

STAND. COM. REP. NO. 1125

Honolulu, Hawaii

MAR 25 2021

RE: H.B. No. 311
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committees on Human Services and Health, to which was referred H.B. No. 311, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE NURSING FACILITY
SUSTAINABILITY PROGRAM,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extend the nursing facility sustainability program to 2024;
- (2) Extend the period of time for which the nursing facility sustainability fee may be used to enhance capitated rates paid to medicaid managed care health plans;
- (3) Allow nursing facilities sixty days to pay the nursing facility sustainability fee;
- (4) Specify that the nursing facility sustainability fee limit is 5.5 percent of the overall net patient service revenue;
- (5) Remove the per resident daily maximum fee of \$20 for each facility;



- (6) Specify that facilities that meet certain exceptions shall pay a reduced daily fee in comparison to other participating facilities; and
- (7) Make an appropriation.

Your Committees received testimony in support of this measure from the Department of Human Services, Hawai'i Primary Care Association, Aloha Nursing Rehab Centre, The Queen's Health Systems, and Healthcare Association of Hawaii.

Your Committees find that the nursing facility sustainability program has, since its establishment in 2012, served a critical role in strengthening the long-term care system in Hawaii. Your Committees further find that even with this program, nursing facilities in the State still face major challenges, due in part to the health and financial pressures related to the coronavirus disease 2019 (COVID-19) pandemic. Your Committees also find that provider fees, which are collected from specific categories of health care providers, may be imposed on different classes of health care services, including inpatient and outpatient hospital and nursing facility services. Your Committees find that provider fees exist in forty-nine states and the District of Columbia as a means of drawing down federal funds to sustain their medicaid programs due rising state budget deficits, increasing health care costs, and expanding medicaid enrollment. The additional federal funds obtained via the fee program authorized by the nursing facility sustainability program can maintain access to care and efficient delivery of health care for medicaid recipients, which will allow nursing facilities in the State to continue to provide a safety net for medicaid recipients and under-insured or uninsured patients.

Your Committees have amended this measure by:

- (1) Inserting an effective date of June 29, 2021; provided that sections 8 and 9 of this measure shall take effect on July 1, 2021; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the records of votes of the members of your Committees on Human Services and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 311, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 311, H.D. 1, S.D. 1, and be referred to your Committees on Ways and Means and Commerce and Consumer Protection.

Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Health,



JARRETT KEOHOKALOLE, Chair



JOY A. SAN BUENAVENTURA, Chair



