

Testimony of
Frank P. Richardson
Executive Director of Government Relations

Before:
Senate Committee on Human Services and Public Housing
The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair
and
Senate Committee on Health
The Honorable David Y. Ige, Chair
The Honorable Carol Fukunaga, Vice Chair

March 12, 2008
2:45 pm
Conference Room 016

HB2412, HD1 RELATING TO HEALTH (DSH Match)

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on HB2412, HD1 that would appropriate funds to match federal funding for the disproportionate share hospital allowance.

Kaiser Permanente Hawaii supports this bill.

The cost of delivering health care in Hawaii and across the nation continues to mount. In an effort to ensure that health care payments are sufficient to cover the actual costs of care provided to Medicaid patients in hospitals in Hawaii, Kaiser Hawaii supports this measure to appropriate state funds necessary to match the federal Medicaid disproportionate share hospital (DSH) appropriation of \$7,500,000 for Hawaii in 2008.

Previously, the proposed State appropriation for this bill was \$5,774,340. This amount was replaced with an unspecified amount in the current version of the bill. The original amount, or some such similar appropriate amount, needs to be specified back into the bill. Together with the federal appropriation, the State appropriation will help support funding of quality health care for the State of Hawaii's Medicaid population, and provide much needed assistance in covering the actual costs of the care provided.

Additionally, the effective date of the Act should be set at July 1, 2008.

Thank you for the opportunity to comment.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Every Day"

Written Testimony

THE SENATE

COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING

Senator Suzanne Chun Oakland, Chair

Senator Les Ihara, Vice Chair

COMMITTEE ON HEALTH

Senator David Y. Ige, Chair

Senator Carol Fukunaga, Vice Chair

March 12, 2008 at 2:45 PM

Conference Room 016

Hawaii State Capitol

Testimony Supporting HB 2412, HD1 Relating to Health
Appropriates funds to match federal funding for the disproportionate share hospital allowance.

Thomas M. Driskill, Jr.
President and Chief Executive Officer

Thank you for the opportunity to offer testimony in strong support of HB 2412 HD1 that appropriates funds to match federal funding for the disproportionate share hospital (DSH) allowance. This measure supports hospitals that provide care for low-income patients, many of whom cannot afford to pay for their care.

Federal DSH funds have been secured through efforts of the administration, Hawaii's Congressional Delegation, and the State Legislature. The Federal DSH funds have been matched by the Legislature in the past and this measure seeks such state matching funds to support hospitals that provide care to a considerable number of patients who cannot afford healthcare.

As a state authorized public health system of safety-net facilities, HHSC clearly recognizes many challenges including escalating costs, decreasing reimbursements, increasing charity/bad debt that hospitals face in making quality healthcare accessible to all. DSH funding recognizes the care that hospitals provide to patients who are unable to pay for their healthcare.

Hawaii Health Systems Corporation supports this measure. Thank you.

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SENATE COMMITTEE ON HUMAN SERVICES & PUBLIC HOUSING
Senator Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON HEALTH
Senator David Ige, Chair

Conference Room 016
March 12, 2008 at 2:45 p.m.

Testimony in support of HB 2412 HD 1.

I am Coral Andrews, Vice President of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in strong support of HB 2412 HD 1, which appropriates State funds to match federal funding to support hospitals that provide care for low-income patients, many of which cannot afford to pay for their care.

The Association would like to acknowledge the efforts of the current administration, Hawaii's Congressional Delegation, and the State Legislature in providing a series of DSH payments to Hawaii's hospitals. Several years ago this administration aggressively pursued and secured federal DSH funds. Subsequent funding was obtained through the assistance of Hawaii's Congressional Delegation. Federal DSH funds have been matched by the Legislature in the past, and we seek that again today.

Hospitals and other health care providers are suffering financially because of low payments by Medicare, Medicaid, and private health care insurers. DSH funding recognizes that hospitals provide care to a substantial number of patients who do not have the financial resources to pay for their care because they are poor and lack health care insurance. The appropriation contained in this bill matches federal funds that are available. However, the DSH funding covers only a small part of the costs of caring for patients who cannot pay for their care.

In addition to supporting Hawaii's hospitals, the federal funds represent an infusion of money into Hawaii's economy during these times of deteriorating economic conditions and suggestions of a national recession.

The bill should be amended to insert an appropriation amount of \$5.8 million in State funds, which would match \$6.5 million available in federal funds.

With that amendment, the Healthcare Association strongly supports HB 2412 HD 1.

**Testimony Presented Before the
Senate Committees on Health &
Human Services & Public Housing
Conference Room 016**

March 12, 2008 at 2:45 pm

HB 2412, HD1 RELATING TO HEALTH

**Chairs Oakland and Ige, Vice-Chairs Ihara and Fukunaga, 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, HD1 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, HD1 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, HD1. Thank you for your consideration.