



GOV. MSG. NO. 1238

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 29, 2016

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 29, 2016, the following bill was signed into law:

HB1943 HD1 SD1 CD1

**RELATING TO LONG-TERM CARE FACILITIES
ACT 136 (16)**

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

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. Long-term
6 care facilities have not received an inflationary update to
7 their reimbursement rates for a number of years and, as such,
8 have seen the gap between costs and reimbursements widen
9 considerably. The financial effect is further magnified by the
10 fact that roughly seventy per cent of patients in long-term care
11 facilities are covered by the state medicaid program.

12 The purpose of this Act is to preserve access to health
13 care for medicaid recipients by providing an inflationary
14 adjustment to the long-term care reimbursement methodology used
15 to reimburse facilities for medicaid recipients.

16 SECTION 2. (a) The department of human services shall
17 recognize an annual cost increase to a long-term care facility's
18 provider-specific prospective payment rate by applying an



1 inflation adjustment factor to the provider's annual costs or
2 basic prospective payment system rates.

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

6 (c) The cost increase shall only apply for fiscal year
7 2016-2017.

8 SECTION 3. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$1,553,559 or so much
10 thereof as may be necessary for fiscal year 2016-2017 for the
11 purpose of providing an inflationary adjustment to long-term
12 care facilities' provider-specific prospective payment rates.

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

15 SECTION 4. This Act shall take effect on July 1, 2016, and
16 shall be repealed on June 30, 2017.

APPROVED this 29 day of JUN , 2016



GOVERNOR OF THE STATE OF HAWAII

