HAH
Healthcare Association
of Hawaii

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

SENATE COMMITTEE ON HEALTH
Senator David Ige, Chair

Conference Room 016
February 13, 2008 at 1:25 p.m.

Testimony in support of SB 3257 SD 1 and SB 3258 SD 1 (with amendments).

I am Coral Andrews, Vice President of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in strong support of SB 3257 SD 1 and SB 3258 SD 1, which take steps to solve the hospital waitlist problem. The first bill establishes a process of Medicaid presumptive eligibility for waitlisted patients. The second bill increases certain Medicaid payments to hospitals and long term care facilities.

The waitlist dilemma is unique to Hawaii, largely because Hawaii has one of the lowest ratios of long term care beds for its population in the United States. Whereas the US average is 47 beds per 1000 people over age 65, Hawaii averages 23 (half of the US average).

On any given day there are 200, and as many as 275, patients in hospitals who have been treated so they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisted patients are defined as "Patients who are deemed medically ready for discharge and no longer in need of acute care services but who cannot be discharged (due to various barriers) and therefore must remain in the higher cost hospital setting."

Discharge timeframes for waitlisted patients range from days to over a year. This represents a poor quality of life option for the patient, presents an often insurmountable dilemma for providers and patients, and creates a serious financial drain on acute care hospitals with ripple effects felt throughout other healthcare service sectors.

Recognizing the waitlist problem, in 2007 the Legislature adopted SCR 198, which requested the Healthcare Association of Hawaii (HAH) to study the problem and propose solutions. HAH subsequently created a task force for that purpose.

The task force has had a number of meetings, and at the request of the task force HAH has contracted with a consultant to gather information. The task force has identified the following four barrier areas that contribute to the waitlisted patient dilemma: (1) Reimbursement; (2) Capacity; (3) Regulatory/Government; and (4) Workforce. The task force has determined that solving the waitlist problem will require actions in all four of the barrier areas, and that focusing on only one area of need will not create a sustainable solution.

At this time the task force has developed specific recommendations for legislation. However, data gathering is still in process, and the task force will make further recommendations after the data is analyzed.

HB 3258 SD 1 would adjust Medicaid payments to improve the flow of patients from acute hospitals to long term care facilities. Payments to long term care facilities would be increased for patients with medically complex conditions that require increased care, as current payments do not cover the actual costs of care. In addition, payments to hospitals for waitlisted patients would be increased so that payments are closer to the actual costs of care incurred by hospitals. SB 3257 SD 1 would establish a Medicaid presumptive eligibility process that is designed to reduce the period of time for determining whether a waitlisted patient qualifies for Medicaid. For financial reasons, Medicaid eligibility is required by many long term care facilities before certain types of patients are admitted.

The legislation recommended by the task force represent the first step that must be taken to solve the waitlist problem. The task force intends to recommend further legislation in the 2009 legislative session.

At this time we would like to suggest amendments to SB 3258 SD 1, as follows:

(1) Reimbursing long term care facilities at cost for patients with medically complex conditions was found to be unworkable, so Section 2, paragraph (b) of the bill should be replaced with the following:

> (b) Medicaid reimbursements to long term care facilities for patients with medically complex conditions who, prior to admission to the long term care facility were receiving acute care services in an acute hospital, shall include a separate rate for complex medical patients that shall be 40 percent more than the current rate. As used in this section, "medically complex condition" means a combination of chronic physical conditions, illnesses, or other medically related factors that significantly impact an individual's health and manner of living and cause reliance upon technological, pharmacological, and other therapeutic interventions to sustain life.

(2) A sum of $6,500,000 should be inserted as the appropriation amount in Section 3.

(3) The Department of Health should be replaced with the Department of Human Services as the expending agency in Section 3 and Section 4 since the Department of Human Services operates Medicaid.

With the suggested amendments to SB 3258 SD 1, the Healthcare Association strongly supports SB 3257 SD 1 and SB 3258 SD 1.