

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

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

March 23, 2009

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.C.R. 54: REQUESTING AN INCREASE FOR MEDICARE
REIMBURSEMENT IN HAWAII**

Hearing: Monday, March 23, 2009, 10:00 AM.
Conference Room 329, State Capitol

PURPOSE: The purpose of the resolution is to request Congress to raise the Medicare fee schedule payment amounts for physicians rendering services in Hawaii.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this resolution.

Increasing Medicare payments to providers practicing in Hawaii will not only help improve access for Medicare recipients, but by increasing provider revenue, this could facilitate access for Medicaid recipients.

Hawaii has a high cost of living and in general low reimbursement rates from the private sector. This decreased cost-shifting in which the higher payment from the private sector helps offset the lower payment from the public sector does not occur in Hawaii to the extent it occurs elsewhere.

Increasing the Geographic Practice Cost Index (GPCI) is an effective approach to increasing payment to Hawaii Medicare providers. The physician fee schedule has three components including work, overhead, and malpractice, and each component has its own GPCI. While increasing all three GPICs would be ideal, increasing the work GPCI would have the greatest effect.

DHS appreciates and supports the effort to increase Federal payment to Hawaii providers.

Thank you for the opportunity to comment on this bill.