

# SB2858

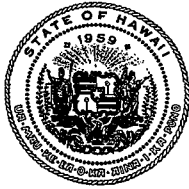
**Measure Title:**  
RELATING TO MEDICAID.

**Report Title:**  
Federally-Qualified Health Centers; Rural Clinics; Payments

**Description:**  
Establishes a timeline by which the department of health shall reconcile managed care supplemental payments; provides a clear definition of what conditions constitute a “change of scope” for purposes of increasing or decreasing rates paid to a federally qualified health center or rural health clinic; specifies a process through which these providers may file for a new rate due to “change of scope;” and identifies services that are required to be reimbursed under the prospective payment system.

**Introducer(s):**  
IGE, CHUN OAKLAND

**Current Referral:**  
HTH/HSP, WAM



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

**Senate Committees on Health and Human Services and Public Housing**

**S.B. 2858, RELATING TO MEDICAID**

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

**February 6, 2008, 2:00 p.m.**

1 **Department's Position:** The Department of Health defers testimony on this measure to the  
2 Department of Human Services.

3 **Fiscal Implications:** Not applicable.

4 **Purpose and Justification:** This measure establishes a timeline by which the Department of  
5 Health shall reconcile managed care supplemental payments; provides a clear definition of what  
6 conditions constitute a "change of scope" for purposes of increasing or decreasing rates paid to a  
7 federally qualified health center or rural health clinic; specifies a process through which these providers  
8 may file for a new rate due to "change of scope;" and identifies services that are required to be  
9 reimbursed under the prospective payment system. The measure also serves to ensure departmental  
10 compliance with requirements in the federal Medicare, Medicaid, and SCHIP Benefits Improvement and  
11 Protection Act of 2000.

12 In addition to deferring testimony on this measure, the Department of Health would also like to  
13 clarify that it is the responsibility of the Department of Human Services to implement any amendments  
14 to its statutory provisions relating to Medicaid, including the reconciliation of managed care  
15 supplemental payments.

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

LINDA LINGLE  
GOVERNOR



LILLIAN B. KOLLER  
DIRECTOR

HENRY OLIVA  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 6, 2008

MEMORANDUM

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

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

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2858 – RELATING TO MEDICAID**

Hearing: Wednesday, February 6, 2008 2:00 p.m.  
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to establish a timeline by which the Department of Health (DOH) shall reconcile managed care supplemental payments; provide a clear definition of what conditions constitute a “change of scope” for purposes of increasing or decreasing prospective rates paid to a federally qualified health center (FQHC) or rural health clinic (RHC); specify a process through which these providers may file for a new rate due to “change of scope,” and to identify services that are required to be reimbursed under the prospective payment system.

DEPARTMENT’S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill and is willing to work with the community health center system in adopting and implementing the processes identified in S.B. 2858.

First, we would like to recommend that the DHS, not DOH, is the appropriate agency for this proposed bill because this is a Medicaid reimbursement issue and this bill proposes to amend chapter 346, Hawaii Revised Statutes, pertaining to DHS.

DHS agrees that the federally qualified health centers are an important system of community-based primary care for uninsured, underinsured, and Medicaid clients, and would like to improve our existing collaborative partnership. As the objectives of the Department are congruent with those of the community health centers, it would be in the best interest of the Department and its clients to ensure that these centers remain financially viable.

The Department's Med-QUEST Division (MQD) and the Hawaii Primary Care Association have been meeting to discuss proposed amendments to the Hawaii Administrative Rules relating to the subject matter of this bill. We are currently reviewing the third draft to the February 1, 2008 draft Hawaii Administrative Rules (HAR) amendments submitted by MQD and are optimistic that agreement will be reached by MQD and the Hawaii Primary Care Association very soon. We are both in agreement that supplemental funding to implement the proposed rules will not be required.

Thank you for the opportunity to comment on this bill.



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

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

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

**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 2858** **Relating to Medicaid** **Submitted by Beth Giesting, CEO** **February 6, 2008, 2:00 p.m. agenda, Room 016**

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 being the Med-QUEST program. Med-QUEST payments contribute 40% of all revenues for community 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 its funding 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. The rules that the Med-QUEST Division subsequently established to administer the PPS payment system in Hawai'i turned out to be so vague and inadequate that they were in fact harmful to the State's Community Health Centers. Over 3 years ago, in December 2004, the Hawai'i Primary Care Association began working intensely with the Department of Human Services to amend the PPS rules because Director Koller assured us that she would expedite needed changes. 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 spite of those efforts, in 2006, the Department was ordered to work with the Hawai'i Primary Care Association to modify the PPS rules as part of the settlement of a lawsuit brought against it by AlohaCare. 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 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. In its recent decision in a lawsuit brought against the State of Maryland for failure to comply with federal requirements for the reimbursement of FQHCs, the United States Court of Appeals for the Fourth Circuit ruled that a state must ensure that FQHCs are paid in full within four months of delivering a service. Nevertheless, at the end of 2006, the State of Hawai'i paid FQHCs only a portion (which varies from facility to facility) of what it owed them for the reconciliation payment for the calendar years 2001 through 2005. No reconciliation payments have yet been made for 2006 or 2007. This bill would establish a timeframe consistent with the Federal Court of Appeals ruling in which the State would make the reconciliation payments to which the FQHCs are entitled under the federally mandated 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 that are necessitated by such changes in the scope of a FQHC's service. However, Hawai'i's current rules establish a procedure for calculating rate changes based on change of scope that is virtually impossible to use. This bill addresses that shortcoming by substituting a workable formula for calculating new PPS rates when FQHCs change the scope of their services.

Payment for Prenatal Care. At least one of Hawai'i's FQHCs provides prenatal and delivery services; care that is in scarce supply for Med-QUEST beneficiaries. However, Med-QUEST insists upon reimbursing these services by means of a "global" rate that consolidates reimbursement for out-patient prenatal care and inpatient deliveries into a single lump sum payment,. This global rate does not adequately reimburse FQHCs for the costs of providing the PPS-eligible out-patient portion of prenatal care. This bill would permit FQHCs to bill for prenatal services and, in so doing, remove economic disincentives for FQHCs to provide much needed prenatal care to expectant mothers who are Med-QUEST beneficiaries.

We would like to emphasize several important points about this proposed legislation:

- First, we are not asking for the State to pay for any services that are not already included in the State Medicaid Plan. This bill only implements changes in the Med-QUEST payment formula that are necessary for the State to comply with the federal requirement that it make timely payments to FQHCs that fully cover the costs of providing services to Medicaid beneficiaries, both now and in the future.
- Second, the State is not currently in compliance with federal law on a PPS reconciliation timeline or with the settlement agreement that was filed in the United States District Court for the District of Hawai'i in 2006 that required the State to work with the Hawai'i Primary Care Association and the FQHC to develop new, workable PPS rules.
- Third, we acknowledge that PPS rules would ordinarily be changed by Administrative action. However, after years of unsuccessful efforts to achieve workable rules to implement the federally-mandated PPS reimbursement methodology through administrative channels, the Hawai'i Primary Care Association and Hawai'i's FQHCs no longer believe that administrative action is a reliable means of resolving the growing financial crisis that the lack of usable rules has created for the State's FQHCs. The Community Health Centers are a primary source of care for many people in Hawai'i who are economically disadvantaged and either must rely on the QUEST program to pay for their medical care or are simply uninsured. We have a duty to our patients to take aggressive action when it is needed to maintain our ability to provide that care. Our support for this bill is a response to that duty.

Finally, we would like to offer several amendments to this bill:

- The bill needs to reflect that the Med-QUEST program is administered by the Department of Human Services instead of the Department of Health;
- We would like to revise the proposed timeline in a manner that puts it into compliance with the standard established by the US Court of Appeals in its recent decision involving the Medicaid program in the State of Maryland;
- We would like to add language that was inadvertently omitted specifying the sites where services can be delivered; and
- We would like to add a provision in order to address the prenatal care payment issue.

Thank you for the opportunity to testify in favor of this bill which represents 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.

**Testimony for SB 2858 2/6/08 2:00 p.m. agenda Room 016**

**Date:** 02/06/08

**TO:** *Senate Committee on Health,  
The Honorable David Ige, Chair*

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

**FROM:** *David Peters  
Chief Executive Officer  
Ho`ola Lahui Hawai`i*

**Testimony in Support  
HB 1993, Relating to Health**

*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

I strongly support this bill which will restore needed funding to the only community health center on Kaua`i. This funding is needed for Ho`ola Lahui Hawai`i to continue to provide exceptional health care to people who are uninsured. Ho`ola Lahui Hawai`i helps keep people from needing emergency room services by providing medical, dental, and behavioral health care, and supplying prescription drugs. It also offers health education and helps patients get other services they need to be healthy. At Ho`ola Lahui Hawai`i, people who are uninsured cannot afford to purchase private insurance and don't qualify for Med-QUEST. They also cannot afford to pay for the full cost of their health care so we rely on this funding from the State.

Ho`ola Lahui Hawai`i serves the entire island of Kauai which has nearly 62,000 residents, many who have a variety of health problems but no health insurance. There is also a shortage of physicians here and none are able to take care of very many people who don't have health insurance.

Ho`ola Lahui Hawai`i is not only Kaua`i only Community Health Center but is also the Native Hawaiian Health Care System for Kaua`i County.

We have grown steadily since we started the CHC in 2001 and have two sites in two of the neediest areas of the island: Waimea and Kapa`a. However, we still don't come close to meeting all the needs in the communities we serve.

More than a third of our 6500 patients in 2007 were uninsured and 85% were below 200% of poverty.

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

**COMMUNITY  
CLINIC  
OF MAUI**



Where Aloha is more than just a word

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**SATELLITE CLINICS**

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Resource Center  
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Lahaina Comprehensive  
Health Center  
15 Ipu Amakua Lane  
Lahaina, HI 96761

To Senate Committee on Health  
The Honorable David Ige, Chair

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

**Testimony in Support**

**Senate Bill 2858, Relating to Medicaid**

Wednesday, February 6, 2008, 2:00 p.m. Agenda, Room 016  
Submitted by Dana Alonzo-Howeth, Executive Director

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 Community Clinic of Maui PPS payments account for 44% 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.





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

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

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

**Testimony in Support of Senate Bill 2858**  
**Relating to Medicaid**

**Submitted by Susan B. Hunt, MHA, Executive Director**  
*Wednesday, 02-06-08 at 2:00 pm in Senate conference 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 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.



## Bay Clinic, Inc.

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

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

House Committee on Human Services and Public Housing,  
The Honorable Suzanne Chun Oakland, Chair

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

### **Testimony in Support**

### **Senate Bill 2858, Relating to Medicaid**

*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

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.

# West Hawaii Community Health Center, Inc.

## Ola Ke Ola Waena O Hawai`i Komohana

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

**To: The Senate Committee on Health**

The Hon. David Ige, Chair

The Hon. Carol Fukunaga, Vice Chair

**The House Committee on Human Services & Public Housing**

The Hon. Suzanne Chun Oakland, Chair

The Hon. Les Ihara, Jr., Vice Chair

**Testimony in Support**

**Senate Bill 2858, Relating to Medicaid**

*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

**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.

Phone: (808) 553-6038  
Fax: (808) 553-6194

MOLOKAI



COMMUNITY  
HEALTH CENTER

Post Office Box 2040  
Kalahelekai, Hawaii 96748

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

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

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

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**  
*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

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.

Phone: (808) 553-5038  
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MOLOKAI



COMMUNITY  
HEALTH CENTER

Post Office Box 2040  
Kaunaloa, Hawaii 96748

To: **Senate Committee on Health,**  
The Honorable David Ige, Chair  
The Honorable Carol Fukunaga, Vice Chair

**House Committee on Human Services and Public Housing,**  
The Honorable Suzanne Chun Oakland, Chair  
The Honorable Les Ihara, Jr., Vice Chair

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

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**  
*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

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.

Date: February 6, 2008

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

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

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

**Testimony in Support**  
**Senate Bill 2858, 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.



**Testimony in Support of SB 2858: Relating to Medicaid**

**Submitted to: Committee on Health and  
Committee on Human Services and Housing  
Hearing Date/Time: February 6, 2008/2:00 pm**

February 4, 2008

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

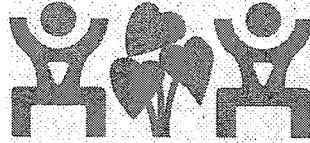
The Waianae Coast Comprehensive Health Center strongly supports SB 2858 which would establish a timeline for the Department of Human Services (Department of Health as draft one states) to complete the federally mandated requirement to established reasonable rules and a timetable for a Prospective Payment 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.



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

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Date: February 6, 2008

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

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

From: Emmanuel Kintu, Executive Director  
Kalihi-Palama Health Center

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**  
*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

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



Philip H. Kinnicutt  
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To: **Senate Committee on Health,**  
The Honorable David Ige, Chair

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

From: Phil Kinnicutt, Board Member, Waikiki Health Center

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**  
Wednesday, 2/6/08 2:00 p.m. agenda Room 016

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.



# WAIKIKI HEALTH CENTER

REACHING OUT FROM THE HEART OF WAIKIKI.

TO: Senate Committee on Health,  
The Honorable David Ige, Chair

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

FROM: Sheila Beckham  
Executive Director

## Testimony in Support

### Senate Bill 2858, Relating to Medicaid

*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

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.

**Jim Kastner**

**41-829 Kakaina Street**

**Waimanalo HI 96795**

Date: February 6, 2008

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

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

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

**Testimony in Support**

**Senate Bill 2858, 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.

MOANA DEMELLO  
41-1517 Inoa St.  
Waimanalo, HI 96795

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

Senate Committee on Human Services and Public Housing,  
The Honorable Maile Shimabukuro, Chair

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

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**  
Wednesday, 2/6/08 2:00 p.m. agenda Room 016

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

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

Date: February 6, 2008

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

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

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

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**

*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

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

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

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

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

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

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**  
Wednesday, 2/6/08 2:00 p.m. agenda Room 016

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

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

Date: February 6, 2008

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

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

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

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**  
Wednesday, 2/6/08 2:00 p.m. agenda Room 016

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.

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

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

From: May Akamine, RN, MS, Executive Director

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**

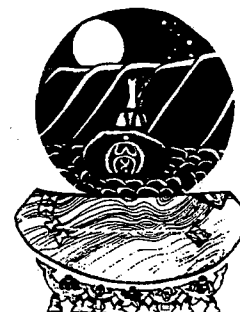
*Wednesday, 02-06-08 at 2:00 pm in Senate conference room 016*

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**

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

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

Senate Committee on Human Services and Public Housing,  
The Honorable Maile Shimabukuro, Chair

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

**Testimony in Support**  
**Senate Bill 2858, Relating to Medicaid**  
Wednesday, 2/6/08 2:00 p.m. agenda Room 016

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