

Hawaii Pacific Health

55 Merchant Street • Honolulu, Hawaii 96813 • hawaiipacifichealth.org

Monday - March 23, 2009
Conference Room 329 - 10:00am

The House Committee on Human Services

To: Representative John Mizuno, Chair
Representative Tom Brower, Vice Chair

LATE
Testimony

The House Committee on Health

To: Representative Ryan I. Yamane, Chair
Representative Scott Y. Nishimoto, - Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: **Testimony in Strong Support of HCR 55**
Requesting an Increase for Medicare Reimbursement

Dear Honorable Committee Chairs and Members:

My name is Virginia Pressler, Executive Vice President for Hawaii Pacific Health (HPH). For more than a century, families in Hawaii and the Pacific Region have relied on the hospitals, clinics, physicians and staff of Hawaii Pacific Health as trusted healthcare providers. Our non-profit integrated healthcare system is the state's largest healthcare provider and is committed to improving the health and well-being of the people of Hawaii and the Pacific Region through its four hospitals -- Kapi'olani Medical Center for Women & Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital -- 18 outpatient centers and a team of 1,100 physicians on the islands of Oahu, Kauai and Lanai.

We are writing in strong support of HCR 55 which addresses the fundamental problem facing all Hawaii Hospitals: inadequate reimbursement by Medicaid and Medicare for medical services. According to accounting firm Ernst & Young LLP Hawaii hospitals spent \$228 million more to care for Medicare, Medicaid and QUEST patients in the past year than they received in payments. Inadequate reimbursement is particularly devastating for private hospitals on Oahu which serves as the safety-net hospitals for the entire islands. On average, Hawaii hospitals lose 25 cents on every \$1.00 spent to provide care for a Medicaid/Quest patient and 21 cents on every Medicaid patient. Hawaii Pacific Health provides care for thirty six percent (36%) of the total state Medicaid/QUEST discharges and loses tens of millions of dollars each year in order to provide care for these patients.

The status quo of inadequate reimbursement by government payers is unsustainable. As cumulative losses to Hawaii hospitals continue to grow, the real costs to the community of inadequate reimbursement are physician attrition, patient access to specialty care, and compromised quality of care. The only way to maintain the level of healthcare Hawaii's residents deserve is to increase the amounts appropriated in the State Budget to improve reimbursements to individual health care providers to cover the costs of providing services and increase the Medicaid Fee Schedule.

KAPIOLANI
MEDICAL CENTER
AT PALI MOMI



KAPIOLANI
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FOR WOMEN & CHILDREN



Straub
CLINIC & HOSPITAL



Wilcox Health

In 2005, Hawaii ranked 49th (out of 50) in Medicaid expenditures as a percent of total state expenditures higher only than the State of Wyoming according to the National Association of State Budget Officers, 2005 State Expenditure Report. For many services, the rates set for certain medical procedures have not been readjusted for nearly a decade. Additional funding and legislation to address this issue would allow timely adjustment of these rates and would go a long way towards stemming the current crisis.

Thank you for your time regarding this measure. We ask that you pass HCR 55.

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