



February 1, 2013

To: Chair Della Au Belatti and Mele Carroll and Members
House Committees on Health and Human Services
From: Bob Ogawa, President
Re: HB 872 – Making an emergency appropriation to
the Department of Human Services from Nursing Facility
Sustainability Program Special Fund

The Hawaii Long Term Care Association (HLTCA) strongly supports HB 872. The passage, enactment and implementation of the Nursing Facility Sustainability Program was one of the most extraordinary examples of public-private collaboration and cooperation I have ever experienced. Part of what that involved was the advancement of moneys from the DHS health care payments program (HMS 401) to nursing facilities until payments could be made from the special fund. All of our mainland consultants expressed amazement and admiration that such action was taken. Among them all, they had been involved in nearly every other such program across the Nation. In their experiences and opinions, nowhere else had there ever been or would there ever be such good faith partnership.

Now that CMS approval has been granted and nursing facility fees have begun to be collected (as of January 21, fully retroactive to July 1, 2012), the Department of Human Services is seeking this emergency appropriation to ensure continued timely payments and that there will be no disruption in the provision of medically necessary services to program recipients.

The HLTCA wholeheartedly supports the DHS request and asks your approval of it.
Thank you.

HOUSE COMMITTEE ON HEALTH
Rep. Della Au Belatti, Chair

HOUSE COMMITTEE ON HUMAN SERVICES
Rep. Mele Carroll, Chair

February 1, 2013 at 10:00 a.m.
Conference Room 329

Supporting HB 880: Relating to the Nursing Facility Sustainability Program
HB 872: Making an Emergency Appropriation to the Department of Human Services from the Nursing Facility Sustainability Program Special Fund.

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of HB 880, which modifies the Nursing Facility Sustainability Program and extends its sunset for one year, to June 30, 2014. HB 872 is an appropriation bill that fulfills a technical requirement that makes the program work.

The Legislature created this program last year by enacting Act 156. Recognizing that Medicaid payments are below the actual costs of care, this program increases Medicaid payments to nursing facilities. The program does that by assessing a fee on nursing facilities, using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to nursing facilities.

Non-government nursing facilities are assessed an annual fee based on the amount of care they provide. Payment is based on the amount of a nursing facility's Medicaid utilization. As such, the fees and payments are different for every nursing facility.

This bill is the result of a collaborative effort between DHS and HAH. It is a bill that benefits Medicaid enrollees because it ensures access to quality care.

Thank you for the opportunity to testify in support of HB 880 and HB 872.

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
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DEPARTMENT OF HUMAN SERVICES
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February 1, 2013

TO: The Honorable Della Au Belatti, Chair
House Committee on Health

The Honorable Mele Carroll, Chair
House Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 872 – MAKING AN EMERGENCY APPROPRIATION TO
THE DEPARTMENT OF HUMAN SERVICES FROM THE
NURSING FACILITY SUSTAINABILITY PROGRAM SPECIAL
FUND**

Hearing: Friday, February 1, 2013; 10:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of H.B. 872 is to appropriate the sum of \$12,000,000, or so much thereof as may be necessary for fiscal year 2012–2013, out of the Nursing Facility Sustainability Program Special Fund with such moneys to be used consistent with the Nursing Facility Sustainability Program Special Fund, including the reimbursement of moneys advanced for those purposes in fiscal year 2012-2013 from the health care payments program (HMS 401).

DEPARTMENT’S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill that would not require any new appropriation of general funds. Due to a technical omission, the Nursing Facility Sustainability Program enacted last year did not include the authorization to expend from the special fund monies received from fees that were deposited into it.

AN EQUAL OPPORTUNITY AGENCY

The Nursing Facility Sustainability Program was established through Act 156 in the 2012 legislative session. The program allows the DHS to assess fees on nursing facilities and utilize the monies received to draw down federal dollars for supplemental payments to the nursing facilities, passed through the Medicaid contracted health plans, in order to help offset their uncompensated care.

The DHS has used monies out of Medicaid's health care payments program (HMS 401) to make the supplemental payments so that payments to nursing facilities would not be delayed due to the technical issue. This bill allows funds from the Special Fund to be used to reimburse Medicaid's HMS 401 account for monies already advanced and for the required supplemental payments for the rest of fiscal year 2012-2013.

Without the authorization to expend monies out of the special fund, the DHS will not be able to continue making supplemental payments to nursing facilities and will face a shortfall for the monies it advanced in good faith and in the spirit of the intent of Act 156.

Thank you for the opportunity to provide testimony on this bill.