



## **Hawai'i Primary Care Association**

345 Queen Street, Suite 601 Honolulu, HI 96813  
Tel (808) 536-8442 Fax (808) 524-0347

To: **House Committee on Health**  
The Hon. Josh Green, MD, Chair  
The Hon. John Mizuno, Vice Chair

**House Committee on Human Services & Housing**  
The Hon. Maile S. L. Shimabukuro, Chair  
The Hon. Karl Rhoads, Vice Chair

**Testimony in Support of House Bill 2795**  
**Relating to Medicaid**  
**Submitted by Beth Giesting, CEO**  
**January 30, 2008, 9:30 a.m. agenda, Room 329**

The Hawai'i Primary Care Association strongly endorses this measure. Hawai'i's Community Health Centers rely on a complex array of federal, state, and private funding to support their programs, the single most important source of health center funding is the Med-QUEST program. Med-QUEST payments contribute 40% of all revenues for health centers in Hawai'i. This is a great boon for the State because, while Med-QUEST is administered by the State, more than two-thirds of the money comes from the federal government.

Since 2001, the federal government has required that Federally Qualified Health Centers (FQHCs, otherwise known as Community Health Centers) be paid under a "prospective payment system," or PPS. Subsequently, Med-QUEST Division established rules to administer PPS, but they turned out to be so inadequate or vague that they are in fact harmful to Community Health Centers. The Hawai'i Primary Care Association has worked with the Department of Human Services to amend their rules, most intensively since December 2004 when Director Koller told us that she would expedite changes to them. Since that time we have pursued rule revision with three Med-QUEST Division Directors, submitted at least seven drafts of rules with changes that were requested by the Department, and followed through with countless letters, phone calls, and meetings. In 2006, the Department was ordered in the settlement of a suit brought against them by AlohaCare to work with the Hawai'i Primary Care Association to modify the PPS rules. All this has been to no avail and today we are exactly where we were more than three years ago.

The most problematic aspects of the Hawai'i's PPS rules are addressed by this bill:

Payment Timeline. Because most of Hawai'i's Medicaid enrollees are in the QUEST managed care program, the State is obligated to reconcile what the FQHCs were paid by the managed care plans and what they should have been paid under PPS. According to a 2007 case in federal court in Maryland, a state needs to ensure that FQHCs are paid in full within four months of delivering a service. At the end of 2006, the State of Hawai'i paid FQHCs 90% of what they owed them for reconciliation payment over the period 2001 – 05. Reconciliation payments have not been made for 2006 and 2007. This bill would establish a timeframe consistent with the Maryland federal court ruling in which the State would reconcile and pay the FQHCs under PPS.

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Change in Scope. Hawai'i depends on Community Health Centers to grow, expand, meet regulatory requirements, improve facilities, and acquire and use up-to-date health information technology. All these expansions and improvements will change the cost of delivering care. Under federal law, the rules for PPS need to include a straightforward and fair methodology for calculating rate changes. This bill addresses this need since the provisions of the current rules call for a process that would be virtually impossible to use.

Payment for Perinatal Care. At least one of Hawai'i's FQHCs provides perinatal and delivery services; care that is in scarce supply for Med-QUEST beneficiaries. Obstetric services are paid by Med-QUEST with a "global" rate that covers both out-patient services and deliveries. This global rate does not adequately reimburse for the PPS-eligible out-patient portion of perinatal care. This bill would change that and, in so doing, remove economic disincentives for FQHCs to provide perinatal care.

We would like to emphasize several aspects of this requested legislation:

- We are not asking for the State to pay for any services that are not already included in the State Medicaid Plan. This bill asks only that the State comply with federal requirements to make timely payments that adequately cover both existing and updated FQHC services.
- The State is not currently in compliance with federal law on a PPS reconciliation timeline or with a federal court order issued in 2006 to work with us to develop new rules.

We acknowledge that PPS rules would ordinarily be changed by Administrative action but note that the Hawai'i Primary Care Association and Hawai'i's FQHCs have been trying to work with the Administration to bring the PPS rules into compliance since 2004 without success.

We would like to offer several amendments to the language in this bill:

- The Department involved is Human Services and not Health;
- We would like to revise the proposed timeline to comply with the Maryland court's ruling;
- We need to note language that was inadvertently omitted specifying the sites where services can be delivered; and
- Language needs to be added to address the perinatal payment issue.

Thank you for the opportunity to testify in favor of this bill which is one of the most important and cost-effective actions the Legislature can take to support Community Health Centers and Hawai'i's health care system.

Phone: (808) 553-5038  
Fax: (808) 553-6194

MOLOKAI



COMMUNITY  
HEALTH CENTER

Post Office Box 2040  
Kounakakai, Hawaii 96748

Date: January 30, 2008

To: **House Committee on Health,**  
The Honorable Josh Green, MD, Chair  
The Honorable John Mizuno, Vice Chair

**House Committee on Human Services,**  
The Honorable Maile Shimabukuro, Chair  
The Honorable Karl Rhoads, Vice Chair

From: L. Jina Lee, Lawler, Executive Director, Molokai Community Health Center

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Molokai Community Health Center PPS payments account for 20% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government.

As you aware, federally qualified health centers have a proven history of providing high quality comprehensive health care to the uninsured and underinsured, while maximizing resources. Community health center such as Molokai Ohana Health Care, Inc. provide an array of services to address the needs of this high risk population. In Molokai, these services include medical, dental, behavioral, social, case management, outreach, and enrollment programs. Molokai Ohana Health Care, Inc. greatly depends on our PPS, which support the higher cost of providing health care in this remote island.

Our PPS reimbursement, not only provides funding to continue these needed services, but enhances the services given to uninsured patients. In Molokai, these funds are used to help support medication, x-ray, and laboratory services for our uninsured patients. These clinical services often lead to decrease uncompensated emergency room visits and early detection of chronic illness, reducing the over all health care cost in Hawaii.

Once again, Molokai Ohana Health Care, Inc. strongly supports the protection the federally qualified health center's PPS program. Without the PPS program, Molokai Ohana Health Care, Inc. will not be fiscally solvent to provide and expand the current level of quality comprehensive health care in the island of Molokai.

Thank you for the opportunity to testify in strong support of this bill.

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Phone: (808) 553-5038  
Fax: (808) 553-5194

MOLOKAI



COMMUNITY  
HEALTH CENTER

Post Office Box 2040  
Kounakakai, Hawaii 96748

Date: January 30, 2008

To: **House Committee on Health,**  
The Honorable Josh Green, MD, Chair  
The Honorable John Mizuno, Vice Chair

**House Committee on Human Services,**  
The Honorable Maile Shimabukuro, Chair  
The Honorable Karl Rhoads, Vice Chair

From: Jane Woolsey RN, Director of Nursing, Molokai Community Health Center

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Molokai Community Health Center PPS payments account for 20% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government.

As you aware, federally qualified health centers have a proven history of providing high quality comprehensive health care to the uninsured and underinsured, while maximizing resources. Community health center such as Molokai Ohana Health Care, Inc. provide an array of services to address the needs of this high risk population. In Molokai, these services include medical, dental, behavioral, social, case management, outreach, and enrollment programs. Molokai Ohana Health Care, Inc. greatly depends on our PPS, which support the higher cost of providing health care in this remote island.

Our PPS reimbursement, not only provides funding to continue these needed services, but enhances the services given to uninsured patients. In Molokai, these funds are used to help support medication, x-ray, and laboratory services for our uninsured patients. These clinical services often lead to decrease uncompensated emergency room visits and early detection of chronic illness, reducing the over all health care cost in Hawaii.

Once again, Molokai Ohana Health Care, Inc. strongly supports the protection the federally qualified health center's PPS program. Without the PPS program, Molokai Ohana Health Care, Inc. will not be fiscally solvent to provide and expand the current level of quality comprehensive health care in the island of Molokai.

Thank you for the opportunity to testify in strong support of this bill.

000038





January 30, 2008

TO: House Committee on Health,  
The Honorable Josh Green, MD, Chair

House Committee on Human Services,  
The Honorable Maile Shimabukuro, Chair

FROM: Sheila Beckham  
Executive Director

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. At Waikiki Health Center, PPS payments account for 41% of our total revenue.

This bill will ensure that we get paid in a timely way for our services. It will also ensure that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will:

- Make us better providers for all of our patients
- Help us expand to provide more services to more people

Likewise, because it is the Medicaid program, more than half the funding will come from the federal government.

Thank you for the opportunity to testify in strong support of this bill.

Philip H. Kinnicutt  
341 Iliaina Street  
Kailua, Oahu, HI 96734-1807  
808-254-4534  
LEAFISHING@AOL.COM

Date: January 30, 2008

To: **House Committee on Health,**  
The Honorable Josh Green, MD, Chair

**House Committee on Human Services,**  
The Honorable Maile Shimabukuro, Chair

From: «GreetingLine», Board Member, Waikiki Health Center

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I am a member of the Board of Directors of the Waikiki Health Center and I strongly support this bill, which will put into statute clarifying rules for the Medicaid Prospective Payment System.

Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Waikiki Health Center PPS payments account for 41% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people.

Importantly, because it is the Medicaid program, more than half the funding will come from the federal government.

Thank you for the opportunity to testify in strong support of this bill.

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**Hamakua Health Center, Inc.**  
45-549 Plumeria Street  
Honokaa, Hawaii 96727

To: **House Committee on Human Services and Housing**  
The Hon. Maile S.L. Shimabukuro, Chair

**House Committee on Health**  
The Hon. Josh Green, M.D., Chair

**Testimony in Support of House Bill 2795**  
**Relating to Medicaid**  
**Submitted by Susan B. Hunt, MHA, Executive Director**  
**January 30, 2008 9:30 a.m. Agenda, Room 329**

The Hamakua Health Center, Inc. strongly endorses this measure and appreciates the Legislature's long history of support for community health centers. Now more than ever, our health center is vitally important to the overall capacity of our strained health care system. The population in the North Hilo, Hamakua and North Kohala Districts is aging and more frequently experiencing complicated and expensive chronic conditions. Four primary care private practices in our service area have closed since June 2006 leaving patients no where to turn in many cases but Hamakua Health Center's two clinics. One third of the HHC patient population has substance abuse and behavioral health problems. Hospitals and clinicians are sending uninsured patients to us because of the cost associated with uncompensated care.

Hamakua Health Center relies on a complex array of federal, state, and private funding to support our programs. The single most important source of health center funding is the Med-QUEST program, which includes one third of the revenue for our health center. The Prospective Payment System (PPS) for health centers covers most of the costs of care for Med-QUEST patients; more than half of these funds are supplied by the federal government.

PPS has been around since 2001 and is crucial to the financing of community health centers but critical rules and procedures for its implementation have still not been developed. This bill would 1) define the process and timeline under which CHCs would be paid, essential to dependable cash flow; 2) establish a clear procedure to determine if a change in a CHC's payment rate is needed to reflect additions in services or new costs related to operations; and 3) define which of the many CHC services are subject to PPS rules and which are not.

I am very grateful for the opportunity to testify in favor of this measure. We believe that providing support to FQHCs is one of the most important actions the Legislature can take to support Hawai'i's health care system.

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# West Hawaii Community Health Center, Inc.

Ola Ke Ola Waena O Hawai'i Komohana

75-5751 Kuakini Highway, Suite 101A • Kailua-Kona, HI 96740 • phone (808) 326-5629

9:30 a.m. January 30, 2008

To: **The House Committee on Health**  
The Hon. Josh Green, MD, Chair  
The Hon. John Mizuno, Vice Chair

**The House Committee on Human Services & Housing**  
The Hon. Maile S. L. Shimabukuro, Chair  
The Hon. Karl Rhoads, Vice Chair

**Testimony in SUPPORT of House Bill 2795**  
**Relating to Medicaid**  
**Submitted by Richard Taaffe, Executive Director**

As the Executive Director of the West Hawaii Community Health Center, we strongly support this measure. More than a third of the patients who use the West Hawaii Community Health Center are covered by Med-QUEST. However, because most of our other patients are uninsured, 55% of our patient revenue comes from Med-QUEST.

We ask the legislature to pass this bill because it will fix Med-QUEST rules to clarify processes for when and how much West Hawaii Community Health Center and other health centers are paid. As a business we rely on these rules to plan, expand, and carry-out our services.

Thank you for the opportunity to support this measure which is so important to my health center and the people we care for.

000042

Moana DeMello  
41-1517 Inoa St.  
Waimanalo, HI 96795

Date: January 30, 2008

To: House Committee on Health,  
The Honorable Josh Green, MD, Chair

House Committee on Human Services,  
The Honorable Maile Shimabukuro, Chair

From: Moana De Mello, 2<sup>nd</sup> Vice-President, Board of Directors and patient  
Waimanalo Health Center

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-Quest patients is the single most important revenues source that Community Health Centers have. For Waimanalo Health Center PPS payments account for 35% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government.

Thank you for the opportunity to testify in strong support of this bill.

000043

**MARY ANN CROWELL**  
**41-187 Nalu Street**  
**Waimanalo, HI 96734**

Date: January 30, 2008

To: House Committee on Health,  
The Honorable Josh Green, MD, Chair

House Committee on Human Services,  
The Honorable Maile Shimabukuro, Chair

From: Mary Ann Crowell, Board of Director and Patient of Waimanalo Health Center

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Waimanalo Health Center PPS payments account for 35% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government.

Thank you for the opportunity to testify in strong support of this bill.



**Jim Kastner**

**41-829 Kakaina Street**

**Waimanalo HI 96795**

Date: January 30, 2008

To: House Committee on Health,  
The Honorable Josh Green, MD, Chair

House Committee on Human Services,  
The Honorable Maile Shimabukuro, Chair

From: Jim Kastner, Vice President, Board of Directors, Waimanalo Health Center

**Testimony in Support**

**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Waimanalo Health Center PPS payments account for 35% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government. Thank you for the opportunity to testify in strong support of this bill.

000045

Date: January 30, 2008

To: **House Committee on Health,**  
The Honorable Josh Green, MD, Chair

**House Committee on Human Services,**  
The Honorable Maile Shimabukuro, Chair

From: May Akamine, RN, MS, Executive Director

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute, rules clarifying the Medicaid Prospective Payment System (PPS) and processes. The reason this clarification is needed is that payment via PPS for health services provided by Waimanalo Health Center (WHC) to our QUEST (Medicaid) patients is the single most important revenue source that Community Federally Qualified Health Centers (FQHCs) like us have. Specifically for WHC, PPS payments account for about **45%** of our total revenue.

WHC, which serves a Medically Underserved Population (MUP) in a Health Professions Shortage Area (HPSA), is a vital part of Hawaii's health care system serving our Ko'olaupoko communities and providing quality preventive and primary health and social services. We served nearly 4,000 people in 13,000 visits this past year; 30% of our patients have no health insurance. Another 45% have QUEST Medicaid. Not only do we serve the uninsured and underinsured, but also the poor, elderly, at-risk youth, homeless, and many others with financial, cultural, social and other barriers to care. In addition, we serve a large population of Native Hawaiians who have the worst health indicators (hypertension, diabetes, obesity, etc.) compared to other ethnic groups.

This bill will ensure that we get paid in a timely manner for our services and that payment amounts can be adapted to changes needed to expand services for our community, to institute new programs to meet the health and social needs of our community, to keep facilities and technologies up-to-date in order to continue to provide quality services, and to make necessary adjustments to ensure that regulatory requirements are met. While fixing the PPS rules is certainly good for all the FQHCs in Hawaii, we believe it is also good for the State because adequate and timely payments will enable us to be better providers for all of our patients, help us expand current services and initiate new programs to provide more assistance to more people. In addition, because Medicaid is a federal program, more than half the funding will come from the federal government.

It makes a lot of economic sense to support this bill. If upfront, primary care is provided to Hawaii's people, we will save on the costly Emergency Room and hospitalizations that will, inevitably, be utilized when primary and preventive health care is not sought. We appreciate the long-term, unwavering support that the Legislature has given our FQHCs, our patients and our communities. We urge your support for **HB 2795**, which clarifies the PPS rules. Mahalo and ALOHA!



**Waimanalo Health Center**

Ph. (808) 259-7948

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Waimanalo, Hawaii 96795

000046

**ANDREW JAMILA, JR.**  
**41-640 Poalima Street**  
**Waimanalo, HI 96734**

Date: January 30, 2008

To: **House Committee on Health**  
The Honorable Josh Green, MD, Chair

**House Committee on Human Services**  
The Honorable Maile Shimabukuro, Chair

From: Andrew Jamila, Jr., Board of Director and Patient of Waimanalo Health Center

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Waimanalo Health Center PPS payments account for 35% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government.

Thank you for the opportunity to testify in strong support of this bill.

**000047**

**DEBORAH SMITH**  
**41-1160 Waikupanaha Street**  
**Waimanalo, HI 96795**

Date: January 30, 2008

To: **House Committee on Health**  
The Honorable Josh Green, MD, Chair

**House Committee on Human Services**  
The Honorable Maile Shimabukuro, Chair

From: Deborah Smith, Board of Director and Patient of Waimanalo Health Center

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Waimanalo Health Center PPS payments account for 35% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government.

Thank you for the opportunity to testify in strong support of this bill.

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**VERONICA TOMOOKA**  
**45-705 Kuakua Place**  
**Kaneohe, HI 96744**

Date: January 30, 2008

To: **House Committee on Health,**  
The Honorable Josh Green, MD, Chair

**House Committee on Human Services,**  
The Honorable Maile Shimabukuro, Chair [in the House]

From: Veronica Tomooka, Staff Member and Patient of  
Waimanalo Health Center

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Waimanalo Health Center PPS payments account for 35% of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government.

Thank you for the opportunity to testify in strong support of this bill.

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**Testimony in Support of HB 2795: Relating to Medicaid**  
**Submitted to: Committee on Health and**  
**Committee on Human Services and Housing**  
**Hearing Date/Time: January 30, 2008; 9:30 am**

January 28, 2008

Submitted by: Richard P. Bettini, Chief Executive Officer  
Waianae Coast Comprehensive Health Center  
Contact: 696-1457

The Waianae Coast Comprehensive Health Center strongly supports HB2795 which would establish a timeline for the Department of Human Services (Department of Health as draft one states) to complete the federally mandated requirement to established reasonable rules and a timetable for a Prospective Payment Medicaid System.

Congress has established a Prospective Payment System so that Federally Qualified Health Centers can maintain their safety net mission and outreach to otherwise underserved or non-compliant Medicaid patients.

Despite many years of trying to implement this process, the Department of Human Services has not fulfilled its responsibilities in this area. Major deficiencies include:

1. No reasonable process for completing a change of scope for health centers expanding services
2. No system of final reconciliation of past due payments despite federal law requiring quarterly payments. This deficiency includes no clear procedures provided to health plans to provide dated needed for reconciliation to occur.
3. Lack of clarity over covered and non-covered PPS services.

The Health Center remains hopeful that the process of establishing administrative rules for the Prospective Payment System can be completed through direct discussions with the Department of Human Services. Since, however, this process has lacked continuity in the past, we urge the legislature to monitor and enable this process towards conclusion. Mahalo.





**ADMINISTRATION:**  
938E AUSTIN LANE  
Honolulu, HI 96817  
Phone: (808) 845-8578  
Fax: (808) 841-1265

**CLINIC:**  
915 NORTH KING ST.  
Honolulu, HI 96817  
Phone: (808) 848-1438  
Fax: (808) 843-7270

**KALIHI-PALAMA HEALTH CENTER**  
*Hale Ho'ola Hou – House of New Life*

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Date: January 30, 2008

To: House Committee on Health,  
The Honorable Josh Green, MD, Chair  
The Honorable John Mizuno, Vice Chair

House Committee on Human Services,  
The Honorable Maile Shimabukuro, Chair  
The Honorable Karl Rhoads, Vice Chair

From: Darrin Sato, Chief Operating Officer  
Kalihi-Palama Health Center

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. For Kalihi-Palama Health Center PPS payments account for 45% of our operating revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. While fixing the PPS rules is certainly good for all the federally-qualified health centers in Hawaii, we believe it is also good for the state because adequate and timely payments will make us better providers for all of our patients, help us expand to provide more services to more people, and, because it is the Medicaid program, more than half the funding will come from the federal government.

Thank you for the opportunity to testify in strong support of this bill.



Aloha United Way

**000051**

KALIHI-PALAMA HEALTH CENTER is a 501(c)3 non-profit, federally qualified, community health care center.

Date: January 30, 2008

To: House Committee on Health,  
The Honorable Josh Green, MD, Chair

House Committee on Human Services,  
The Honorable Maile Shimabukuro, Chair

From: David D Derauf MD MPH  
Executive Director  
Kokua Kalihi Valley

**Testimony in Support**  
**House Bill 2795, Relating to Medicaid**

I strongly support this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenues source that Community Health Centers have. PPS payments account for approximately 1/3 of our total revenue.

This bill will ensure that we get paid in a timely way for our services and that payment amounts adapt to changes we need to expand, change, keep facilities and technologies up to date, and meet regulatory requirements. Ordinarily, the legislature does not need to get involved in this kind of dispute. But perhaps because of high staff turn-over at DHS, this issue has dragged on simply too long. It is not fair that the health centers be asked to bear the burden of the failure to put in to place clear procedures that follow federal guidelines for so many years! It is time to move on, and the legislature can see that that happens.

Thank you for the opportunity to testify in strong support of this bill.



## Bay Clinic, Inc.

224 Haili Street, Building B • Hilo, HI 96720 • Tel: (808) 961-4071 • Fax: (808) 961-5167

Date: January 30, 2008

To: House Committee on Health,  
The Honorable Josh Green, MD, Chair

House Committee on Human Services,  
The Honorable Maile Shimabukuro, Chair

From: Paul Strauss, Chief Executive Officer, Bay Clinic, Inc.

### **Testimony in Support House Bill 2795, Relating to Medicaid**

Bay Clinic strongly supports this bill which will put into statute clarifying rules for the Medicaid Prospective Payment System. Payment (PPS) for services provided to Med-QUEST patients is the single most important revenue source that Community Health Centers have. For Bay Clinic, nearly 50% of our medical visits are reimbursed at PPS payment rates.

This bill will ensure that our health centers will be paid for services rendered in a timely way and that the payment amounts will allow for the consideration of expansion of services and facilities, updates in technology, and response to regulatory requirements. This in turn will strengthen our statewide network of community health centers in continuing to meet the growing healthcare needs of our respective communities.

Thank you for the opportunity to testify in strong support of this bill.

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