

**Testimony Presented Before the
House Committee on Health
House Committee on Human Services & Housing
Conference Room 329**

**LATE
Testimony**

January 30, 2008 at 9:30 am

HB 2412 RELATING TO HEALTH

Chairs Green and Shimabukuro, Vice-Chairs Mizuno and Rhoads, and Members of the Committees:

My name is Kathryn Matayoshi, Executive Director of the Hawai'i Business Roundtable. I am testifying in support of House Bill 2412, which appropriates funds to match federal funding for the disproportionate share hospital allowance.

Congress established the DSH program in 1981 to help ensure that states provide adequate financial support to hospitals that serve a significant number of low-income patients with special needs. Since 1993, as part of the agreement when Med-Quest was established, Hawaii did not qualify for DSH dollars. This bill would authorize \$5,774,340 as the State's matching share, and make the State eligible for the federal funds appropriated.

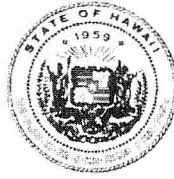
The Roundtable has recognized the importance of quality health care for its employees and the communities in which we all live. As major employers, the Roundtable members are also very aware of the problems of increasing healthcare costs. Hawaii hospitals face the problem of inadequate reimbursement by Medicaid and Medicare for medical services.

This is an opportunity for Hawaii to qualify for federal dollars to support health care for its most vulnerable people. The status quo of inadequate reimbursement by government payers cannot be sustained and puts quality healthcare for these families at risk. The impact, however, reaches beyond the Medicaid and Medicare patients. Inadequate reimbursement is a major factor in physician attrition, reduced patient access to specialty care, and impacts quality of care for all of us.

Our Congressional representatives worked hard to ensure that Hawaii be eligible for receiving adequate DSH funds this fiscal year. HB 2412 would be a significant step in helping to address the current healthcare crisis by ensuring that adequate resources are made available to cover the true costs of providing care.

In summary, the Hawaii Business Roundtable supports passage of HB 2412. Thank you for your consideration.

LINDA LINGLE
GOVERNOR



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DEPUTY DIRECTOR

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January 30, 2008

MEMORANDUM

TO: Honorable Josh Green, M.D., Chair
House Committee on Health

Honorable Maile S.L. Shimabukuro, Chair
House Committee on Human Services and Housing

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2412 – RELATING TO HEALTH**

Hearing: Wednesday, January 30, 2008 9:30 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to appropriate funds for the State's portion of the Federal disproportionate share hospital allowance.

DEPARTMENT'S POSITION: The Department of Human Services appreciates the intent of this bill, provided that its passage does not adversely impact nor replace the priorities in the Executive Supplemental Budget.

A second Federal Medicaid disproportionate share hospital allowance (DSH) of \$7,500,000 was recently been secured for Hawaii for 2008 by Hawaii's Congressional delegation. These Federal funds cannot be expended without a State match. This bill

would provide the State match needed for a second disproportionate share hospital (DSH) allowance payment to hospitals.

The State funds of \$5,774,340 appropriated in this bill will provide a total of \$13,274,340 in DSH payments.

In as much as these options will require additional State appropriations, DHS respectfully requests that such funding not adversely impact nor replace the priorities in the Executive Supplemental Budget.

Thank you for this opportunity to testify.