

LATE TESTIMONY

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DEPARTMENT OF HUMAN SERVICES
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January 30, 2008

MEMORANDUM

TO: Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Public Housing

Honorable David Y. Ige., Chair
Senate Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2041 – RELATING TO HEALTH**

Hearing: Wednesday, January 30, 2008 1:15 p.m.
Conference Room 016, 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.

Hawaii Pacific Health

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[5 Copies]

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The Senate Committee on Health

To: The Honorable David Ige, Chair
The Honorable Carol Fukunaga, Vice Chair

The House Committee on Human Services & Public Housing

To: The Honorable Suzanne Chun-Oakland, Chair
The Honorable Les Ihara, Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: **Testimony in Strong Support of SB 2041 - Relating to Health**

Dear Honorable Committee Chairs and Members:

My name is Virginia Pressler, Executive Vice President for Hawaii Pacific Health (HPH). For more than a century, families in Hawaii and the Pacific Region have relied on the hospitals, clinics, physicians and staff of Hawaii Pacific Health as trusted healthcare providers. Our non-profit integrated healthcare system is the state's largest healthcare provider and is committed to improving the health and well-being of the people of Hawaii and the Pacific Region through its four hospitals -- Kapi`olani Medical Center for Women & Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital -- 18 outpatient centers and a team of 1,100 physicians on the islands of Oahu, Kauai and Lanai.

We are writing in strong support of SB 2041 which would provide an appropriation, enabling Hawaii to become eligible to receive Disproportionate Share Hospital (DSH) funding from the Federal Government in the amount of \$7,500,000. 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.

The real problem facing all Hawaii Hospitals is inadequate reimbursement by Medicaid and Medicare for medical services. On average, Hawaii hospitals lose 20 cents on every \$1.00 spent to provide care for a Med-Quest patient and 21 cents on every Medicare patient. Hawaii Pacific Health provides care for thirty six percent (36%) of the total state Medicaid/QUEST discharges and loses tens of millions of dollars each year in order to provide care for these patients.

KAPI'OLANI
MEDICAL CENTER
AT PALI MOMI



KAPI'OLANI
MEDICAL CENTER
FOR WOMEN & CHILDREN



Straub
CLINIC & HOSPITAL



Wilcox Health

The status quo of inadequate reimbursement by government payers is unsustainable. As cumulative losses to Hawaii hospitals continue to grow, the real costs to the community of inadequate reimbursement are physician attrition, patient access to specialty care, and compromised quality of care. The only way to maintain the level of healthcare Hawaii's residents deserve is to ensure that the State pays its fair share of Medicaid costs.

Our Congressional representatives worked hard to ensure that Hawaii be eligible for receiving adequate DSH funds this fiscal year. SB 2041 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.

Thank you for your time regarding this measure. We ask that you pass SB 2041.

