

STAND. COM. REP. NO.

193

Honolulu, Hawaii

FEB 17 2015

RE: S.B. No. 912  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Human Services and Housing, to which was referred S.B. No. 912 entitled:

"A BILL FOR AN ACT RELATING TO LONG-TERM CARE FACILITIES,"

begs leave to report as follows:

The purpose and intent of this measure is to provide an inflationary adjustment to long-term care facility prospective payment rates.

Your Committee received testimony in support of this measure from the Healthcare Association of Hawaii, The Queen's Health Systems, and Hawaii Health Systems Corporation. Your Committee received comments on this measure from the Department of Human Services.

Your Committee finds that about seventy percent of patients in long-term care facilities are Medicaid enrollees, and that payments for Medicaid enrollees do not cover the actual costs of care, which creates a financial challenge for facilities trying to provide quality healthcare. Your Committee further finds that long-term care facilities have not received an inflationary update to their reimbursement rates for many years, and the gap between costs and reimbursements has widened considerably.

Your Committee received testimony from the Department of Human Services expressing concern that increasing the long-term care facility prospective payment rate would create cost implications that could adversely impact priorities in the

2015-1297 SSCR SMA.doc



executive budget and limit the Department's ability to adjust the Medicaid budget in response to fiscal down turns and other fluctuations. While recognizing the important role that long-term care facilities play in the State, your Committee also acknowledges the Department's position and determines that more information is needed to illustrate the financial challenges facing long-term care facilities as well as the effects of an increase to the reimbursement rate.

Therefore, your Committee has amended this measure by:

- (1) Deleting the language that would have increased the long-term care facility prospective payment rate and replacing it with language requiring the Department of Human Services to submit a report to the Legislature every three years that demonstrates long-term care facilities' annual fiscal year costs and reimbursements for Medicaid enrollees as well as the potential impact of increasing the prospective payment rate; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 912, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 912, S.D. 1, and be referred to the Committee on Ways and Means.


Respectfully submitted on  
behalf of the members of the  
Committee on Human Services and  
Housing,

  
SUZANNE CHUN OAKLAND, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Human Services and Housing**  
**HSH**

Bill / Resolution No.:* <b>SB912</b>	Committee Referral: <b>HSH, WAM</b>	Date: <b>2-5-15</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
CHUN OAKLAND, Suzanne (C)	✓			
GREEN, Josh (VC)	✓			
HARIMOTO, Breene	✓			
RIVIERE, Gil	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes