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February 5, 2009

LATE
Testimony

MEMORANDUM

TO: Honorable John M. Mizuno, Chair
House Committee on Human Services

Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 706 – RELATING TO HEALTH**

Hearing: Thursday, February 5, 2009, 10:30 AM.
Conference Room 329, State Capitol

PURPOSE: The purposes of this bill are to 1) change the way that hospitals are reimbursed for Medicaid waitlist long-term care patients to the acute payment rate, and 2) reimburse facilities with long-term care beds for patients with medically complex conditions who had received acute care services in an acute care hospital in a prior stay, at the subacute care rate.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) respectfully opposes this bill as it fundamentally changes the way that Medicaid rates are set. Currently, state law requires that there be no distinction between hospital-based and non-hospital based Medicaid reimbursement rates for institutionalized long-term care. These reimbursements are based on the level of care provided pursuant to Section 346D-1.5, HRS. This bill also