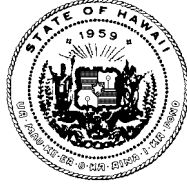


DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 1, 2022

TO: The Honorable Representative Linda Ichiyama, Chair
House Committee on Pandemic & Disaster Preparedness

FROM: Cathy Betts, Director

SUBJECT: **HB 2394 – RELATING TO PATIENT CARE.**

Hearing: February 3, 2022, 10:00 am
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the measure's intent and offers comments. DHS respectfully requests that any appropriation not reduce or replace budget priorities identified in the executive budget.

PURPOSE: The purpose of this measure is to provide a one-time enhanced payment increase of 15% to each nursing facility caring for Medicaid patients. This enhancement intends to help offset lost revenue and increased costs to these nursing facilities due to the ongoing COVID-19 pandemic. The total amount of general funds appropriated in this measure is \$13,000,000.

The Department acknowledges the impacts that the ongoing pandemic has had on Hawaii's nursing facilities and supports the intent of this measure as long as it does not displace funding for our priorities in the Executive Budget. Should this measure move forward, the Med-QUEST Division can work with the Healthcare Association of Hawaii to further refine the estimated amount of the enhanced payment.

Thank you for the opportunity to provide comments on this measure.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON PANDEMIC & DISASTER PREPAREDNESS
ON
HOUSE BILL NO. 2394

February 3, 2022
10:00 a.m.
Room 309 and Videoconference

RELATING TO MEDICAID PATIENT CARE

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 2394 appropriates \$13,000,000 in general funds to the Department of Human Services (DHS) in FY 23, with a requirement for DHS to maximize available federal matching funds, to provide enhanced payments to nursing facilities caring for Medicaid patients.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Linda Ichiyama, Chair
The Honorable Stacelyn K.M. Eli, Vice Chair
Members, House Committee on Pandemic & Disaster Preparedness

From: Jacce Mikulanec, Director, Government Relations, The Queen's Health Systems

Date: February 3, 2022

Re: Support for HB 2394 – Relating to Medicaid Patient Care

The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 1,500 affiliated physicians and providers statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's **supports** HB 2394, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, PPE, supplies, and testing, among other things. Further, nursing facilities experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing facilities in Hawai'i and nationwide. Queen's supports this one-time enhancement as we depend on our nursing facility partners as a critical part of the overall continuum of care to address waitlisted patients in the acute setting.

This one-time enhanced payment will be extremely important as nursing facilities rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawai'i residents.

Thank you for allowing Queen's to provide testimony in support of this measure.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



February 3, 2022 at 10:00 am
Via Videoconference

House Committee on Pandemic and Disaster Preparedness

To: Chair Linda Ichiyama
Vice Chair Stacelynn K.M. Eli

From: Hilton Raethel
President and CEO
Healthcare Association of Hawaii

Re: **Strong Support**
HB 2394, Relating to Medicaid Patient Care

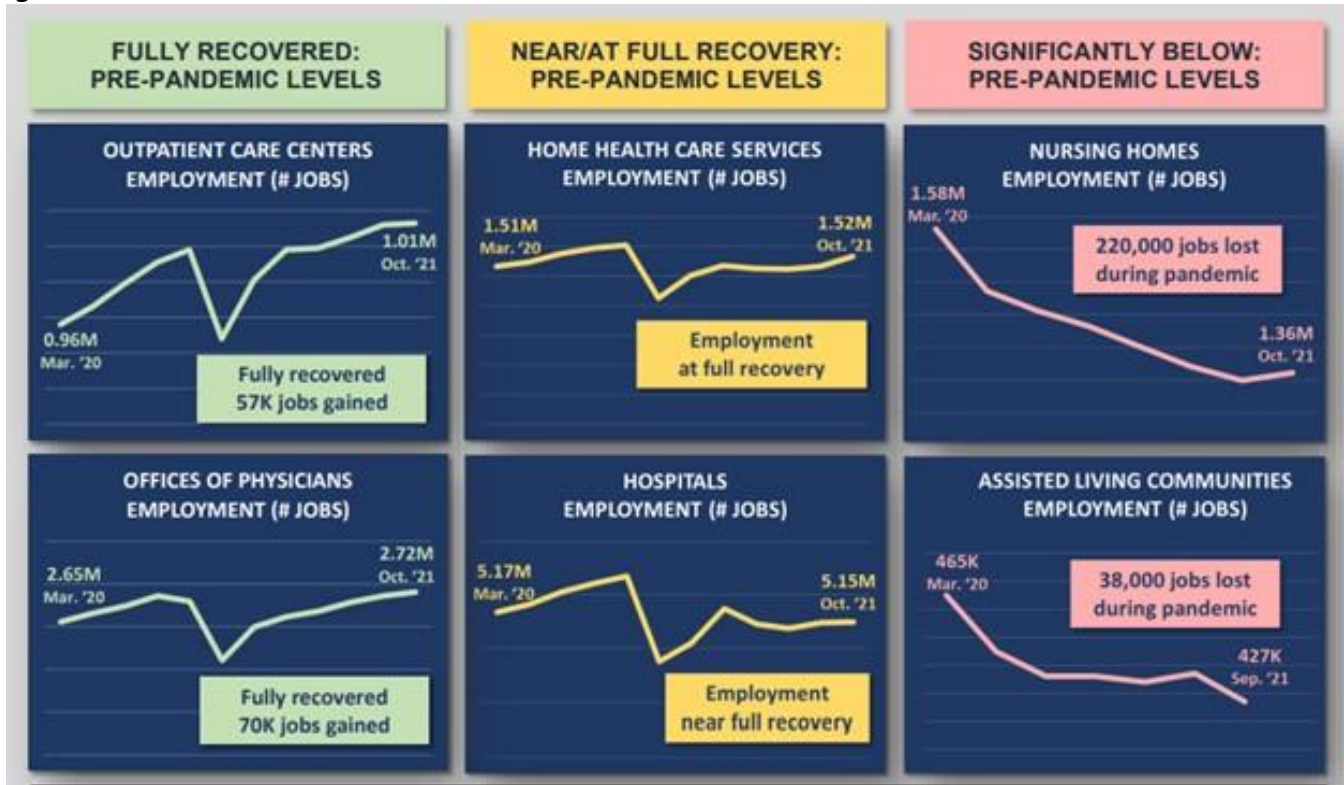
The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

We write in **strong support** of HB 2394, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, PPE, supplies, and testing, among other things. Further, nursing facilities experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing facilities in Hawaii and nationwide.

Last year, Hawaii nursing facilities led the nation in vaccinating residents and staff, becoming the leader in protecting nearly 100% of workers and seniors in these vulnerable settings. Nursing facilities, like many, felt that the worst was behind our community as we went into the 2021 session. However, the delta and omicron surges have put incredible pressure on nursing facilities in terms of their costs and ability to recruit and retain critical professions to care for seniors and other vulnerable individuals in long-term care settings.

Nationwide, nursing facilities have lost 15% of their entire workforce and there has been no recover in those numbers over the past two years, unlike in other healthcare settings, as you can see in the figure on the next page. Physician offices and outpatient settings now have higher employment than at the beginning of the pandemic, while hospitals and home health agencies have experienced only slight losses and are close to recovering any jobs lost during the pandemic. Nursing homes, however, have experienced hundreds of thousands of positions lost with no real recover in sight.

Figure 1



While the cost of labor makes up about 50% of all costs for hospitals, the cost of labor makes up about 60% of all costs or nursing homes. In order to recruit and retain staff—along with providing enhanced pay during outbreaks and staffing shortages—nursing homes have had to expend significant funds to ensure they are providing care of the highest quality to their residents. They have done so admirably, with some of the lowest rates of cases and deaths among residents and staff in the nation. However, with the burden of omicron especially, these nursing facilities need some financial support to ensure they can keep their doors open and continue to accept new residents, especially those covered under the Medicaid program.

In a survey completed in 2020, we found that nursing facilities experienced, at minimum, \$50 million in losses that year. We estimate that the facilities experienced \$21 million in revenue losses and approximately \$27 million in additional costs. We believe these numbers are a conservative estimate and that they are likely much higher in 2021 due to the high transmissibility of the delta and omicron variants and the shortages in testing and staff. Further, federal relief covered only about 30% of these losses and there is likely no further federal relief that will be provided now or in the future.

We understand that there are many priorities for funding this year that are important to our community. Protecting our most vulnerable residents in nursing facilities that have weathered two extremely difficult years, we hope, will be one of the top priorities for any additional funds that might be available. This one-time enhanced payment will be extremely important as nursing facilities rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawaii residents. We urge your support of this measure and appropriation.

Thursday, February 3, 2022 at 10:00 AM
Via Video Conference

House Committee on Pandemic & Disaster Preparedness

To: Representative Linda Ichiyama, Chair
Representative Stacelynn Eli, Vice Chair

From: Michael Robinson
Vice President, Government Relations & Community Affairs

Re: **HB 2394 – Testimony In Support
Relating to Medicaid Patient Care**

My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

I am writing in SUPPORT of HB 2394 which appropriates money to provide one-time enhanced payments of 15% to each nursing facility caring for Medicaid patients to assist with pandemic related costs and lost revenues.

The COVID-19 pandemic created significant staffing and financial strains for Hawaii's long-term care facilities. Nursing facilities in the State continue to face increased costs, reduced revenues, staff shortages, and other challenges, making it difficult to maintain a high quality of care. Nursing facilities in the State experienced additional costs and revenue losses as a result of the pandemic, totaling \$50,000,000 in 2020 alone. Lower occupancy rates led to almost \$21,000,000 in decreased revenues, while nursing facilities additionally spent an estimated \$27,000,000 on COVID-19 testing, personal protective equipment, temporary staff to administer vaccinations and boosters, supplies, and other pandemic-related expenses. Although nursing facilities received some federal assistance, including approximately \$20,600,000 in provider relief fund payments, these moneys only cover approximately thirty per cent of the facilities' total pandemic-related losses. Additionally, very little other federal funding was made available to cover the costs of COVID-19 testing, personal protective equipment, temporary staff for testing and vaccination, and other expenses. There are no plans or expectations that any additional federal funds will be made available in the future.

The funding will also be valuable in addressing and improving waitlist issues experienced by hospitals. Currently hospitals experience delays in transferring patients to nursing

facilities, although the patients have been treated and are well enough to transition to a nursing facility. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient, and creates a serious financial drain on hospitals. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. The one-time enhanced payments to nursing facilities will be invaluable in helping the facilities stabilize and attract qualified workers, and improve outcomes in their ongoing effort to provide health care for our vulnerable population which in turn alleviates the waitlist issues.

Thank you for the opportunity to testify.

HB-2394

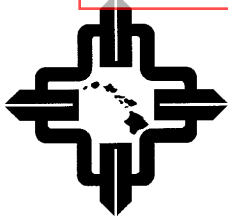
Submitted on: 2/1/2022 3:59:43 PM

Testimony for PDP on 2/3/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gerard Silva	Individual	Oppose	No

Comments:

Stop lying to the Peolpe before it is to Late!!



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

COMMITTEE ON PANDEMIC & DISASTER PREPAREDNESS

Rep. Linda Ichiyama, Chair

Rep. Stacelynn K.M. Eli, Vice Chair

February 3, 2022

10:00 a.m.

Via Videoconference

**Testimony Providing Comments a Request for an Amendment on House Bill 2394
RELATING TO MEDICAID PATIENT CARE.**

Appropriates moneys to provide one-time enhanced payments of 15% to each nursing facility caring for Medicaid patients to assist with pandemic-related costs and lost revenues.

Linda Rosen, M.D., M.P.H.

President and Chief Executive Officer

Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony **providing comments on H.B. 2394** that appropriates moneys to provide one-time enhanced payments of 15% to each nursing facility caring for Medicaid patients to assist with pandemic-related costs and lost revenues.

HHSC supports the intent of providing increased Medicaid reimbursements to nursing facilities to offset the lost revenues and increased costs incurred during the Coronavirus pandemic. However, HHSC's facilities currently operate 443 long-term care beds, but may not benefit from the provisions of this bill because seven of its facilities are classified either as "critical access hospitals" or "hospitals" in the case of Hilo Medical Center and Leahi Hospital. Further, HHSC's gross revenues from Medicaid/QUEST patients comprise approximately 54% of its long-term care revenues. We respectfully request that this measure be amended to ensure that HHSC facilities are able to benefit from this program, to the extent possible.

Thank you for the opportunity to testify before this committee **providing comments** on this measure.