provider-specific prospective payment rate by applying an
 18 inflation adjustment factor to the provider's annual costs or
 19 basic prospective payment system rates.



1 (b) The annual inflation adjustment factor shall be the
2 reimbursement rate approved by the federal government in the
3 medicaid state plan."

4 SECTION 3. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so
6 much thereof as may be necessary for fiscal year 2017-2018 and
7 the same sum or so much thereof as may be necessary for fiscal
8 year 2018-2019 to provide an inflation adjustment to long-term
9 care facilities' provider-specific prospective payment rates.

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

12 SECTION 4. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 2075.



Report Title:

Long-term Care Facilities; Medicaid; Cost Increase; Inflation Adjustment; Appropriation

Description:

Applies an inflation adjustment factor to long-term care providers' annual costs or basic prospective payment system rates. Appropriates funds. (HB92 HD1)

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