FACT SHEET: HEALTH CARE SUSTAINABILITY BILLS

- The Governor signed two landmark pieces of health care legislation into law: Act 156 and Act 217.
- Both sustainability programs are designed to draw down federal matching Medicaid funds to improve reimbursements that would maintain access to care for this population. No state funds and no taxpayer dollars will be used. Instead, the legislation raises funds from private facilities.
- Together the laws are projected to bring more than **$31 million in additional federal funds** for health care facilities, drastically improving Medicaid reimbursement rates.

“Our thanks go to the many people and organizations that made passage of these bills possible, especially Governor Abercrombie and the Department of Human Services. We appreciate the working relationship with the Governor and DHS and look forward to continuing to address the needs of the Medicaid population together. We are grateful for strong legislative support of this bill, especially from Senators Shan Tsutsui, Suzanne Chun Oakland, Josh Green and David Ige and Representatives Calvin Say, Ryan Yamane, John Mizuno and Marcus Oshiro.

This new law will strengthen Hawaii’s health care infrastructure in these difficult economic times by raising existing low Medicaid payments to hospitals, thereby supporting access to care for Hawaii’s most vulnerable populations. Notably, the law will accomplish these objectives without raising taxes and without appropriating any money from the general fund.” – George W. Greene, Esq. President & CEO, Healthcare Association of Hawaii

Some of the anticipated benefits of the bills include:

**Act 217 for Hospitals (HB2275)**

- Brings in $21.5 million in new federal funding for private hospitals.
- Public hospitals will retain Certified Public Expenditures (CPEs) previously directed to private hospitals. These CPEs will be used to generate approximately $11 million in federal funds to be used for public hospitals or Medicaid programs - this results in $11 million in general fund appropriations savings for the state of Hawaii.
- Allocation to State of 7% provides $2.8 million to DHS [doubled to $5.6 million with federal match if used for Medicaid services]. From the 7%, $800,000 must be used for Medicaid covered services to benefit public and private hospitals.
- For hospitals, Medicaid reimbursements would move from covering 70% of costs to 83%. [The national average is 89%.]
Act 156 for Nursing Facilities (SB2466)

- Secures $9.5 million in additional federal funds for private nursing facilities.
- Allocates 12% to DHS [$1.4 million plus $1.4 million federal matching funds] to restore the 3% reimbursement cut implemented in 2011.
- Overall, this program brings Medicaid reimbursement for nursing facilities from losing $10 per patient per day to roughly covering costs.

About HAH

The Healthcare Association of Hawaii (HAH) has been the leading voice of health care since 1939. HAH membership includes all of the acute care hospitals in Hawaii, two-thirds of the long term care beds, home care agencies and hospices. In addition to providing quality care to all of Hawaii’s residents, our members contribute significantly to Hawaii’s economy by employing over 20,000 people statewide.

HAH’s full legislative package on our web site

http://www.hah.org/site/PageServer?pagename=adv_state

Governor Neil Abercrombie with HAH leadership (L-R): Board Chair Emilie Smith, President & CEO George Greene, Board Member Bernadette Ledesma, and Manager of Reimbursement Policy Paul Young