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

March 29, 2022

TO: The Honorable Representative Sylvia Luke, Chair House Committee on Finance

FROM: Cathy Betts, Director

# SUBJECT: SB 3236 SD2 HD1- RELATING TO MEDICAID PATIENT CARE.

HEARING: March 31, 2022, 2:30 p.m. Via Videoconference, State Capitol

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

**PURPOSE**: The purpose of this measure is to help preserve the financial viability of nursing facilities, community care foster family homes and expanded adult residential care homes in the State by providing a one-time enhanced payment equal to 15% of Medicaid patient payments of fiscal year 2022-2023 made to any eligible facility in the State, as determined by the Department of Human Services that provide care for Medicaid patients Medicare-certified nursing facility, community care foster family home and expanded adult residential care home, to assist with pandemic-related costs and lost revenues. Effective 7/1/2050. (HD1)

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 SD2 defected the effective date.

The HD1 amended the measure by:

- (1) Clarifying that the appropriation is to provide an enhanced payment of fifteen percent to any eligible facility in the State, as determined by the Department of Human Services, that provides care to Medicaid patients in Medicare-certified skilled nursing facilities, community care foster family homes, and expanded adult residential care homes; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. The Department's Med-QUEST Division (MQD) has been in collaborative discussions with the Healthcare Association of Hawaii (HAH), the proponent of this measure, including updating an appropriation estimate for the fifteen percent one-time enhanced payments that could be made to maximize federal matching funds. The best estimate at this time is \$17,500,000 A funds.

Additionally, we respectfully request one amendment in Section 2 on page 3, line 21 to read:

"...provide enhanced payments of <mark>up to</mark> fifteen percent to any eligible...."

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

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 HOUSE COMMITTEE ON FINANCE ON SENATE BILL NO. 3236, S.D. 2, H.D. 1

# March 31, 2022 2:30 p.m. Room 308 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. 2, H.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 eligible 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.

HAWAII HEALTH SYSTEMS



**) R P O R A T I** Quality Healthcare For All

# **COMMITTEE ON FINANCE**

March 31, 2022 2:30 p.m. Room 308 and via Videoconference

# Testimony Providing Comments with a Request for an Amendment on Senate Bill 3236, SD2, HD1 RELATING TO MEDICAID PATIENT CARE.

Appropriates funds to provide for a one-time enhanced payment equal to 15 per cent of Medicaid patient payments of fiscal year 2022-2023 made to any eligible facility in the State, as determined by the department of human services, that provides care to Medicaid patients in Medicare-certified nursing facility, community care foster family homes, and expanded adult residential care homes, to assist with pandemic-related costs and lost revenues. Effective 7/1/2050. (HD1)

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 **in support of S.B. 3236, SD2, HD1.** 

HHSC supports 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. The two nursing facilities in Oahu Region, the Yukio Okutsu Veterans State Home, and the nursing home on the Hilo Medical Center campus are not cost based and may be deemed eligible for this initiative.

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



# Testimony to the House Committee on Finance Thursday, March 31, 2022 2:30 p. m. State Capitol Conference Room 308 and via videoconference

Re: SB 3236 SD 2 HD 1, RELATING TO MEDICAID PATIENT CARE

Dear Chair Luke, Vice Chair Yamashita, and Honorable Members of the House Committee on Finance:

I am Gary Simon, immediate past president and a current board member of the Hawai'i Family Caregiver Coalition. The mission of the Hawai'i Family Caregiver Coalition (HFCC) is to improve the quality of life of those who give and receive care by increasing community awareness of caregiver issues through continuing advocacy, education, and training.

I am testifying as on behalf of HFCC as an individual who has worked in healthcare for over thirty years.

**HFCC strongly supports SB 3236 SD 2 HD 1**, RELATING TO MEDICAID PATIENT CARE, which would appropriate funds to provide for a one-time enhanced payment equal to 15 percent of Medicaid patient payments of Fiscal Year 2022 - 2023 made to any eligible facility in the State, as determined by the Department of Human Services, that provides care to Medicaid patients in Medicare-certified nursing facility, community care foster family homes, and expanded adult residential care homes, to assist with pandemic-related costs and lost revenues.

The COVID-19 pandemic has created significant and overwhelming staffing and financial stress on Hawaii's long-term care facilities. Nursing facilities and care homes in the State continue to face increased costs, reduced revenues, and staff shortages. Maintaining high quality of care has been difficult during the pandemic.

These difficulties also negatively impact waitlisted patients awaiting transfer from acute care facilities to long-term care facilities, placing a financial burden on these acute care facilities.

The one-time enhanced payments to eligible nursing facilities and care homes is vital to alleviating some of the severe stresses in our healthcare system caused by the pandemic and will assist with staff recruitment and retention efforts by our long-term care facilities.

Ultimately, the public will benefit with improved healthcare from the one-time enhanced payments provided to our qualifying nursing facilities and care homes.

We urge you to support SB 3236 SD 2 HD 1, and we urge you to recommend its passage.

On behalf of HFCC, I thank you for seriously considering the bill.

Very sincerely,

Davy Semon

Gary Simon Past President Hawai'i Family Caregiver Coalition Email garysimon@hawaii.rr.com





PALI MOMI

Thursday, March 31, 2022 at 2:30 PM Via Video Conference

# House Committee on Finance

- To: Representative Sylvia Luke, Chair Representative Kyle Yamashita, Vice Chair
- From: Michael Robinson Vice President, Government Relations & Community Affairs

#### Re: SB 3236, SD2, HD1 – 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, SD2, HD1 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 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.



House Committee on Finance March 31, 2022 at 2:30 pm Via Videoconference

To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita

From: Suanne Morikuni Chief Financial Officer Ohana Pacific Management Company, Inc. dba Ohana Pacific Health

Date: March 28, 2022

#### Re: Testimony in Strong Support SB 3236 SD 2 HD 1, Relating to Medicaid Patient Care

Ohana Pacific Health manages and owns several nursing facilities that care for Medicaid patients across the major islands in the State of Hawaii.

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 3 percent of our operating expenses for the pandemic period. 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 pandemic has compounded the financial distress of nursing homes with rising operating costs of staffing/supplies and lower admissions due to staffing issues. Although the nursing facilities received some federal assistance, these funds only cover a portion of their losses.

Medicaid reimburses providers less than half the amount that Medicare and other insurance commercial payors. At best, many nursing homes operate at a break even and normally experience negative margins servicing Medicaid patients. The healthcare delivery system in Hawaii is already fragile and the nursing homes are now faced with the tough decision to limit or eliminate Medicaid admissions to survive financially.



#### House Committee on Finance

To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita

From: Becky Canon-Fratis Administrator Ann Pearl Rehab & Nursing

Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, Relating to Medicaid Patient Care

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

Throughout the pandemic, Ann Pearl Rehab & Nursing has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



#### **House Committee on Finance**

- To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita
- From: Bronson Ho Administrator Garden Isle Rehab & Nursing
- Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, Relating to Medicaid Patient Care

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

Throughout the pandemic, Garden Isle Rehab & Nursing has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



#### **House Committee on Finance**

- To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita
- From: Dusty Davis Administrator The Villas

Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, Relating to Medicaid Patient Care

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

Throughout the pandemic, The Villas has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



#### House Committee on Finance

To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita

From: Justin Morrison Administrator Legacy Hilo Rehab & Nursing

Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, Relating to Medicaid Patient Care

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

Throughout the pandemic, Legacy Hilo Rehab & Nursing has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



#### **House Committee on Finance**

- To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita
- From: Teana Kaho`ohanohano Administrator Hale Makua Health Services - Kahului

Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, Relating to Medicaid Patient Care

Hale Makua Health Services is a skilled nursing facility that cares for Medicaid patients. Our Kahului facility has 254 beds.

Throughout the pandemic, Hale Makua Health Services has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.

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#### **House Committee on Finance**

- To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita
- From: Nicolai Hooppaw Administrator, Hale Makua Health Services - Wailuku
- Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, 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.

Throughout the pandemic, Hale Makua Health Services has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



To: The Honorable Sylvia Luke, Chair The Honorable Kyle T. Yamashita, Vice Chair Members, House Committee on Finance

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

Date: March 31, 2022

Re: Support for SB 3236, SD2 HD1 – 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, SD2 HD1, 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. We also support the proposed amendment offered by the Healthcare Association of Hawai'i to provide the Department of Human Services needed flexibility to effectuate the intent of the bill.

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.



#### **House Committee on Finance**

To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita

From: Kurt Akamine Interim Administrator Hale Kupuna Heritage Home

Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, Relating to Medicaid Patient Care

Hale Kupuna Heritage Home is an 84-bed skilled nursing facility that cares for Medicaid patients.

Throughout the pandemic, Hale Kupuna Heritage Home has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.



#### **House Committee on Finance**

To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita

From: Alisa Racelo Director of Operations Ohana Pacific Health

Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, 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. Ohana Pacific Health manages 953 skilled nursing beds.

Throughout the pandemic, our skilled nursing facilities have maintained a high quality of care for their patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facilities but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related challenges have resulted in severe financial losses for our facilities.

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.



#### House Committee on Finance

To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita

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

Date: March 29, 2022

#### Re: Strong Support SB 3236 SD2 HD1, Relating to Medicaid Patient Care

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

Throughout the pandemic, Pu'uwai `O Makaha has maintained a high quality of care for its patients despite increased costs, decreasing revenues, and severe staffing shortages. The workforce shortages have caused an inability to admit new patients to full capacity. We have struggled to retain and recruit qualified staff to care for the patients which impacts not only our facility but Hawaii's hospitals which are experiencing extreme waitlist issues. These COVID-related 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.

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# House Committee on Finance

- To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita
- From: Hilton Raethel President and CEO Healthcare Association of Hawaii

# Re: Strong Support SB 3236 SD 2 HD 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 30,000 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. This funding would only be available to eligible long-term care facilities that accept and care for Medicaid residents, and would benefit those facilities with a higher proportion of Medicaid residents. Further, while this proposed enhanced payment would be extremely helpful for these facilities, it would not cover the entirety of the losses for nursing facilities during the pandemic.

During the pandemic, many 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, driven largely by lack of staffing, which affected their revenues and further exacerbated the financial difficulties of nursing facilities in the state. Unfortunately, federal funding did not provide substantial support—in fact, the amount of federal provider relief funds that came in amounted to just under three percent of operating expenses for nusing facilities. Even if this enhanced payment is provided, losses for nursing facilities would amount to nearly \$9 million over the period of the pandemic.

Nationwide, nursing facilities have lost 15% of their entire workforce and there has been no recovery—instead, we've seen a persistent shortage of qualified staff at the national level.

Therefore, in order to recruit and retain staff—along with providing enhanced pay during outbreaks and staffing shortages—nursing homes in Hawaii 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.

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.

We respectfully request one amendment in Section 2 on page 3, line 21 to read:

"...provide enhanced payments of <u>up to</u> fifteen percent to any eligible...."

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.

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# NURSING REHAB CENTRE

45-545 Kamehameha Hwy. • Kaneohe, HI 96744 Phone 808-247-2220 Fox 808-235-3676

# Testimony in Strong Support SB 3236 SD 2 HD 1, Relating to Medicaid Patient Care

House Committee on Finance March 31, 2022 at 2:30 pm Via Videoconference

To: Chair Sylvia Luke Vice Chair Kyle T. Yamashita

From: Amy Lee Chief Executive Officer 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 3 percent of our operating expenses for the pandemic period. 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.

To supplement the staffing shortages, Aloha Nursing had no choice but to rely on high cost agency staffing from the mainland, paying as much as \$100/hour for Licensed Practical Nurses (LPN). In the past four months alone, Aloha has spent approximately **\$560,000.00** on agency cost. In January, the company has also increased Certified Nursing Assistants (CNAs) hourly rate by 21% in hopes to attract and retain staff. This will not be sustainable if we do not receive increases to our daily Medicaid Rate.

The nursing home industry for far too long have been ignored and disrespected for the work we do and the dedication we have in caring for our Kupuna. We cannot continue to be subjected to any more regulations and mandates without any financial support. We will go out of business if something is not done immediately to help offset the high cost of providing care during this unprecedented time.

We understand that there are many priorities you are considering. We believe that supporting our seniors and helping to build a more robust workforce for healthcare is critical. We urge your support of this measure and thank you for your consideration.

Sincerely,

Amy Lee Chief Executive Officer



**Government Relations** 

Testimony of Jonathan Ching Government Relations Director

Before: House Committee on Finance The Honorable Sylvia Luke, Chair The Honorable Kyle T. Yamashita, Vice Chair

March 31, 2022 2:30 p.m. Conference Room 308 and Videoconference

### Re: SB 3236, SD2, HD1, Relating to Medicaid Patient Care

Chair Luke, Vice Chair Yamashita, and committee members, thank you for this opportunity to provide testimony on SB 3236, SD2, HD1, which appropriates an unspecified amount of funds to provide for a one-time enhanced payments of 15% to each nursing facility, community care foster family homes, and expanded adult residential care homes caring for Medicaid patients to assist with pandemic-related costs and lost revenues.

### Kaiser Permanente Hawai'i SUPPORTS SB 3236, SD2, HD1.

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, SD2, HD1, 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, community care foster family homes, and expanded adult residential care homes experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing facilities in Hawaii and nationwide.

The delta and omicron COVID-19 surges have not only adversely impacted acute care facilities, like Kaiser Permanente Moanalua Medical Center, but the many sub-acute healthcare facilities throughout the state. These nursing facilities, community care foster family homes, and expanded



adult residential care homes are important to the entire care continuum in not only caring for our members but also controlling healthcare costs and avoiding hospital re-admissions. The recent surges have put considerable pressure on nursing facilities, community care foster family homes, and expanded adult residential care 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, community care foster family homes, and expanded adult residential care homes rebuild and engage in workforce development programs to provide good-paying, stable careers for Hawai'i residents.

Mahalo for the opportunity to testify on this important measure.

# Testimony in Strong Support SB 3236 SD2 HD1, Relating to Medicaid Patient Care Thursday, March 31, 2022

House Committee on Finance Chair Sylvia Luke Vice Chair Kyle T. Yamashita

From: Randall Hata Vice President Ohana Pacific Health

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 relatively well through the pandemic well with very low infection and death rates among staff and residents. This 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.

I have worked in nursing facilities for 25 years and have seen the effects of the wars, economic downturns, nursing shortages and natural disasters. The effects of pandemic have far exceeded those of previous challenges. This public health emergency has not only adversely affected the staff of our facilities, but also of the entire care workforce nationwide.

# SB-3236-HD-1

Submitted on: 3/29/2022 10:29:00 AM Testimony for FIN on 3/31/2022 2:30:00 PM

Submitted By	Organization	<b>Testifier Position</b>	Testify
Cheryl Popke	Individual	Support	Written Testimony Only

Comments:

### **Testimony in Strong Support**

# SB 3236 SD 2 HD 1, Relating to Medicaid Patient Care

House Committee on Finance

March 31, 2022 at 2:30 pm

Via Videoconference

To: Chair Sylvia Luke

Vice Chair Kyle T. Yamashita

From: Cheryl Popke

Dietitian/Dietary Manager

Life Care Center of Kona

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 3 percent of our operating expenses for the pandemic period. 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.

It is extremely difficult to be competitive with staffing, many of my staff are discouraged about the wage they are paid and are looking for other jobs that pay more with less responsibility. I am losing staff and do not have interested applicants related to wages. If I cannot compete with fast food, grocery stores, restaurants, hotels, pretty much any retail store I will not have staff to provide meals for our residents. We are already stretched thin, most of my staff love what they do however cannot afford to keep working here if they can make \$5.00 plus more an hour at any other place. Please help so we can pay our staff competitive wages and serve our elders with quality caring staff by keeping those we have.



House Committee on Finance

To:	Chair Sylvia Luke
	Vice Chair Kyle T. Yamashita

From: Kirsten Szabo Vice President, Ohana Pacific Health

Date: March 29, 2022

#### Re: Strong Support for SB 3236 SD2 HD1, Relating to Medicaid Patient Care

Ohana Pacific Health (OPH) manages and owns several skilled nursing facilities and is licensed for a total of 953 skilled nursing and long-term care beds across the State which focuses on caring for Medicaid beneficiaries.

OPH's nursing facilities have maintained a high quality of care for their patients despite increased costs, decreasing revenues, and severe staffing shortages that were either created or exacerbated by the COVID-pandemic. OPH's workforce shortages have delayed or prevented admission of new patients and inhibited our ability to operate at full capacity. OPH has been challenged like never before to recruit qualified staff to care for the patients. This challenge is not unique to OPH, all of Hawai`i's healthcare settings are experiencing similar issues and hospitals are seeing their waitlists grow. These challenges are directly related to COVID and have created severe financial losses for OPH and other healthcare organizations.

I **strongly support** this measure, which I believe will provide essential relief for nursing facilities in Hawai'i. Nursing facilities have had unique burdens during this time, worked diligently to protect vulnerable residents through comprehensive staff and visitor screening, testing regimens, infection control practices, education, and vigorous efforts to recruit and retain workers.

Hawai'i's nursing facilities have had low infection and death rates which was due to the commitment to prioritizing the safety. This was essential to protect staff and kūpuna but at significant cost. The costs included but were not limited to testing and testing supplies, PPE, temporary staff, and supplies and equipment which were typically sold to us at inflated in price due to shortages and inflation. The federal relief provided was essential for our organizational survival. Yet, the funding COVERED approximately 30% of estimated losses and additional operating costs. Congress has not indicated that providers should anticipate additional funding. Yet the pandemic is not over and there are still additional costs incurred to protect staff and residents. In addition, there is still the struggle to find and hire healthcare staff. This challenge is not only for OPH and Hawai'i, but nationally, the sector reported a 15% permanent decline in staff. Unfortunately, it is my prediction that if nothing changes, Hawai'i will see reduced access to care, especially for residents on Medicaid.

There are many priorities you are facing and need to consider, and the choices are difficult. Yet, without a workforce, health outcomes in Hawai'i will suffer and decline. This will not only impact our kūpuna but also our keiki. Supporting the health of our kūpuna and helping to build a more robust workforce for healthcare is critical to the health of Hawai'i and its residents. Please support of this measure.

Thank you for your consideration.

Kirsten Szabo