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. The
- 6 financial effect is further magnified by the fact that roughly
- 7 seventy per cent of patients in some long-term care facilities
- 8 are covered by the state medicaid program.
- 9 The legislature further finds that even with funds from the
- 10 nursing facility sustainability program, nursing facilities in
- 11 Hawaii experienced a statewide medicaid shortfall of
- 12 approximately \$16,000,000 in 2015. This body approved funding
- 13 for an inflationary update to medicald rates for long-term care
- 14 facilities in 2016, the first increase in approximately seven
- 15 years. That one-time appropriation of approximately \$1,500,000
- 16 for fiscal year 2016-2017 generated an additional \$2,500,000 in
- 17 federal funds. It also helped to mitigate some of the losses



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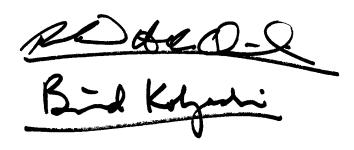
- 1 that long-term care facilities incurred, even after the benefits
- 2 of programs such as the nursing facility sustainability program
- 3 were accounted for. Despite that infusion of funds, the
- 4 medicaid shortfall will likely persist as the rising costs of
- 5 care continue to outpace reimbursements.
- 6 The purpose of this Act is to preserve access to health
- 7 care for medicaid recipients by providing an inflationary
- 8 adjustment to the long-term care reimbursement methodology used
- 9 to reimburse facilities for medicaid recipients in fiscal years
- 10 2017-2018 and 2018-2019.
- 11 SECTION 2. Chapter 346D, Hawaii Revised Statutes, is
- 12 amended by adding a new section to be appropriately designated
- 13 and to read as follows:
- 14 "§346D- Inflationary adjustment. (a) Beginning with
- 15 fiscal year 2017-2018, the department of human services shall
- 16 recognize an annual cost increase to a long-term care facility's
- 17 provider-specific prospective payment rate by applying an
- 18 inflation adjustment factor to the provider's annual costs or
- 19 basic prospective payment system rates.

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| 1 | (b) The annual inflation adjustment factor shall be the |
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| 2 | reimbursement rate approved by the federal government in the |
| 3 | medicaid state plan." |
| 4 | SECTION 3. There is appropriated out of the general |
| 5 | revenues of the State of Hawaii the sum of \$ or so |
| 6 | much thereof as may be necessary for fiscal year 2017-2018 and |
| 7 | the same sum or so much thereof as may be necessary for fiscal |
| 8 | year 2018-2019 to provide an inflationary adjustment to long- |
| 9 | term care facilities' provider-specific prospective payment |
| 10 | rates. |
| 11 | The sums appropriated shall be expended by the department |
| 12 | of human services for the purposes of this Act. |
| 13 | SECTION 4. New statutory material is underscored. |
| 14 | SECTION 5. This Act shall take effect on July 1, 2017. |
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| | INTRODUCED BY: Velle a Brush |
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Report Title:

Long-term Care Facilities; Medicaid; Cost Increase; Inflationary Adjustment; Appropriation

Description:

Provides for an annual inflationary adjustment in the methodology used to reimburse facilities for the long-term care of medicaid recipients. Appropriates funds for the inflationary adjustment for fiscal years 2017-2018 and 2018-2019.

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