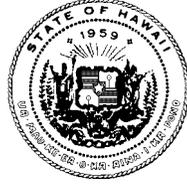


DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

January 31, 2022

TO: The Honorable Joy A. San Buenaventura, Chair
Committee on Human Services

FROM: Cathy Betts, Director

SUBJECT: **SB 3236 – RELATING TO PATIENT CARE.**

HEARING: February 3, 2022, 3:00 pm
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the measure's intent and offers comments.

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

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

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

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

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

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

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

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HUMAN SERVICES
ON
SENATE BILL NO. 3236

February 3, 2022
3:00 p.m.
Room 225 and Videoconference

RELATING TO MEDICAID PATIENT CARE

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

Senate Bill No. 3236 appropriates \$13,000,000 in general funds to the Department of Human Services (DHS) in FY 23, with a requirement for DHS to maximize available federal matching funds, to provide enhanced payments to nursing facilities caring for Medicaid patients.

B&F notes that the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

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

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

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

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

Thank you for your consideration of our comments.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Joy San Buenaventura, Chair
The Honorable Les Ihara, Jr., Vice Chair
Members, Senate Committee on Human Services

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

Date: February 3, 2022

Re: Support for SB 3236 – 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, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, PPE, supplies, and testing, among other things. Further, nursing facilities experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing facilities in Hawai'i and nationwide. Queen's supports this one-time enhancement as we depend on our nursing facility partners as a critical part of the overall continuum of care to address waitlisted patients in the acute setting.

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

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

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



February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: Hilton Raethel
President and CEO
Healthcare Association of Hawaii

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

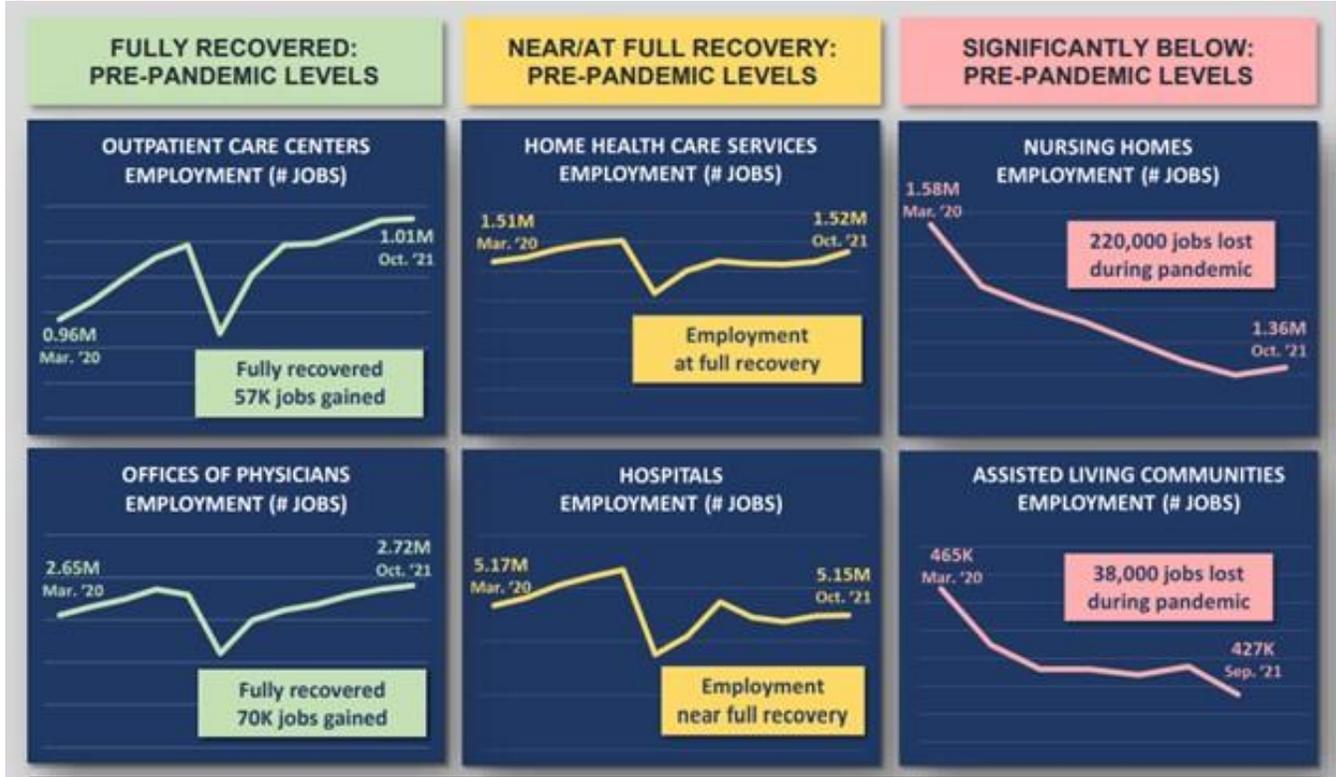
The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, 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 SB 3236, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, PPE, supplies, and testing, among other things. Further, nursing facilities experienced decreased occupancy which affected their revenues and further exacerbated the financial difficulties of nursing facilities in Hawaii and nationwide.

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

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

Figure 1



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

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

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

Thursday, February 3, 2022 at 3:00 PM
Via Video Conference

Senate Committee on Human Services

To: Senator Joy San Buenaventura, Chair
Senator Les Ihara, Vice Chair

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

Re: **SB 3236 – 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 which appropriates money to provide one-time enhanced payments of 15% to each nursing facility caring for Medicaid patients to assist with pandemic related costs and lost revenues.

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

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

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

Thank you for the opportunity to testify.



February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenavenatura
Vice Chair Les Ihara, Jr.

From: Alisa Racelo
Interim Administrator
Ann Pearl Rehab & Nursing

Date: February 1, 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.

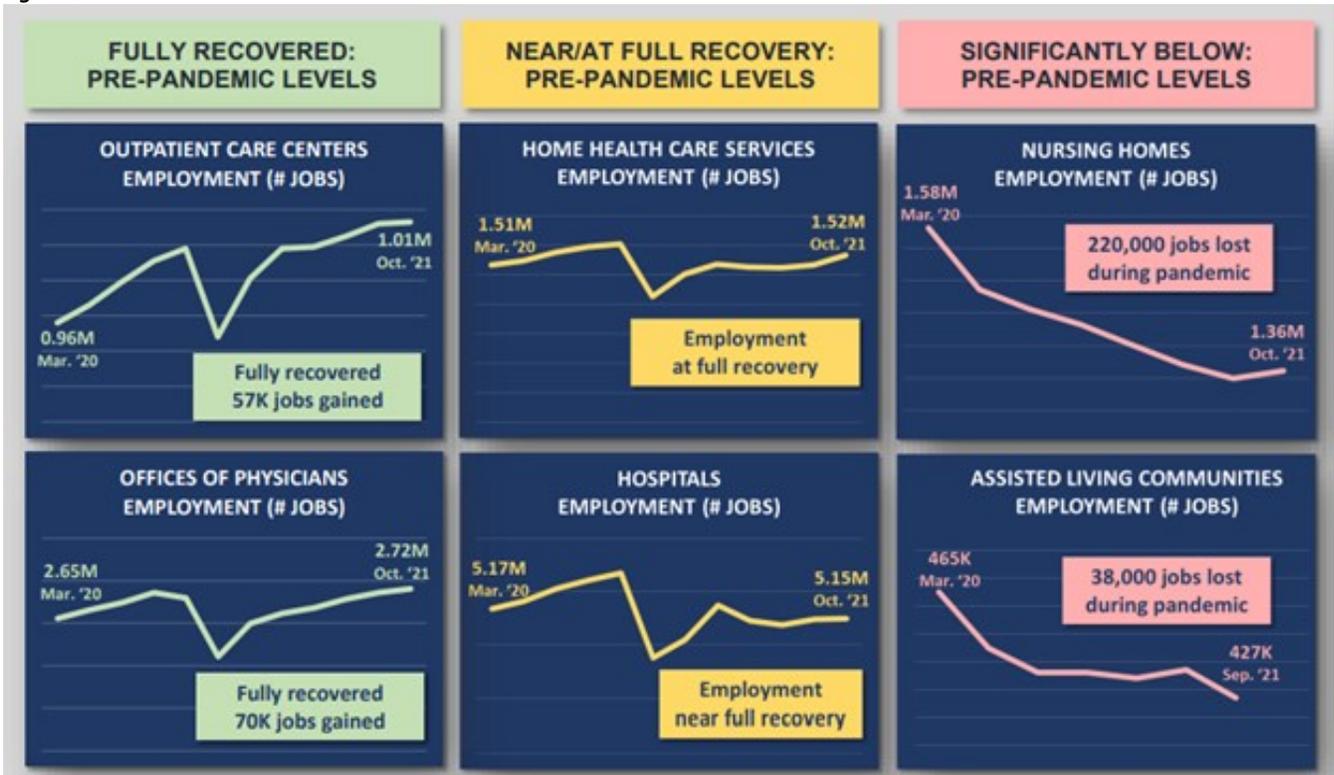
We write in **strong support** of SB 3236, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, 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 recovery 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 recovery in sight.



Figure 1



While the cost of labor makes up about 50% of all costs for hospitals, the cost of labor makes up about 70% of all costs or nursing homes. In order to recruit and retain staff—along with providing enhanced pay during outbreaks and staffing shortages—nursing homes have had to expend significant funds to ensure they are providing care of the highest quality to their residents. They have done so admirably, with some of the lowest rates of cases and deaths among residents and staff in the nation. However, with the burden of omicron especially, these nursing facilities need some financial support to ensure they can keep their doors open and continue to accept new residents, especially those covered under the Medicaid program.

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

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



February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

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

Date: January 31, 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.

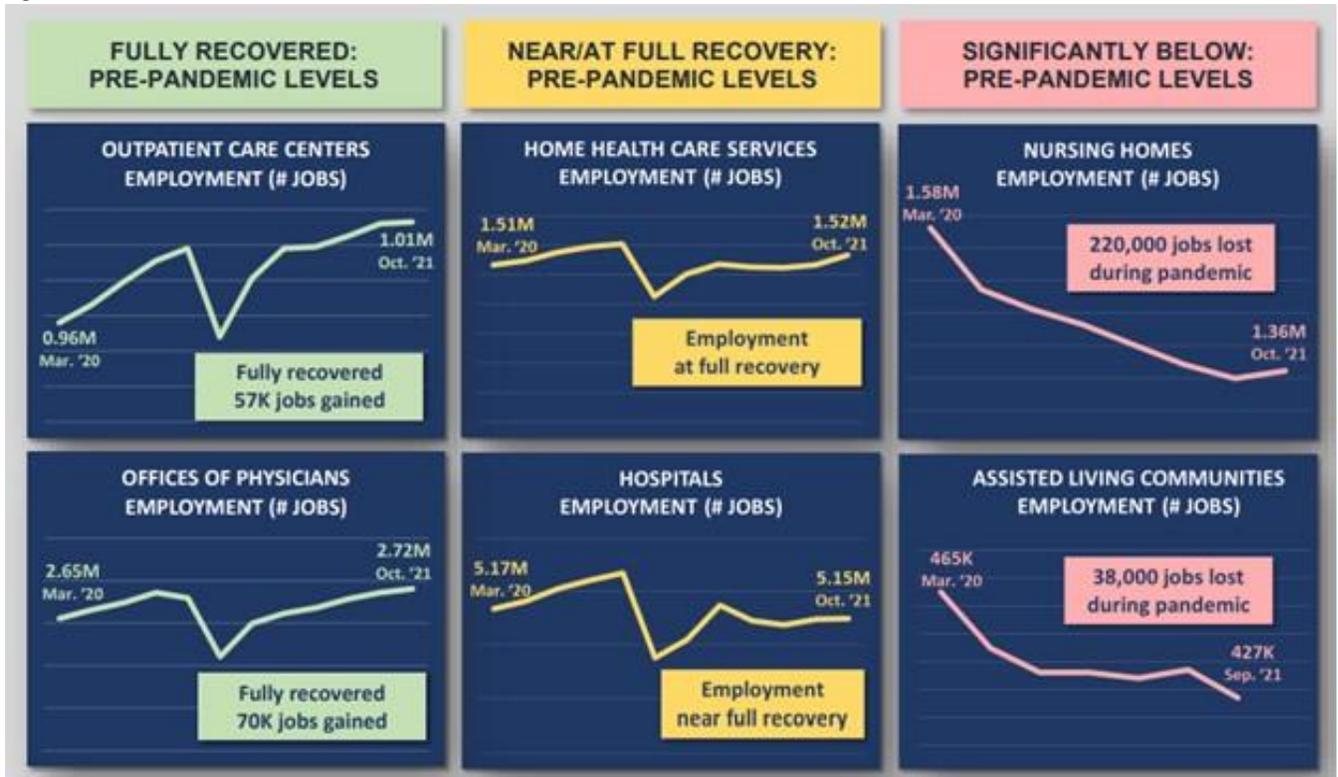
We write in **strong support** of SB 3236, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients. During the pandemic, most states instituted an enhanced payment for nursing facilities to account for the significant increased costs of labor, 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.

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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.



February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: Justin Morrison
Administrator
Legacy Hilo Rehab & Nursing

Date: February 1, 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.

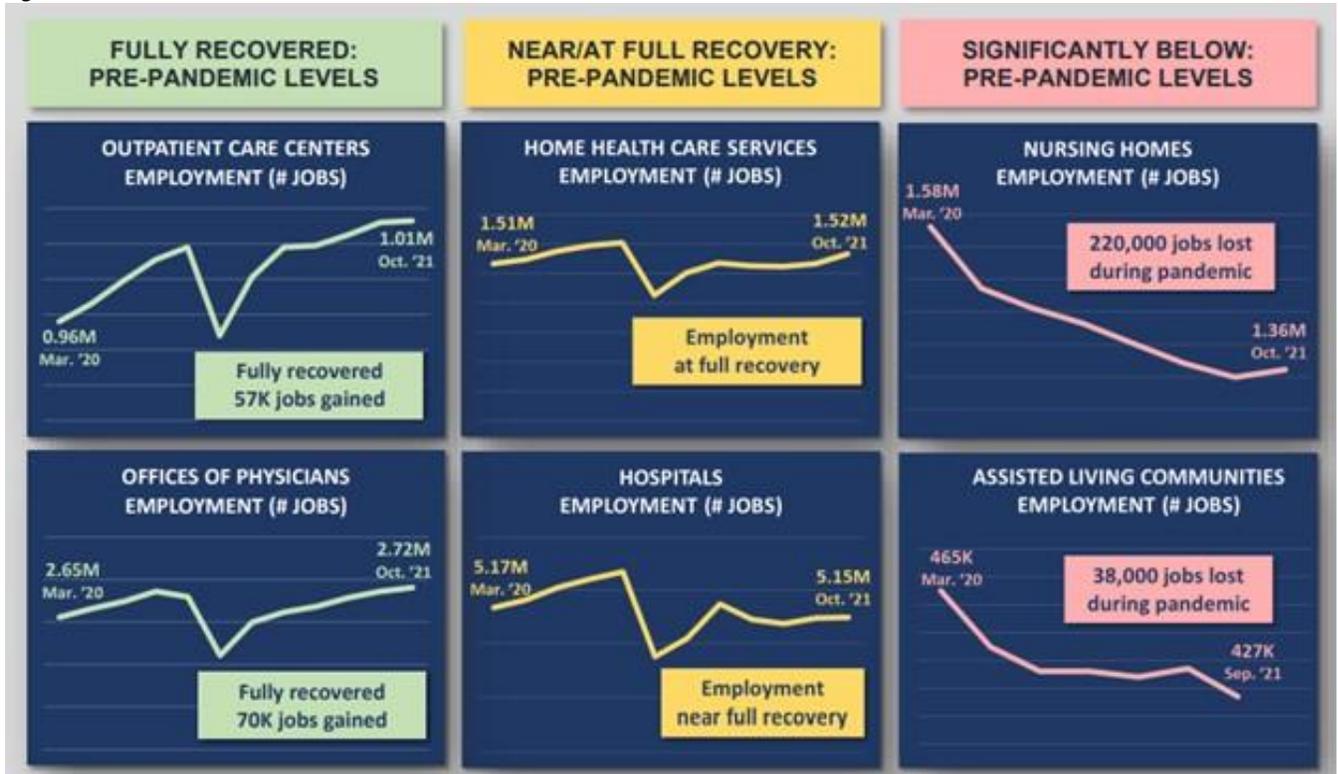
Legacy Hilo Rehab & Nursing is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for 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.

We write in **strong support** of SB 3236, 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.

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February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: **Andrew Lore**
Administrator
The Villas

Date: **February 1, 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.

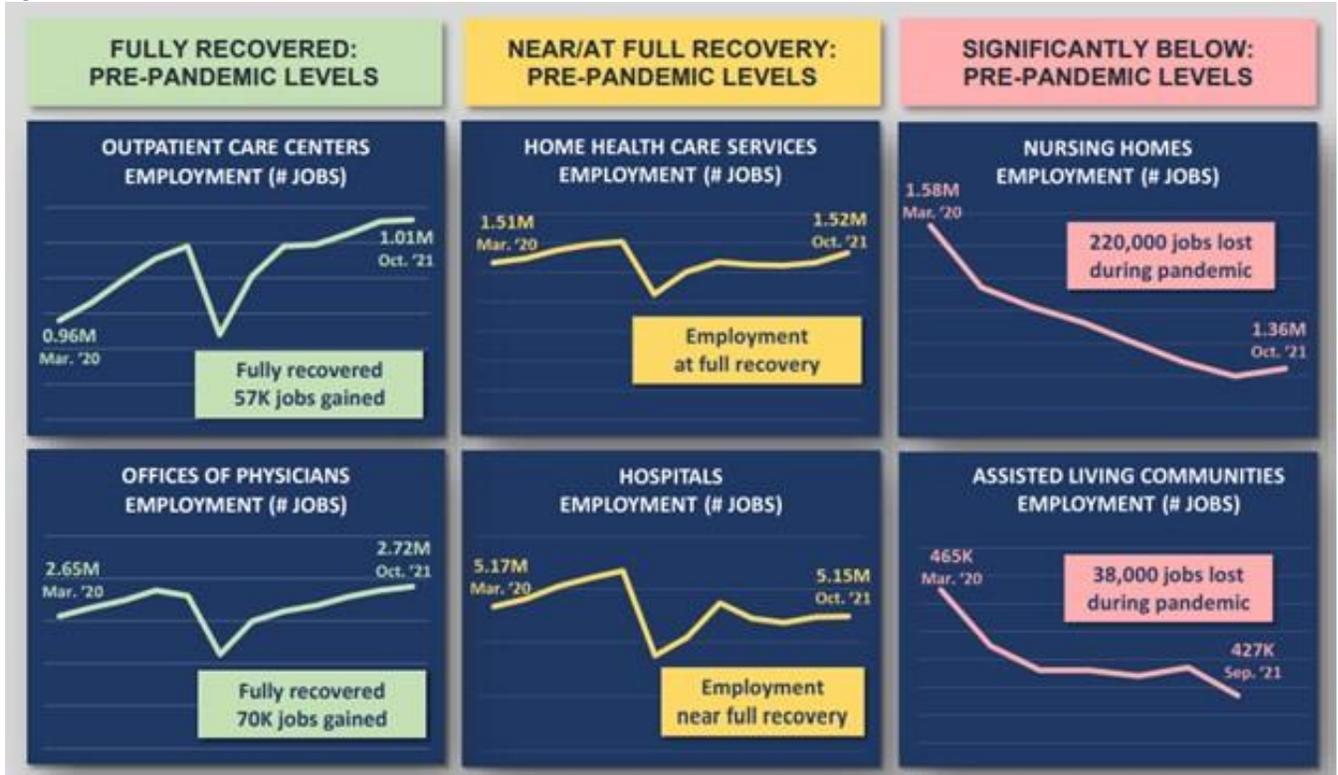
The Villas is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients in 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.

We write in **strong support** of SB 3236, 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.

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February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: **Bronson Ho**
Administrator
Garden Isle Rehab & Nursing

Date: **February 1, 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.

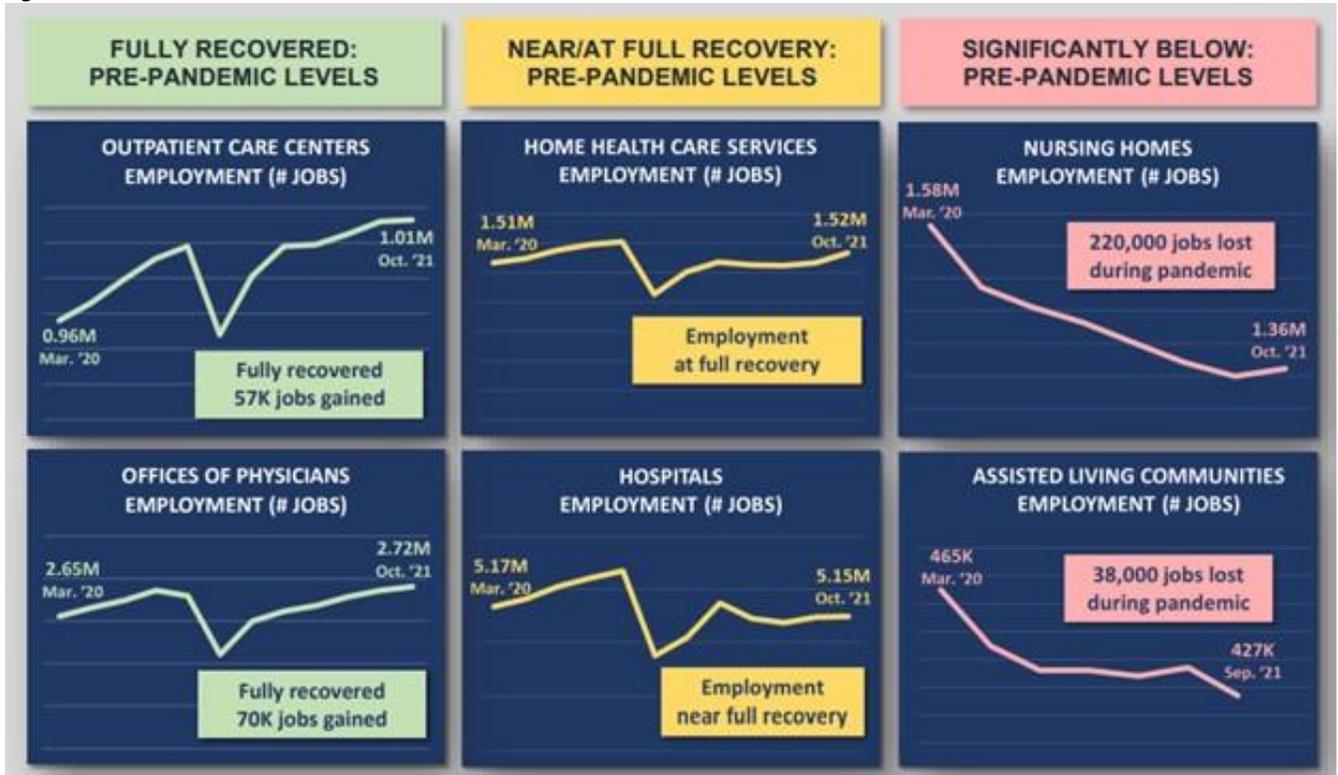
Garden Isle Rehab & Nursing is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for 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.

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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.



February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: **Mary Beth Santoro**
Administrator
Pu'uwai 'O Makaha

Date: **February 1, 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.

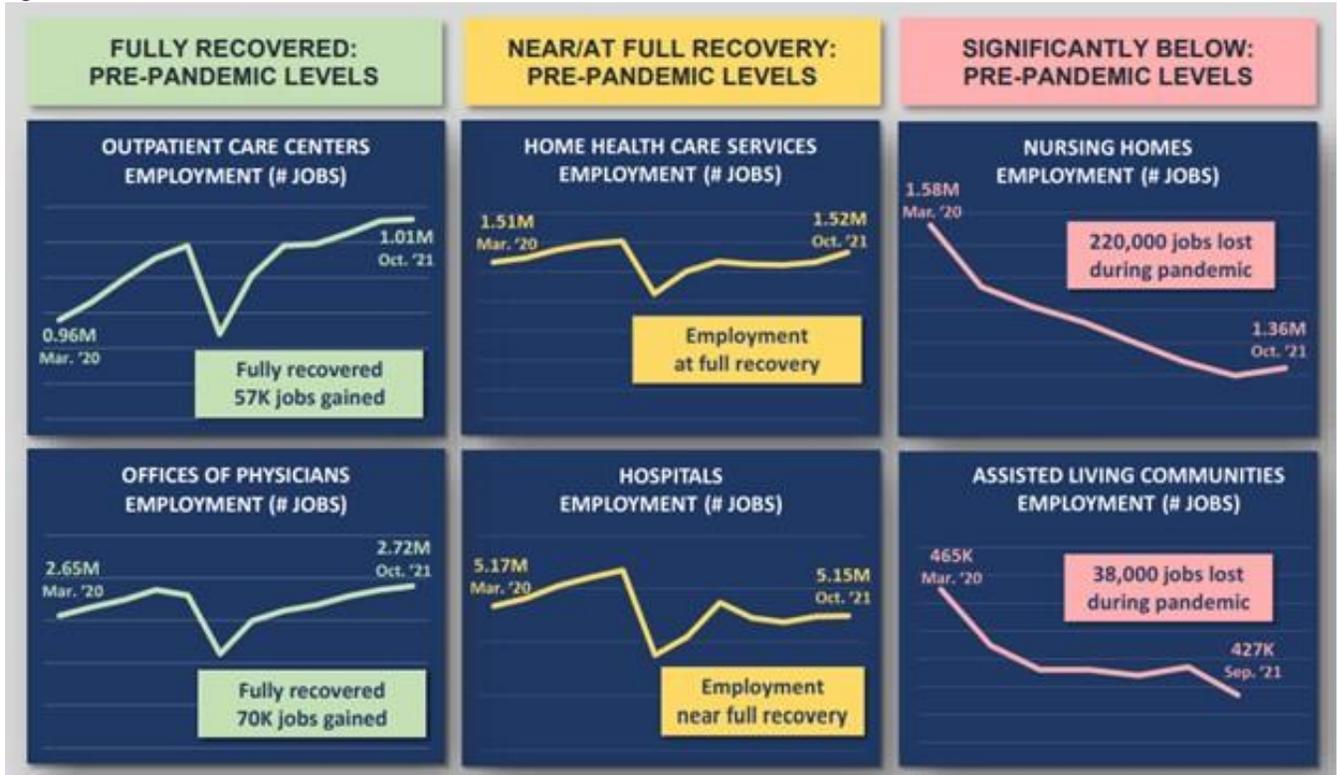
Pu'uwai 'O Makaha is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the patients 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.

We write in **strong support** of SB 3236, 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 recovery 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 recovery in sight.

Figure 1



While the cost of labor makes up about 50% of all costs for hospitals, the cost of labor makes up about 70% of all costs or nursing homes. In order to recruit and retain staff—along with providing enhanced pay during outbreaks and staffing shortages—nursing homes have had to expend significant funds to ensure they are providing care of the highest quality to their residents. They have done so admirably, with some of the lowest rates of cases and deaths among residents and staff in the nation. However, with the burden of omicron especially, these nursing facilities need some financial support to ensure they can keep their doors open and continue to accept new residents, especially those covered under the Medicaid program.

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

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



February 3, 2022
via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenavenatura
Vice Chair Les Ihara, Jr.

From: Wesley Lo
Chief Executive Officer
Ohana Pacific Health, Hale Makua Health Services

Re: Strong Support – SB 3236, 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 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.



KĀLELE



LUANA LIVING



THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha



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



LUANA LIVING



THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha

SB-3236

Submitted on: 2/1/2022 12:19:57 PM

Testimony for HMS on 2/3/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Elena Cabatu	Testifying for East Hawaii Region of Hawaii Health Systems Corporation	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**. 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.



February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: Paige Heckathorn Choy
Associate Vice President, Government Affairs
Healthcare Association of Hawaii

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

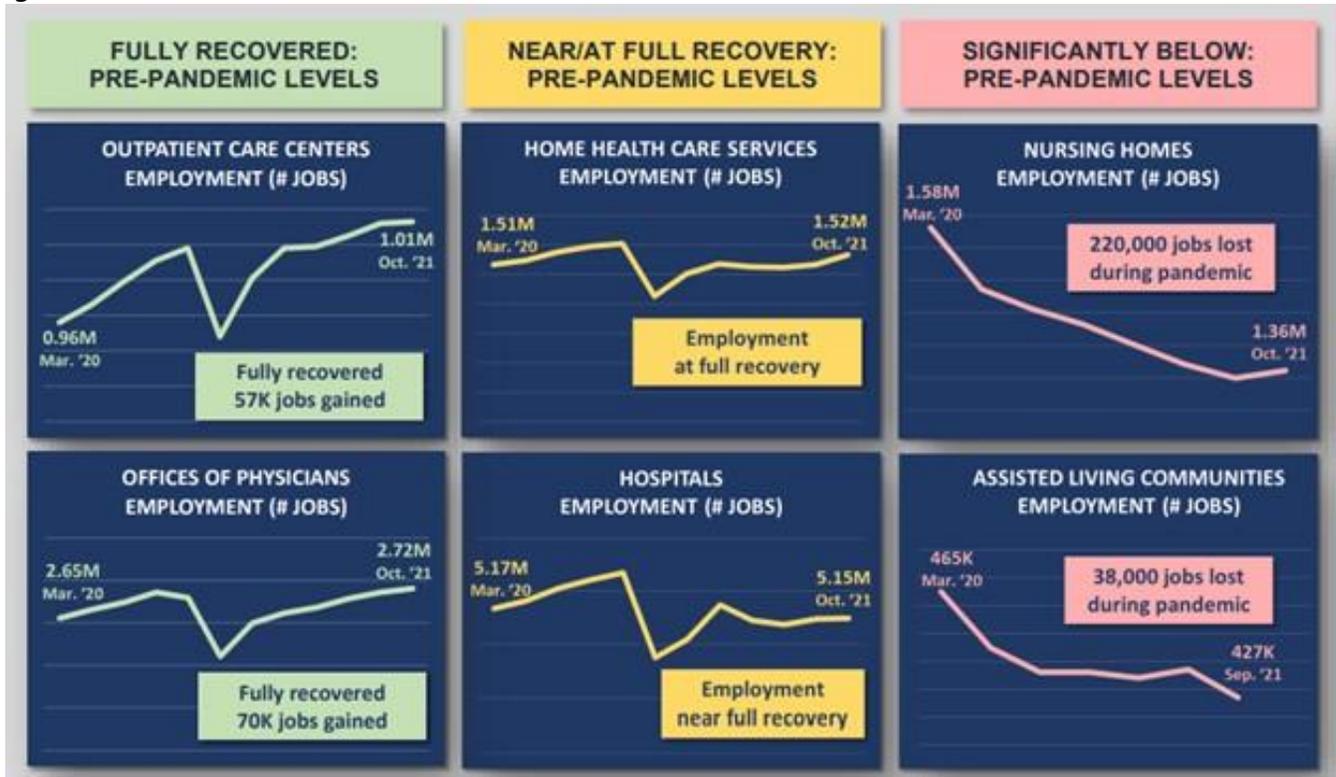
The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, 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 SB 3236, 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.

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

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



HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenavenatura
Vice Chair Les Ihara, Jr.

From: **Nicolai Hooppaw**
Administrator, Hale Makua Health Services - Wailuku

Date: **February 1, 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.

We write in **strong support** of SB 3236, 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.

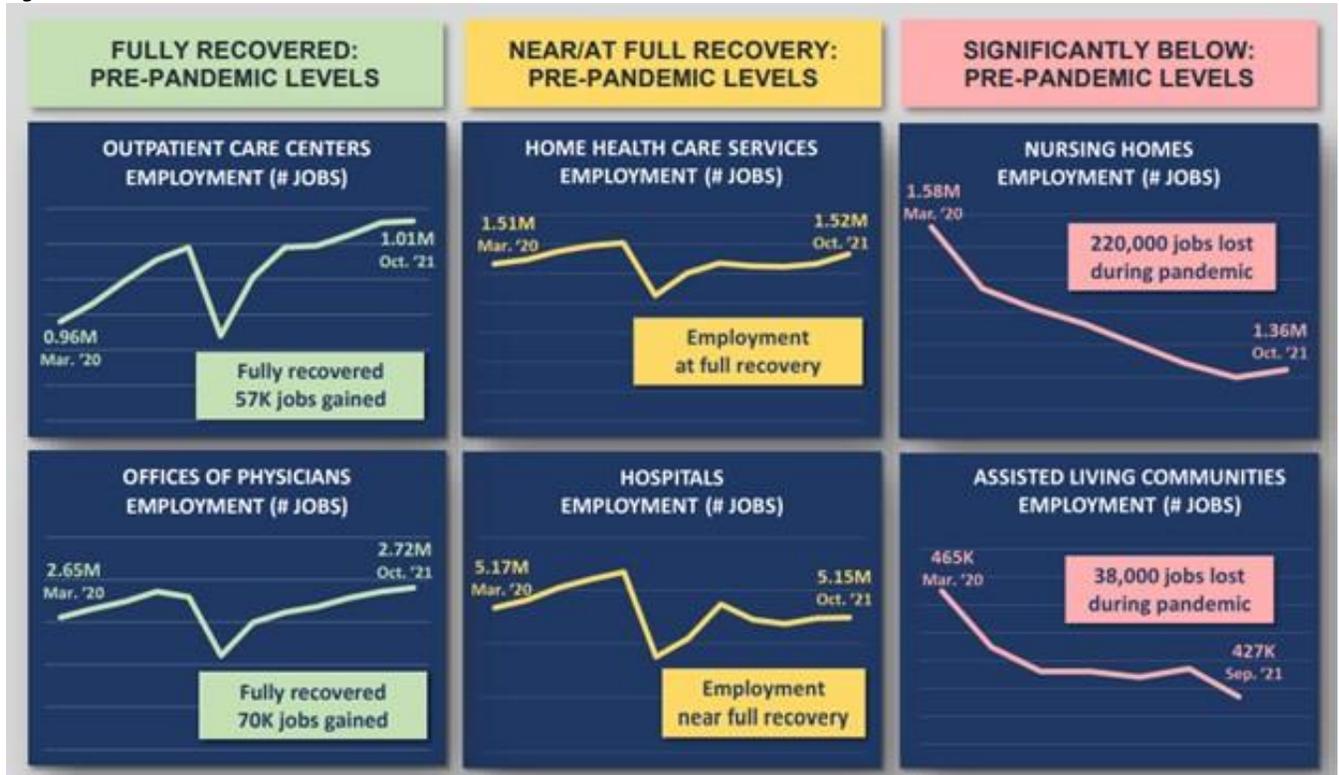
Nationwide, nursing facilities have lost 15% of their entire workforce and there has been no recovery in those numbers over the past two years, unlike in other healthcare settings, as you can see in the figure on the next page. Physician offices and outpatient settings now have higher employment than 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 recovery in sight.



HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

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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.



February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: Kurt Akamine
Interim Administrator
Hale Kupuna Heritage Home

Date: February 1, 2022

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

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

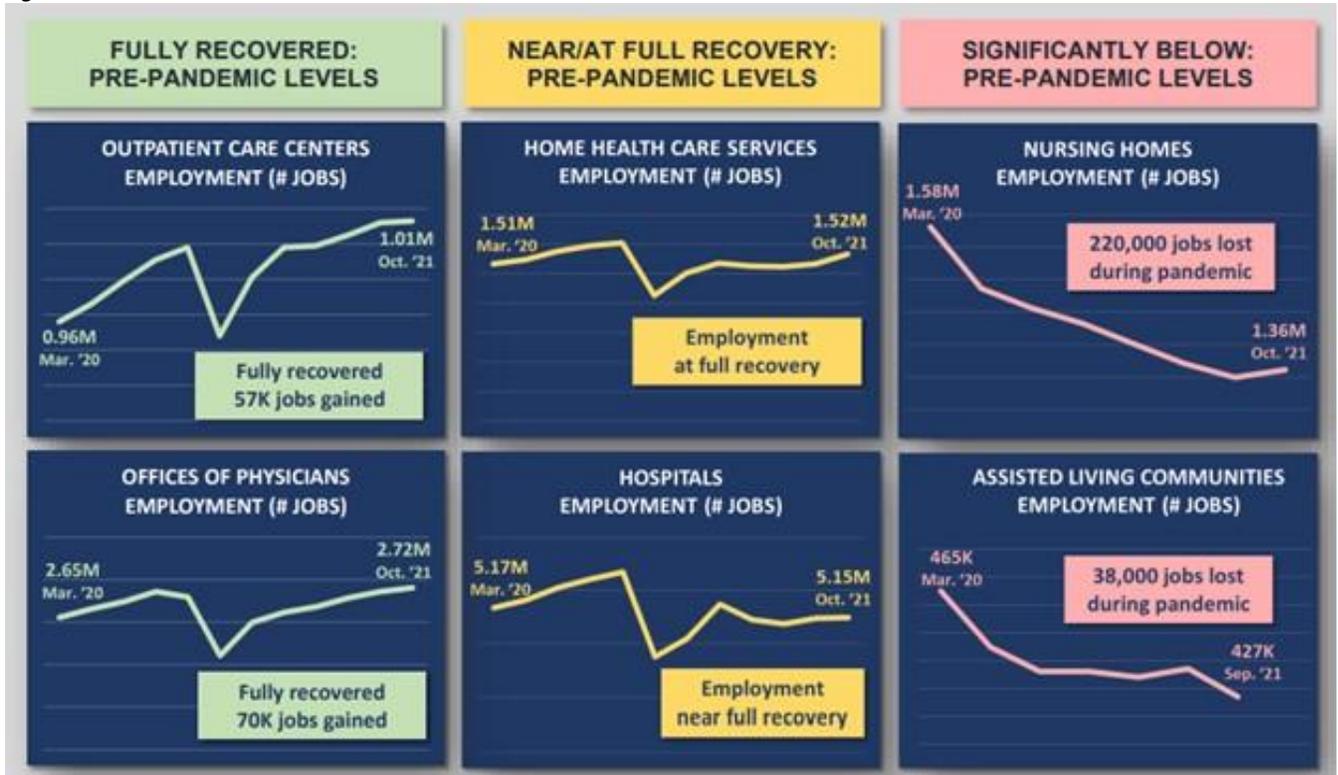
Hale Kupuna Heritage Home is consistently struggling with staffing and is unable to admit new patients to full capacity due to severe workforce shortages. For some time now, and especially now with the emergence of the delta and omicron variants, retaining and recruiting qualified staff to care for the 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.

We write in **strong support** of SB 3236, 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 recovery 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 recovery in sight.

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

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

February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: Brenda S. Ho
CEO
Hawai'i Care Choices

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

Hawai'i Care Choices, formerly known as Hospice of Hilo, established in 1983, serves to improve the lives of those we touch by offering support, guidance and compassionate care of body, mind, and spirit. We are a non-profit organization composed of over 130 members that stand for exceptional care that gives focused support and aligns with patient choices. We provide palliative care, hospice care, and bereavement care services for East Hawai'i County.

We write in **strong support** of SB 3236, 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.

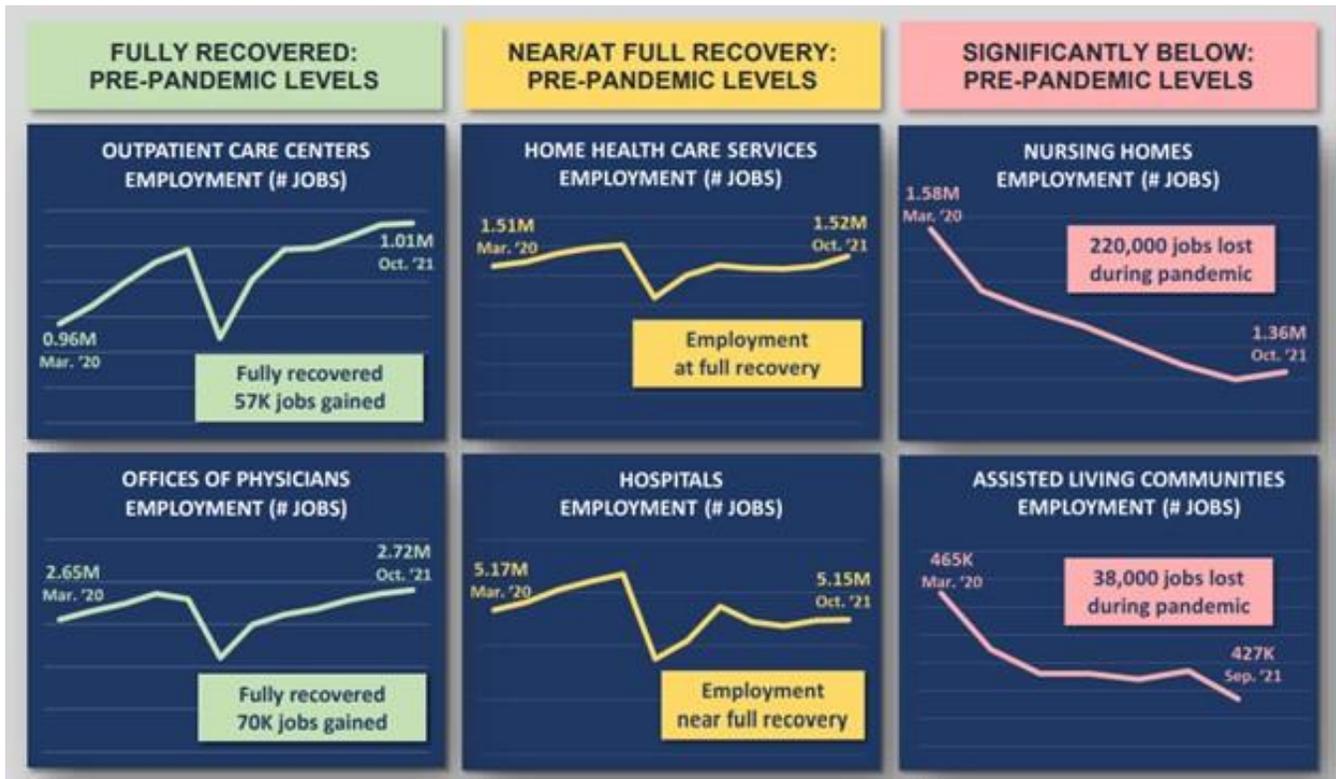
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Phone: (808) 521-8961 | Fax: (808) 599-2879 | HAH.org | 707 Richards Street, PH2 - Honolulu, HI 96813

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



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HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

February 3, 2022 at 3:00 pm
Via Videoconference

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

From: **Ashley Takitani Leahey**
Director of Development and Communications

Date: **February 2, 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 two facilities house 254 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.

We write in **strong support** of SB 3236, 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.

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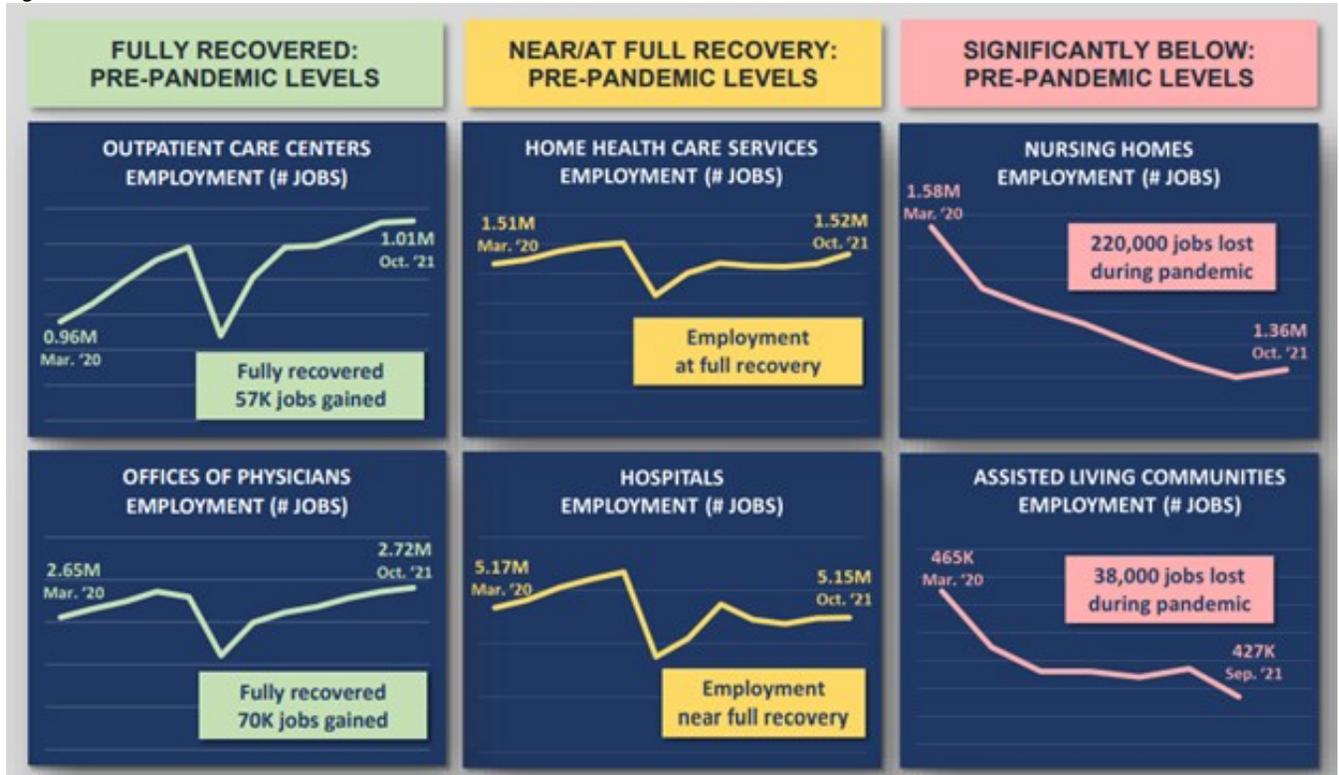
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HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

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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.

SB-3236

Submitted on: 2/3/2022 12:19:31 PM

Testimony for HMS on 2/3/2022 3:00:00 PM



Submitted By	Organization	Testifier Position	Remote Testimony Requested
Denise Mackey	Testifying for Hale Ho'ola Hamakua	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**. 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.

I, Denise Mackey, am the Hospital Administrator for Hale Ho'ola Hamakua and Kau Hospitals



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

COMMITTEE ON HUMAN SERVICES
Senator Joy A. San Buenaventura, Chair
Senator Les Ihara, Vice Chair

February 3, 2022
3:00 p.m.
Via Videoconference

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

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

Linda Rosen, M.D., M.P.H.
President and Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony **providing comments on S.B. 3236** that appropriates moneys to provide one-time enhanced payments of 15% to each nursing facility caring for Medicaid patients to assist with pandemic-related costs and lost revenues.

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

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

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

Senate Committee on Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Les Ihara, Jr.

Support for SB 3236, Relating to Medicaid Patient Care

February 3, 2022, 3:00 PM, Conference Room 225 & Videoconference.

January 30, 2022

Aloha Chair Buenaventura, Vice-Chair Ihara, and Members of the committee. Thank you for taking the time to read my testimony. My name is J. Priya, and I am an undergraduate Social Work student at the University of Hawai'i at Mānoa in the Thompson School of Social Work & Public Health. I am testifying as an individual.

My testimony is in support of S.B. 3236, which relates to Medicaid patient care. It would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients.

My internship placement is at a Skilled-Nursing Facility. I started last semester and will continue it till the end of this school year. I saw the times the facility had decreased occupancy, and I slowly understood how that caused financial difficulties for the nursing facility I was at. I have heard the impacts of nursing homes across the U.S. but overlooked how nursing homes in Hawai'i were affected. I mainly observed it from a case and death standpoint, but much more support is needed when looking at the financial lens.

I now understand this bill can greatly support vulnerable residents and kūpuna in nursing facilities. It would provide funds to ensure their care is being given by professionals that can be easily brought in for their needs. It would also help keep caregivers and recruit new ones to prevent burnout in nursing home staff. Finally, it would help make up a percentage of the losses the nursing homes in the state faced.

I want to restate I am in support of S.B. 3236. If funding is provided, it will benefit the vulnerable kūpuna and their families to ensure they have all the necessary care. Additionally, help the staff face less burnout through new hires from the community. Overall, proper care for all members, whether a person working there or a nursing home resident, is crucial since they are still members of the local community that would benefit from this bill being passed.

Thank you for your time and consideration.

J. Priya, District 13

SB-3236

Submitted on: 1/30/2022 10:19:28 AM

Testimony for HMS on 2/3/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Suanne Morikuni	Individual	Support	No

Comments:

I am writing in **STRONG** support of SB3236, which would provide a one-time, limited payment enhancement to nursing facilities that care for Medicaid patients.

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 pandemic has compounded the financial distress of nursing homes with rising operating costs of staffing/supplies and lower admissions due to staffing issues that the Provider Relief Funds cannot fully cover. 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 in order to survive financially.

The limited payment enhancement will provide relief for the nursing homes for them to continue servicing the most vulnerable Medicaid population. Although this payment is an additional budget item, this will offset higher costs being incurred in acute hospitals that are not able to discharge this population to nursing homes at a lower cost of care.

I urge you to support this measure and appropriation.

LATE

SB-3236

Submitted on: 2/3/2022 11:51:07 AM
Testimony for HMS on 2/3/2022 3:00:00 PM

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

Comments:

Regarding SB 3236 for a one-time payment to Nursing Facilities to help compensate for Pandemic related cost and staffing burden.

Although I feel that Hawaii’s Nursing Homes did a heroic job taking care of our Kupuna during the pandemic, 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 the Nursing Home gets approximately \$280.00 per day from Medicaid to care for the patient while the Foster Home gets approximately \$41.00 per day. 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 homes. And yet, the Foster Home burden during the pandemic was equivalent to the 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.

It is unclear to me why 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. We must resolve to address this inequity in our legislative rulings as well as policies set forth by the State Department of Human Services and Department of Health.

Thank you

Jake Moore, APRN

Testimony of
Jonathan Ching
Government Relations Director

Before:
Senate Committee on Human Services
The Honorable Joy A. San Buenaventura, Chair
The Honorable Les Ihara, Jr., Vice Chair

February 3, 2022
3:00 p.m.
Via Videoconference

LATE

Re: SB 3236, Relating to Medicaid Patient Care

Chair San Buenaventura, Vice Chair Ihara, and committee members, thank you for this opportunity to provide testimony on SB 3236, 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.

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, 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.

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.