
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, as
2 amended by section 2 of Act 142, Session Laws of Hawaii 2013, as
3 amended by section 1 of Act 124, Session Laws of Hawaii 2014, as
4 applicable, is amended by amending section 2 as follows:

5 1. By amending subsection (c) of § -4, Hawaii Revised
6 Statutes, to read:

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

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



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

4 (3) All moneys remaining in the special fund on December
5 30, [~~2015-~~] 2016, shall be distributed to nursing
6 facilities within thirty days in the same proportions
7 as received from the nursing facilities."

8 2. By amending subsection (c) of § -5, Hawaii Revised
9 Statutes, to read:

10 "(c) The nursing facility sustainability fee shall not
11 exceed four per cent of net patient service revenue and shall be
12 calculated and paid on a per resident day basis[~~-~~], unless the
13 facility qualifies for an exemption identified in subsection
14 (d)(1). The per resident daily fee shall be [~~the same amount~~]
15 \$13.46 for each affected facility, except [~~as prescribed~~] for
16 facilities described in subsection (d)(2) [~~-~~], which instead
17 shall pay a per resident daily fee of \$5.85."

18 3. By amending § -10, Hawaii Revised Statutes, to read:

19 "§ -10 **Enhanced rates to medicaid managed care health**
20 **plans.** In accordance with title 42 Code of Federal Regulations
21 section 438, the department shall use revenues from the nursing



1 facility sustainability fee and federal matching funds to
2 enhance the capitated rates paid to medicaid managed care health
3 plans for the state fiscal year [~~2014-2015~~] 2015-2016,

4 consistent with the following objectives:

5 (1) The rate enhancement shall be used exclusively for
6 increasing reimbursements to private nursing
7 facilities to support the availability of services and
8 to ensure access to care to the medicaid managed care
9 health plan enrollees;

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

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

20 (4) The department shall modify the fee-for-service
21 reimbursement rates of the nursing facilities to



1 recognize the medicaid portion of the nursing facility
2 sustainability fee as an additional cost of serving
3 medicaid patients, and to provide a uniform percentage
4 increase in pre-existing facility-specific rates."

5 4. By amending subsection (a) of § -13, Hawaii Revised
6 Statutes, to read:

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

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

12 (2) The department reduces funding for nursing facility
13 services below the state appropriation in effect on
14 June 30, [~~2014,~~] 2015;

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

18 (4) Federal financial participation to match the nursing
19 facility sustainability fee becomes unavailable under
20 federal law. In such case, the department shall
21 terminate the collection of the fee beginning on the



1 effective date of the federal statutory, regulatory,
2 or interpretive change."

3 SECTION 2. Act 156, Session Laws of Hawaii 2012, as
4 amended by section 3 of Act 142, Session Laws of Hawaii 2013, as
5 amended by section 2 of Act 124, Session Laws of Hawaii 2014, is
6 amended by amending section 5 to read as follows:

7 "SECTION 5. This Act shall take effect on July 1, 2012,
8 and shall be repealed on June 30, [~~2015~~] 2016; provided that
9 section -4, Hawaii Revised Statutes, established by section 2
10 of this Act, and the amendment made to section 36-30(a), Hawaii
11 Revised Statutes, in section 3 of this Act, shall be repealed on
12 December 31, [~~2015~~] 2016; and provided further that the
13 amendment made to section 36-30(a), Hawaii Revised Statutes, in
14 section 3 of this Act shall not be repealed when section 36-30,
15 Hawaii Revised Statutes, is reenacted on June 30, 2015, pursuant
16 to section 34 of Act 79, Session Laws of Hawaii 2009."

17 SECTION 3. Act 124, Session Laws of Hawaii 2014, is
18 amended by amending section 7 to read as follows:

19 "SECTION 7. This Act shall take effect on June 29, 2014;
20 provided that:

21 (1) Section 5 shall take effect on July 1, 2014;



1 (2) The amendments made to sections 36-27(a) and 36-30(a),
2 Hawaii Revised Statutes, in sections 3 and 4 of this
3 Act shall not be repealed when sections 36-27 and 36-
4 30, Hawaii Revised Statutes, are reenacted on June 30,
5 2015, pursuant to section 34 of Act 79, Session Laws
6 of Hawaii 2009; and

7 (3) The amendments made [~~in~~] to sections 36-27(a) and 36-
8 30(a), Hawaii Revised Statutes, in sections 3 and 4 of
9 this Act shall be repealed on December 31, [~~2015, and~~
10 ~~sections 36-27 and 36-30, Hawaii Revised Statutes,~~
11 ~~shall be reenacted in the form provided in section 34~~
12 ~~of Act 79, Session Laws of Hawaii 2009.] 2016."~~

13 SECTION 4. There is appropriated out of the nursing
14 facility sustainability program special fund the sum of
15 \$14,000,000 or so much thereof as may be necessary for fiscal
16 year 2015-2016 for uses consistent with the nursing facility
17 sustainability program special fund.

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

20 SECTION 5. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2015;
2 provided that sections 1, 2, and 3 of this Act shall take effect
3 on June 29, 2015.



Report Title:

Nursing Facility Sustainability Program; Appropriation

Description:

Continues the Nursing Facility Sustainability Program for one additional year. Appropriates funds out of the Nursing Facility Sustainability Program Special Fund for Fiscal Year 2015-2016. (HB582 CD1)

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