

LINDA LINGLE
GOVERNOR OF HAWAII



WRITTEN TESTIMONY ONLY

CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
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LATE TESTIMONY

In reply, please refer to:
File:

Senate Committees on Health and Human Services and Public Housing

S.B. 2542, RELATING TO PUBLIC HEALTH

**Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health**

January 30, 2008, 1:15 p.m.

1 **Department's Position:** The Department of Health supports the intent of Sections 5 and 7 of this
2 measure, provided that its passage does not replace or adversely impact priorities as indicated in the
3 Executive Supplemental Budget Request.

4 **Fiscal Implications:** Section 7 of this measure requests an unspecified amount in fiscal year 2008-2009
5 for direct medical care to the uninsured.

6 **Purpose and Justification:** The purpose of this measure is to ensure that the community health center
7 system remains financially viable and stable in the face of the increasing needs of the population of
8 uninsured and underinsured residents by creating a process whereby community health centers and rural
9 health centers will receive supplemental Medicaid payments and seek modifications to their scope of
10 services. This measure also provides an appropriation to adequately pay federally qualified community
11 health centers for services to the uninsured. Since only Sections 5 and 7 will have direct implications
12 upon the Department of Health, it defers to the Department of Human Services regarding all other
13 sections of this measure.

14 The Department of Health recognizes the importance of non-profit community-based
15 organizations in providing access and cost-effective care for Hawaii residents who are uninsured and is

1 committed to providing primary medical, dental, behavioral health care, and ancillary services to this
2 population.

3 Thank you for this opportunity to testify on this measure.



Hawai'i Primary Care Association

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To: **The Senate Committee on Health**
The Hon. David Y. Ige, Chair
The Hon. Carol Fukunaga, Vice Chair

The Senate Committee on Human Services & Public Housing
The Hon. Suzanne Chun Oakland, Chair
The Hon. Les Ihara, Jr., Vice Chair

Testimony in Support of Senate Bill 2542 **Relating to Public Health** **Submitted by Beth Giesting, CEO** **January 30, 2008, 1:15 p.m. agenda, Room 016**

The Hawai'i Primary Care Association strongly endorses this measure; however, we suggest that the Committee consider separating these two issues that involve two different departments in the State and instead take up Medicaid payment rules in SB 2858, and uninsured funding in SB 3235.

Federally-qualified health centers are experts in improving the health of people who have the most complex mix of social, economic, and health problems, including those who have neglected care due to lack of access to other health providers, the homeless, the poor, the uninsured, Medicaid and Medicare enrollees, people with special language or cultural needs, and residents of rural areas. Hawai'i has a network of 14 independent nonprofit community health centers with 46 service sites on six islands serving more than 100,000 individuals per year. While community health centers can and should be key components of health care system improvement, they require stable financial resources to assume this role. Two of the most important sources of community health center operating revenues are the Med-QUEST program and subsidies for care for the uninsured; both of these are addressed by this bill.

Med-QUEST Funding. 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 up through 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 delivery 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.

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:

- We would like to revise the proposed timeline to comply the Maryland court's ruling;
- Language needs to be added to address the perinatal payment issue; and
- Several non-substantive changes are suggested for clarity.

Uninsured Funding. In this bill we are asking the Legislature to renew the **\$2 million** appropriation for the uninsured granted during the 2006 session. Since the funding was not provided for the current fiscal year, the Community Health Centers will run out of state funding to subsidize the costs of their uninsured visits and will have divert resources from other operating priorities to complete the fiscal year. It should be noted that State funds cover only about 2/3rds of the cost of care. Every dollar provided to subsidize care for the uninsured at Community Health Centers saves the State considerably more in reducing Emergency Room visits, checking the progress of conditions that might otherwise require hospitalization, and helping people regain productive good health. Other on-going funds for the uninsured appear in the DOH departmental budget. These funds allow community health centers to provide medical, behavioral health, dental, and prescription services to Hawai'i's uninsured residents.

We are very grateful for the opportunity to testify in favor of this measure which is one of the most important and cost-effective actions the Legislature can take to support Hawai'i's health care system.



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

To: **Senate Committee on Human Services and Public Housing**
The Hon. Suzanne Chun Oakland, Chair

Senate Committee on Health
The Hon. David Y. Ige, Chair

Testimony in Support of Senate Bill 2542
Relating to Medicaid
Submitted by Susan B. Hunt, MHA, Executive Director
January 30, 2008 1:15 p.m. Agenda, Room 016

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 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 rising costs of 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.

We also need funds from the Department of Health that are adequate to subsidize all our uninsured visits and not just through the first three quarters of the year.

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.

West Hawaii Community Health Center, Inc.

Ola Ke Ola Waena O Hawai'i Komohana

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January 30, 2008

To: **The Senate Committee on Health**
The Hon. David Y. Ige, Chair

The Senate Committee on Human Services & Public Housing
The Hon. Suzanne Chun Oakland, Chair

Testimony in SUPPORT of Senate Bill 2542 **Relating to Public Health** **Submitted by Richard Taaffe, Executive Director**

As the Executive Director of the West Hawaii Community Health Center, we strongly support this measure. The West Hawaii Community Health Center serves more than 3,000 people per year, 42% of patient visits are uninsured, 34% of visits are covered by Med-QUEST and 87% of our patients are below 200% of poverty.

The West Hawaii Community Health Center, like other community health centers across the state, relies heavily upon Med-QUEST and state uninsured funding to support our services. We ask the legislature to support the two critical aspects of this bill:

- 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.
- Increase the amount of funding available for services for the uninsured. We serve a large number of adults who are not eligible for public assistance program like Med-QUEST and who cannot afford private insurance.

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



WAIKIKI HEALTH CENTER

REACHING OUT FROM THE HEART OF WAIKIKI.

January 30, 2008

To: **The Senate Committee on Health**
The Honorable David Y. Ige, Chair

The Senate Committee on Human Services & Public Housing
The Honorable Suzanne Chun Oakland, Chair

Testimony in SUPPORT of Senate Bill 2542

Relating to Public Health

Submitted by Shelia Beckham, Executive Director
January 30, 2008 1:15 p.m. Agenda, Room 016

As the Executive Director of Waikiki Health Center, we strongly support this measure. The Waikiki Health Center serves more than **5,000** people per year, **67%** of patient visits are uninsured, **15%** of visits are covered by Med-QUEST and **93%** of our patients are below 200% of poverty.

The Waikiki Health Center, like other community health centers across the state, relies heavily upon Med-QUEST and state uninsured funding to support our services. We ask the legislature to support the two critical aspects of this bill:

- Fix Med-QUEST rules to clarify processes for when and how much Waikiki Health Center and other health centers are paid. As a business we rely on these rules to plan, expand, and carry-out our services.
- Increase the amount of funding available for services for the uninsured. We serve a large number of adults who are not eligible for public assistance program like Med-QUEST and who cannot afford private insurance.

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



Aloha United Way



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

January 30, 2008

To: **The Senate Committee on Health**
The Honorable David Y. Ige, Chair

The Senate Committee on Human Services & Public Housing
The Honorable Suzanne Chun Oakland, Chair

Testimony in SUPPORT of Senate Bill 2542
Relating to Public Health
Submitted by Darrin Sato, Chief Operating Officer
January 30, 2008 1:15 p.m. Agenda, Room 016

As the Chief Operating Officer of Kalihi-Pālama Health Center, we strongly support this measure. The Kalihi-Pālama Health Center serves more than 12,000 people per year, 37% of patient visits are uninsured, 49% of visits are covered by Med-QUEST and 91% of our patients are below 200% of poverty.

The Kalihi-Pālama Health Center, like other community health centers across the state, relies heavily upon Med-QUEST and state uninsured funding to support our services. We ask the legislature to support the two critical aspects of this bill:

- Fix Med-QUEST rules to clarify processes for when and how much Kalihi-Pālama Health Center and other health centers are paid. As a business we rely on these rules to plan, expand, and carry-out our services.
- Increase the amount of funding available for services for the uninsured. We serve a large number of adults who are not eligible for public assistance program like Med-QUEST and who cannot afford private insurance.

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



Aloha United Way

January 30, 2008

To: **The Senate Committee on Health**
The Honorable David Y. Ige, Chair

The Senate Committee on Human Services & Public Housing
The Honorable Suzanne Chun Oakland, Chair

Testimony in SUPPORT of Senate Bill 2542
Relating to Public Health

Submitted by May Akamine, Executive Director
January 30, 2008 1:15 p.m. Agenda, Room 016

As the Executive Director of the Waimānalo Health Center, we strongly support this measure. The Waimānalo Health Center serves more than 3,000 people per year, 27% of patient visits are uninsured, 46% of visits are covered by Med-QUEST and 100% of our patients are below 200% of poverty.

The Waimānalo Health Center, like other community health centers across the state, relies heavily upon Med-QUEST and state uninsured funding to support our services. We ask the legislature to support the two critical aspects of this bill:

- Fix Med-QUEST rules to clarify processes for when and how much Waimānalo Health Center and other health centers are paid. As a business we rely on these rules to plan, expand, and carry-out our services.
- Increase the amount of funding available for services for the uninsured. We serve a large number of adults who are not eligible for public assistance program like Med-QUEST and who cannot afford private insurance.

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



Waimanalo Health Center

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

There are two extremely important parts to this bill that impact community health centers, the first being resolution of Prospective Payment System (PPS) issues with Department of Human Services and the second being appropriations for services to the uninsured through the Department of Health.

The Waianae Coast Comprehensive Health Center strongly supports SB 2542 but requests that the bill be separated according to the two issue areas – of which there are other bills that already address the issues – For the PPS issue, SB 2858 and HB 2795 and for the uninsured issue, SB 3235 and HB 1993.

Issue 1: Resolution of Prospective Payment

The Waianae Coast Comprehensive Health Center strongly supports that a timeline must be established 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
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.

Issue 2: Appropriation for the Uninsured

In 2006, the Health Center provided services to 26,936 individuals through 139,210 encounters. Sixty-two percent (62%) of users were below 100% of the federal poverty level; 18% were uninsured; and Medicaid/QUEST covered 48%. Seventy-six percent (76%) of Health Center users are Asian/Pacific Islanders, with 51% being Native Hawaiian.

Programs of the Health Center have been designed around an integrated model of care in which the Health Center serves as a patient's medical home. Services are provided through five clinic sites located on the Waianae Coast, and in Kapolei and Waipahu. The range of services provided by the Health Center include: Primary care (family practice, pediatrics, internal medicine); Emergent care (24 hrs); Specialty care (orthopedics, podiatry, dermatology, OB-GYN, nephrology, perinatology, general surgery, pain management and ophthalmology); Laboratory (24 hrs); Radiology (24 hrs); Dental; Pharmacy; Preventive health/health education; Medical Nutrition Therapy/WIC; Case management and homeless outreach; Chronic disease management; Native Hawaiian healing; Integrative/Alternative medicine; Lifestyle enhancement; Adult day care (3 sites); Behavioral health (mental health and substance abuse treatment); Transportation; Health career training; Health professional training; and Healthy Dining Restaurant services.

Besides being an economically distressed community, the Waianae Coast has a higher rate of residents who have, or are at-risk for, serious health conditions. According to the 2005 Department of Health Primary Care Needs Assessment Databook, that ranks 28 service areas throughout the state, the Waianae Coast ranks highest on the island of Oahu for:

- Percentage of the population below 100% and 200% of Federal Poverty Level
- Unemployment rate
- Households receiving financial aid and food stamps
- Infant mortality
- Teen births
- Adult population with diabetes
- Percentage of obese adults
- Chronic heart disease mortality

The Health Center's mission is "to make available to all residents of the Waianae District complete comprehensive health and related human services". During the past 35 years, the Health Center has evolved a unique model of health care delivery that addresses not only an individual's health care needs, but that of the family and the community. The Health Center is a safety net for uninsured, medically underserved patients.

Uninsured funding is extremely important to the Waianae community.

Mahalo.