DAVID Y. IGE GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM HAWAI'I EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

OFFICE OF THE PUBLIC DEFENDER



CRAIG K. HIRAI DIRECTOR

GLORIA CHANG DEPUTY DIRECTOR

STATE OF HAWAI'I DEPARTMENT OF BUDGET AND FINANCE P.O. BOX 150 HONOLULU, HAWAI'I 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 SENATE COMMITTEE ON WAYS AND MEANS ON SENATE BILL NO. 3236, S.D. 1

February 22, 2022 10:00 a.m. Room 211 and Videoconference

RELATING TO MEDICAID PATIENT CARE

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

Senate Bill No. 3236, S.D. 1, appropriates an unspecified amount of 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 one-time enhanced

payments equal to 15% of the FY 23 Medicaid patient payments to nursing facilities,

community care foster family homes, and expanded adult residential care homes 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.

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 18, 2022

TO: The Honorable Senator Donovan M. Dela Cruz, Chair Senate Committee on Ways & Means

FROM: Cathy Betts, Director

SUBJECT: SB 3236 SD1- RELATING TO MEDICAID PATIENT CARE.

HEARING: February 18, 2022, 10:00 a.m. Via Videoconference, State Capitol

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

PURPOSE: The purpose of this measure appropriates an unspecified amount of funds to provide for a one-time enhanced payment equal to 15% of Medicaid patient payments of fiscal year 2022-2023 to each nursing facility, community care foster family homes, and expanded adult residential care homes that are caring for Medicaid patients, to assist with pandemic-related costs and lost revenues. (SD1)

The SD1 amended the measure by:

- Clarifying that the one-time enhanced payment being made pursuant to this measure is an amount equal to fifteen percent of the Medicaid patient payments of fiscal year 2022-2023;
- (2) Adding community care foster family homes and expanded adult residential care homes as recipients of the one-time enhanced payment being made pursuant to this measure; and
- (3) Replacing the appropriation amount with an unspecified amount.

The Department acknowledges the impacts that the ongoing pandemic has had on Hawaii's nursing facilities, community care family foster homes, and expanded adult residential care homes and supports the intent of this measure. Should this measure move forward, the Med-QUEST Division can provide estimates for the fifteen percent one-time enhanced payments.

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



<u>COMMITTEE ON WAYS AND MEANS</u> Senator Donovan Dela Cruz, Chair Senator Gilbert S.C. Keith-Agaran, Vice Chair

February 22, 2022 10:00 a.m. Via Videoconference

Testimony Providing Comments with a Request for an Amendment on Senate Bill 3236, SD1 RELATING TO MEDICAID PATIENT CARE.

Appropriates an unspecified amount of funds to provide for a one-time enhanced payment equal to 15% of Medicaid patient payments of fiscal year 2022-2023 to each nursing facility, community care foster family homes, and expanded adult residential care homes that are caring for Medicaid patients, to assist with pandemic-related costs and lost revenues. (SD1)

> 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 S.B. 3236,SD1** 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. HHSC's facilities Hilo Medical Center and Leahi Hospital both are classified "hospitals," yet both include beds licensed for skilled nursing. <u>We respectfully request</u> that this measure be amended to included language provided by the Healthcare <u>Association of Hawaii</u> 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 **<u>providing comments</u>** on this measure.

3675 KILAUEA AVENUE • HONOLULU, HAWAII 96816 • PHONE: (808) 733-4020 • FAX: (808) 733-4028



Senate Committee on Ways and Means

- To: Chair Donovan Dela Cruz Vice Chair Gilbert Keith-Agaran
- From: Andrew Lore Administrator The Villas

Date: February 18, 2022

Re: Strong Support SB 3236, Relating to Medicaid Patient Care

The Villas is a 119-bed skilled nursing facility that cares for Medicaid patients.

The Villas is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.



Senate Committee on Ways and Means

- To: Chair Donovan Dela Cruz Vice Chair Gilbert Keith-Agaran
- From: Bronson Ho Administrator Garden Isle Rehab & Nursing
- Date: February 18, 2022

Re: Strong Support SB 3236, Relating to Medicaid Patient Care

Garden Isle Rehab & Nursing is a 109-bed skilled nursing facility that cares for Medicaid patients.

Garden Isle Rehab & Nursing is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.



Senate Committee on Ways and Means

To: Chair Donovan Dela Cruz Vice Chair Gilbert Keith-Agaran

- From: Justin Morrison Administrator Legacy Hilo Rehab & Nursing
- Date: February 18, 2022

Re: Strong Support SB 3236, Relating to Medicaid Patient Care

Legacy Hilo Rehab & Nursing is a 100-bed skilled nursing facility that cares for Medicaid patients.

Legacy Hilo Rehab & Nursing is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.



Senate Committee on Ways and Means

- To: Chair Donovan Dela Cruz Vice Chair Gilbert Keith-Agaran
- From: Nicolai Hooppaw Administrator, Hale Makua Health Services - Wailuku

Date: February 18, 2022

Re: Strong Support SB 3236, Relating to Medicaid Patient Care

Hale Makua Health Services is a skilled nursing facility that cares for Medicaid patients. Our Wailuku facility has 90 beds.

Hale Makua Health Services is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.



Senate Committee on Ways and Means

To: Chair Donovan Dela Cruz Vice Chair Gilbert Keith-Agaran

From: Lisa Anne Gruebner VP, Planning & Development Ohana Pacific Management Company, Inc. dba Ohana Pacific Health

Date: February 18, 2022

Re: Strong Support SB 3236, Relating to Medicaid Patient Care

Ohana Pacific Health manages and owns several skilled nursing facilities that care for Medicaid patients in the State of Hawaii. The total number of skilled nursing beds managed by Ohana Pacific Health is 953.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.



Senate Committee on Ways and Means

- To: Chair Donovan Dela Cruz Vice Chair Gilbert Keith-Agaran
- From: Alisa Racelo Interim Administrator Ann Pearl Rehab & Nursing
- Date: February 18, 2022

Re: Strong Support SB 3236, Relating to Medicaid Patient Care

Ann Pearl Rehab & Nursing is a 104-bed skilled nursing facility that cares for Medicaid patients.

Ann Pearl Rehab & Nursing is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.



Senate Committee on Ways and Means

To: Chair Donovan Dela Cruz Vice Chair Gilbert Keith-Agaran

From: Mary Beth Santoro Administrator Pu`uwai `O Makaha

Date: February 18, 2022

Re: Strong Support SB 3236, Relating to Medicaid Patient Care

Pu'uwai 'O Makaha is a 93-bed skilled nursing facility that cares for Medicaid patients.

Pu'uwai 'O Makaha is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in our facility has been extremely difficult. In addition, staffing has been reduced due to positive COVID tests and possible exposure protocols. These challenges have resulted in severe financial losses for our facility.

I am writing in **strong support** of this measure, which would provide critical relief for nursing facilities in the State. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the State have fared relatively well through the pandemic with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.





Senate Committee on Ways and Means

- To: Chair Donovan M. Dela Cruz Vice Chair Gilbert S.C. Keith-Agaran
- From: Hilton Raethel President and CEO Healthcare Association of Hawaii

Re: Strong Support SB 3236 SD 1, 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 this measure, 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.

Affiliated with the American Hospital Association, American Health Care Association, National Association for Home Care and Hospice, American Association for Homecare and Council of State Home Care Associations 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 are working closely with our members and the MedQUEST division on amendments to ensure that these enhanced payments can be provided quickly and to the most appropriate facilities serving Medicaid patients.

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.

Testimony in Strong Support SB 3236 SD 1, Relating to Medicaid Patient Care

Senate Committee on Ways and Means February 22, 2022 at 10:00 am Via Videoconference

From: Darlene H. Nakayama CEO Palolo Chinese Home

I am writing today in **strong support** of this measure, which would provide critical relief for nursing facilities in the state. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff— nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

For the Palolo Chinese Home (PCH) the pandemic has had a tremendous effect on our revenues. The greatest impact has been with the shortage of nurses and certified nurse aides. This shortage has forced PCH to limit the number of residents we can take. PCH currently declines 75% of referrals from the hospitals due to lack of manpower. PCH cares for many hospice end of life residents who now we have limited accommodations.



Senate Committee on Ways and Means

- To: Chair Donavan Dela Cruz Vice Chair Gilbert S.C. Keith-Agaran
- From: Wesley Lo *Chief Executive Officer* Ohana Pacific Health, Hale Makua Health Services

Re: Strong Support – SB 3236 SD 1, Relating to Medicaid Patient Care

Ohana Pacific Health (OPH) / Hale Makua Health Services (HMHS) is the largest provider of post-acute care services in the State of Hawai'i and also, the largest provider of Medicaid nursing facility services. Our organization employs almost 1,500 healthcare workers and manages approximately 950 nursing home beds that provide short-term rehab and long-term care, adult day health services and home health care.

We are in STRONG SUPPORT of SB 3236 SD1 which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients.

With the rapidly aging population upon us, the provision of nursing home services for Medicaid recipients is critical. Currently, approximately 60% of all nursing home days are Medicaid. In addition, a large portion of the acute care hospitals documented "wait-list" population are covered by Medicaid.

However, Medicaid has always been reimbursed substantially lower than Medicare and commercial insurance. Medicare reimbursements typically range from \$600-\$700 per day, while Medicaid reimbursements typically reimburse at \$250-\$350 per day. It is common for many nursing homes to operate with breakeven, or negative margins on all Medicaid patients they service.

With the recent staffing shortages related to the pandemic, wages have started skyrocketing, and nursing homes are now faced with decisions to limit or eliminate Medicaid admissions, to ensure financial survival. The consequence to the health care delivery system will be that more and more patients will have to remain in the hospital which is the highest costing level of care.





sle Hale Kupuna



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Hale O Meleana



Pu'uwai O Makaha



ohanapacific.com

This ultimately will end up costing the healthcare delivery system substantially more, and more importantly cause the demise of our fragile delivery system, as we will see inadequate hospital beds available for the Hawaii population.

We understand that this is an added cost to the budget, however, in the long run this will save millions of dollars for the healthcare delivery system, and ensure that we can continue to provide the best healthcare for our communities and residents.

Thank you for your consideration,

Wesley Lo Chief Executive Officer Ohana Pacific Health / Hale Makua Health Services





KĀLELE



Hale Makua

LUANA LIVING



SS







<u>SB-3236-SD-1</u> Submitted on: 2/20/2022 9:31:29 PM Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Justine G Manera	Testifying for Adult foster	Support	No

Comments:

We deserve the most because working 24/7, around the clock isn't easy on us.

We do more than your job requires

Your work performance is often one of the strongest arguments for receiving a raise. Doing more than your job requires may include things like taking on additional responsibilities, exceeding certain quotas.

22.We show initiative

We may show initiative by always finding more projects to work on, asking others how you can help them or requesting more projects. Another way to show initiative is to develop and present a solution to senior management about an issue within the company you noticed.

3. You're reliable

Companies often look for employees they can trust to do their job well without micromanaging them, and they typically want employees they know can always deliver what's asked of them.

4. We develop new skills

5. We mentor other employees

Mentoring another employee offers benefits to you, your mentee and the employee. Becoming a mentor can be a part of a formal program set up through your human resources department, or it may be an informal arrangement with you and another employee. As a mentor, you're able to increase the value of the company's workforce by sharing your knowledge with other a coworker, often helping them improve their performance. Being a mentor also helps you develop your leadership skills, which companies often look for in valuable employees.

6. We have a positive attitude

Companies often look for employees who are positive, work well on a team and are likable. Your positivity may manifest as enthusiasm for your job, and you may attract other employees who want to work with and be like you. Also, maintaining a positive attitude rather than a negative or passive-aggressive attitude may improve collaboration and teamwork.



PALI MOMI

Tuesday, February 22, 2022 at 10:00 AM Via Video Conference

Senate Committee on Ways and Means

- To: Senator Donovan Dela Cruz, Chair Senator Gilbert Keith-Agaran, Vice Chair
- From: Michael Robinson Vice President, Government Relations & Community Affairs

Re: SB 3236, SD1 – 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 SB 3236, SD1 which appropriates money to provide onetime 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 Although nursing facilities received some federal pandemic-related expenses. 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.

Adult Foster Homecare Association of Hawaii

P.O. Box 970092, Waipahu, Hawai`i 96797

Feb. 22, 2022

Testimony in Strong Support of SB 3236 – WAM – 2/22/22, 10:00 a.m., Rm. 211 via Videoconference

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Adult Foster Homecare Association of Hawaii (AFHA) **strongly supports SB 3236**, to provide for a one-time enhanced payment equal to 15% of Medicaid patient payments of fiscal year 2022-2023 to each community care foster family home.

This would provide much needed relief to defray the extra expenses we have incurred because of the pandemic. Costs relating to personal protective equipment (PPEs), social distancing, barriers, and other modifications necessitated by COVID-19 were absorbed by our pockets. Without hesitation, we did what was best for our patients and everyone, but it's come at a sacrifice.

Community care foster family homes, which supplies over 2,000 beds statewide to elderly and disabled Hawai`i residents, has not seen any increase in reimbursement for over 15 years. We've borne the brunt of inflation and other cost increases. How much longer will we need to bear the costs?

We provide 24/7 care 365 days a year for a flat-rate, which calculates to less than 3.50 per hour – no overtime, no benefits – just 3.50/hr for 24/7 care. It's just so difficult financially, especially with the cost of housing and living in Hawaii is one of the highest in the nation, while our reimbursement rates are nowhere near comparable states.

The skyrocketing costs of providing care to the elderly and disabled make it nearly impossible to operate. Caregivers must pay their mortgage for their homes, most of which is used by the residents. Caregivers must also pay for electricity, water, and sewer costs that residents use; for property taxes, general excise taxes, and income taxes; for food, and kitchen, bathroom, and laundry supplies consumed by residents; for their cars and gasoline used to bring their residents to the doctor; for the insurance they are required to carry; for any entertainment they are expected to provide their residents. How do you stretch \$3.50/hr. for all of these costs and still make a living?

Notwithstanding the lack of financial incentives, caregivers tirelessly provide personalized virtual one-on-one hands-on care to their residents. On a daily basis, caregivers cook for their residents menus that are mandated by the State; they clean the house so that they can meet stringent standards of cleanliness; they bathe their residents; they help residents use the bathroom; they dress their residents; they take their residents to

About AFHA

Maribel Tan President

The Adult Foster Home Association of Hawaii (AFHA) is the industry trade association of providers under the Community Care Foster Family Home program under the Department of Human Services, State of Hawaii. With a membership of almost 750 providers, AFHA's mission is to promote the interests of providers as well as resident clients. AFHA members provide 24-hour care to resident clients 7 days a week, 365 days a year.

Testimony of AFHA in Support of SB3236 Feb. 22, 2022 Page 2 of 2

medical appointments; they ensure that residents take their medicine; they do the laundry soiled by their residents; and after all this, they entertain their residents and help their residents preserve their dignity giving them the feeling that they still belong in the community. All this for \$3.50 per hour.

Please **SUPPORT** HB 3236.

Very truly yours,

Maribel Tan President

Government Relations



Testimony of Jonathan Ching Government Relations Director

Before: Senate Committee on Ways and Means Senator Donovan M. Dela Cruz, Chair Senator Gilbert S.C. Keith-Agaran, Vice Chair

> February 22, 2022 10:00 a.m. Via Videoconference

Re: SB 3236, SD1, Relating to Medicaid Patient Care

Chair Dela Cruz, Vice Chair Keith-Agaran, and committee members, thank you for this opportunity to provide testimony on SB 3236, SD1, which appropriates a one-time enhanced payments of 15% to each nursing facility caring for Medicaid patients to assist with pandemic-related costs and lost revenues.

Kaiser Permanente Hawai'i SUPPORTS SB 3236, SD1.

Kaiser Permanente Hawai'i is Hawai'i's largest integrated health system that provides care and coverage for approximately 265,000 members. Each day, more than 4,400 dedicated employees and more than 650 Hawai'i Permanente Medical Group physicians and providers come to work at Kaiser Permanente Hawai'i to care for our members at our 20 medical facilities, including Moanalua Medical Center, providing high-quality care for our members and delivering on our commitment to improve the health of the 1.4 million people living in the communities we serve.

We write in support of SB 3236, SD1, 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.

The recent delta and omicron COVID-19 surges have not only adversely impacted acute care facilities, like Kaiser Permanente Moanalua Medical Clinic, but the many nursing facilities throughout the state. These nursing facilities are important to the entire care continuum in not only caring for our members but also controlling healthcare costs and avoiding hospital re-admissions.

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Government Relations

The recent surges have put considerable pressure on nursing homes 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.

Kaiser Permanente Hawai'i supports a one-time enhanced payment to help nursing facilities rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawaii residents.

Mahalo for the opportunity to testify on this important measure.

Testimony in Strong Support SB 3236 SD 1, Relating to Medicaid Patient Care

Senate Committee on Ways and Means February 22, 2022 at 10:00 am Via Videoconference

From: Doug Tonokawa Senior Controller Aloha Nursing Rehab Centre

I am writing today in **strong support** of this measure, which would provide critical relief for nursing facilities in the state. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff— nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

Due to the shortage of nursing staff, we were forced to contract with staffing agencies, paying in excess of two times the rate we pay our regular staff. For your information, to demonstrate the severity of the staffing shortage and the dedication of our staff, we had office staff who took on extra duties, such as helping to distribute meals to residents during meal times.



To: The Honorable Donovan M. Dela Cruz, Chair The Honorable Gilbert S.C. Keith-Agaran, Vice Chair Members, Senate Committee on Ways and Means

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

Date: February 22, 2022

Re: In support of SB 3236 SD1 – Relating to Medicaid Patient Care

The Queen's Health Systems (Queen's) is a not-for-profit 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, 66 health care centers and labs, and more than 1,600 physicians 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** SB 3236 SD1, which would provide a one-time, limited payment enhancement to nursing facilities, community care foster family homes, and expanded adult residential care homes 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 onetime 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.



<u>SB-3236-SD-1</u> Submitted on: 2/21/2022 1:00:19 PM Testimony for WAM on 2/22/2022 10:00:00 AM

_	Submitted By	Organization	Testifier Position	Remote Testimony Requested
	aneki t lafaele	Testifying for Adult foster	Support	No

Comments:

Adult home cares deserves the increase!



<u>SB-3236-SD-1</u> Submitted on: 2/21/2022 1:07:42 PM Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jgmanera@hawaii.edu	Testifying for adult foster care	Support	No

Comments:

We work hard and always go above and beyond!

From:	Carina Ocampo
To:	WAM Committee
Cc:	jake.moore; elsie gilo; Maria Belinda Keliiholokai
Subject:	SB 3236 SD: Relating to Medicaid Patient Care
Date:	Monday, February 21, 2022 8:55:34 AM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Aloha Senator Joy San Buenaventura,

I strongly support this Bill, SB 3236 SD1: Relating to Medicaid Patient Care.

I would like to ask to please include the CCFFH and ARCH Operators to be given the same and fair compensation as to what other healthcare providers would receive as payment relief for Medicaid patient care. We, the CCFFH and ARCH caregivers provide the best quality care for our kupunas and we treat them as well as like family members. In this regard we are asking to be compensated reasonably in-spite of the sudden increase of

all commodities at this time.

Your kind consideration and kind approval regarding this matter is very greatly appreciated.

With deepest gratitude,

Carina Ocampo President, United Caregivers of Hawaii (808)382-3374 Sent from my iPhone

<u>SB-3236-SD-1</u> Submitted on: 2/17/2022 8:42:02 AM Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Elena Cabatu	Individual	Support	No

Comments:

The East Hawaii Region of Hawaii Health Systems Corporation, consisting of nursing homes of Hilo Medcial Center's Extended Care Facility, Yukio Okutsu State Veterans Home, Hale Ho`ola Hamakua in Honoka`a, and Ka`u Hospital, is in strong support of SB 3236 SD1 that appropriates an unspecified amount of funds to provide for a one-time enhanced payment equal to 15% of Medicaid patient payments of fiscal year 2022-2023 to each nursing facility, community care foster family homes, and expanded adult residential care homes that are caring for Medicaid patients, to assist with pandemic-related costs and lost revenues. 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.

<u>SB-3236-SD-1</u>

Submitted on: 2/17/2022 10:37:26 AM Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jacob W Moore Jr	Individual	Support	No

Comments:

Thank you Committe Chair and members for allowing me to testify regarding SB 3236 for a onetime payment to Nursing Facilities to help compensate for pandemic related cost and staffing burden. I am a nurse practitioner on Oahu who provides primary care to homebound frail elderly. I work closely with the ARCH and CCFFH caregivers.

I agree that Hawaii's Nursing Homes did a heroic job taking care of our Kupuna during the pandemic, however we cannot ignore the fact that so did our Community Care Foster Family Homes (CCFFH) who provide nursing home level care for Medicaid patients in the community. Currently a Nursing Home gets approximately **\$280.00 per day** from Medicaid to care for each Medicaid patient while the Foster Home gets approximately **\$41.00 per day** for the same patient. We cannot consider a compensation payment to one without including the other. Already the payment schedule is not equitable with Foster Homes receiving significantly less than nursing home burden – including exposure to infection, employee/caregiver burnout, employee attrition (some foster homes closed), and increased need for Personal Protective Equipment (PPE) and testing.

The State continues to underpay the Foster Home Caregivers who nearly double the capacity of beds for nursing home patients and provide nursing home level care to our Medicaid Kupuna in the community. **SB 3236 is at least an opportuntiy to address this inequity by also including these homes in a one time payment** to community members who manage nursing home level patients.

Thank you

Jake Moore, APRN

<u>SB-3236-SD-1</u> Submitted on: 2/20/2022 9:38:00 PM Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
LOVIE CHANTENGCO	Individual	Support	No

Comments:

Being a foster care home operator we work so hard to take care of the adults and we deserve to recieve this compensation. Thank you

<u>SB-3236-SD-1</u> Submitted on: 2/21/2022 9:06:23 AM Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
robina quartero	Individual	Support	No

Comments:

Aloha,

As a member of AFHA (Adult Foster Home Association) I strongly support SB3236. I devoted all my time with my client 24/7 to make sure they are safe and happy. I make sure they have what they need as far as food and personal hygiene products. They pay that we are getting is not enough on what I'm paying for mortgage, utilities and food. As we all know that the cost of living in Hawaii is very high. What we caregivers do is more than what other facilities do, we go above and beyond for our Kupunas.

One of my client who has dementia forgets that she already ate and would ask food every 1 hour sometimes right after she ate she's hungry again. I would need food or snacks for her so she won't get angry. She also needs to be watch 24/7 because of fall. She can't walk on her own without anyone next to her. She can't sleep at night without anyone watching her. I gave sleeping on a comfortable bed and sleep on the couch just so I could watch her to make sure she's ok. I gave up going on a date with my husband because I can't afford to pay a substitute caregiver.

Much Mahalo.

SB-3236-SD-1

Submitted on: 2/21/2022 9:47:56 AM Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jessica Wills	Individual	Support	No

Comments:

Testimony in Strong Support

SB 3236 SD 1, Relating to Medicaid Patient Care

Senate Committee on Ways and Means

February 22, 2022 at 10:00 am

Via Videoconference

From: Jessica Wills

Your Director of Nursing

Your Liliha Healthcare Center

I am writing today in **strong support** of this measure, which would provide critical relief for nursing facilities in the state. The pandemic has stressed the entire healthcare system many times over. Nursing facilities have had unique burdens during this time, doing their best to protect vulnerable residents through comprehensive screening and testing regimens, infection prevention and control practices, educational opportunities, and vigorous recruitment of healthcare workers to provide the highest quality of care to residents.

Overall, nursing facilities in the state have fared through the pandemic relatively well with very low infection and death rates among staff and residents. This was not a fluke—it was achieved through hard work and a commitment prioritizing the safety of everyone in our building. However, this also came at immense cost, having to pay for tests, PPE, temporary staff, and

supplies and equipment that was often inflated in price due to shortages. While we appreciate that there was some federal relief provided, those dollars only accounted for around 30% of combined financial losses and additional costs for providers. We do not anticipate any additional funding being provided by Congress. Further, we are still struggling to hire staff—nationally, the industry has experienced a 15% permanent decline in staff. If nothing is done to support staff, then we will see reduced access, especially for residents on Medicaid.

The facility that I work with has been affected greatly. For four months straight we used quadruple the amount of oxygen that we usually use. Staff members have worked 6 days a week rather than 5 to try to ease the burden. COVID patients require more care and more intervention than our average resident in a long term care facility.

<u>SB-3236-SD-1</u> Submitted on: 2/21/2022 6:50:27 PM Testimony for WAM on 2/22/2022 10:00:00 AM



Submitted By	Organization	Testifier Position	Remote Testimony Requested
Maria Belinda Keliiholokai	Individual	Support	No

Comments:

Dear Sir/madam,

Aloha!

This is to personally express my gratitude to Senator Joy San Buenaventura for taking the time once again to reach out to Mr. Moore about the said Bill SB 3236 SD1 relating to Medicaid patient care in joining hands to our most able President,Mam Carina Ocampo in the pursuit of this remarkable request that would uplift the hearts of all our hardworking caregivers in their busy and tireless lives taking care of our elderly population.

We, the caregivers were thoroughly screened, get qualified and approved by the DOH to admit Medicaid patients in accordance with the existing requirements mandated by Medquest, DHS and the like.

In this regard, we take pride in this job that we do similar to the nursing facilities existed all over the island that charge the patients a higher cost leaving us unnoticed and unrecognized.

The dynamics of CCFFH and ARCH operation actually support the government in terms of expenditure when all Medicaid patients will be charged lesser cost from their payroll when admitted to us.

We,the caregivers embrace a 24/7 nature of job that we live each days of our lives, catering to our dear patients similarly to nursing facilities or hospital settings,tirelessly and undoubtedly tending to them like our own families from their personal care down to their medical issues being addressed accordingly.

If all caregivers gather together, we can make a community or even qualify in number as one or more nursing facilities and could enjoy a higher cost or pay.

In closing,may the committee reconsider and reevaluate the role every caregiver contribute to the government and qualify us as recipient of any financial assistance that compensates our hardwork.

In behalf of United Caregivers of Hawaii, I convey my appreciation and kudos for all that you do.

Sincerely,

Maria Belinda Keliiholokai