

SB 423

Hawaii Pacific Health

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

Friday, February 27, 2009 – 9:00am
Conference Room 211

The Senate Committee on Ways & Means

To: Senator Donna Kim, Chair
Senator Shan Tsustui-Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: **Testimony in Strong Support SB 423 - Relating to Health**

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 SB 423 which would provide an appropriation, enabling Hawaii to become eligible to receive Disproportionate Share Hospital (DSH) funding from the Federal Government in the amount of \$12,500,000. Congress established the DSH program in 1981 to help ensure that states provide adequate financial support to hospitals that serve a significant number of low-income patients with special needs. Since 1993, as part of the agreement when Med-Quest was established, Hawaii did not qualify for DSH dollars. This bill would authorize \$10,181,909 as the State's matching share.

The real problem facing all Hawaii Hospitals is inadequate reimbursement by Medicaid and Medicare for medical services. On average, Hawaii hospitals lose 20 cents on every \$1.00 spent to provide care for a Med-Quest patient and 21 cents on every Medicare 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 ensure that the State pays its fair share of Medicaid costs.

Our Congressional representatives worked hard again to ensure that Hawaii be eligible for receiving adequate DSH funds this fiscal year. SB 423 would be a significant step in helping to address the current healthcare crisis by ensuring that adequate resources are made available to cover the true costs of providing care.

Thank you for your time regarding this measure. We ask that you pass SB 423.

KAPIOLANI
MEDICAL CENTER
AT PALI MOMI



KAPIOLANI
MEDICAL CENTER
FOR WOMEN & CHILDREN



Straub
CLINIC & HOSPITAL

 **Wilcox Health**



SENATE COMMITTEE ON WAYS AND MEANS
Senator Donna Mercado Kim, Chair

Conference Room 211
February 27, 2009 at 9:00 a.m.

Expressing support for SB 423.

The Healthcare Association of Hawaii advocates for its member organizations that span 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 express strong support of SB 423, which appropriates State funds that are needed to match federal funds. These funds are available to help sustain hospitals that provide care to low-income patients who do not have insurance and cannot afford to pay for their care.

The Association would like to acknowledge the efforts of the current administration, Hawaii's Congressional Delegation, and the State Legislature in providing a series of DSH payments to Hawaii's hospitals. It began several years ago when the current administration aggressively pursued and secured federal DSH funds. Subsequent funding was obtained through the assistance of Hawaii's Congressional Delegation. Federal DSH funds have been matched by the Legislature in the past, and we seek that again today.

Hospitals and other health care providers are suffering financially because of low payments by Medicare, Medicaid, and private health care insurers. DSH funding recognizes that hospitals provide care to a substantial number of patients who do not have the financial resources to pay for their care. The \$10.2 million appropriation contained in this bill is the required State match to draw down \$12.5 million in federal funds that are available. The funding would be very much appreciated by the provider institutions. However, it should be noted that the DSH funding covers only a small portion of the total costs of caring for patients who cannot pay for their care.

In addition to supporting Hawaii's hospitals, the federal funds that would be drawn down represent an infusion of money into Hawaii's economy during these harsh economic times.

For the foregoing reasons the Healthcare Association strongly supports SB 423.



**Testimony to the Senate Committee on Ways and Means
Friday, February 27, 2009 at 9:00 a.m.
Conference Room 211, State Capitol**

RE: SENATE BILL NO. 423 RELATING TO HEALTH

Chair Mercado Kim, Vice Chair Tsutsui, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports Senate Bill 423 relating to Health.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure appropriates money to match federal funds for medicaid.

The Chamber commends the Legislature for playing an active role in passing legislation that appropriates money to match federal funds in the past couple of sessions.

Quality health care is critical to the people and economy of Hawaii. As one of the largest private industries in Hawaii, the health care industry plays an important role in our economy, particularly through attractive, well-paying jobs and through the purchase of goods and services that contribute to our state's economy. As such, the health care industry plays a crucial role in the economic development and sustainability of our state and all of Hawaii's businesses. Also, Hawaii's healthcare system provides quality care for our families and serves to attract and retain a professional workforce, new companies, and even tourists to our state.

However, the quality healthcare that Hawaii has enjoyed for years is now in jeopardy. It is on the verge of declining because healthcare providers are no longer being paid for essential services at a level sufficient to cover annually increasing costs. The health care system must be maintained and challenges must be addressed.

Therefore, The Chamber supports improvements to the quality of our health care system. They include legislation that will improve payments to health care providers of essential health care services and increase long term care capacity and access statewide. Appropriating funds to match the federal funding for medicaid is the first step in the right direction to ameliorate the current state of health care in Hawaii.

In light of the above, The Chamber of Commerce of Hawaii supports SB 423. Thank you for the opportunity to testify.



THE QUEEN'S MEDICAL CENTER

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Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

February 27, 2009 – 9:00 a.m.
State Capitol, Conference Room 211
SENATE COMMITTEE ON WAYS AND MEANS

In Strong Support of SB 423, Relating to Health

Chair Kim, Vice Chair Tsutsui and Members of the Committee,

My name is Rick Keene, and I am The Queen's Health Systems Executive VP and Chief Financial Officer. I am testifying for The Queen's Medical Center in strong support of SB 423 which appropriates State funds to match federal funding of \$12,500,000 for the Disproportionate Share Hospital (DSH) allowance for Medicaid/Quest patients.

Medicaid/Quest is the cornerstone of health care for our most needy population. Hawaii's hospitals in particular have been detrimentally affected by the inadequacy of Medicaid/Quest reimbursements and payments, and have annually lost tens of millions of dollars because government reimbursement is far below the cost of providing medical care. In fiscal year 2008, The Queen's Medical Center treated 4,694 inpatients and 29,785 outpatients who were covered by Medicaid/Quest. The October 2008 report "Issues Impacting Hawaii's Hospitals, Nursing Facilities, Home Care and Hospice Providers" by the Healthcare Association of Hawaii, found that in 2007, losses for Medicaid, Quest and uninsured patients in Hawaii were approximately \$48,100,000.

The proposed State funding of \$10,181,909, combined with the federal appropriation will supplement the reimbursement shortfall for Medicaid/Quest patients. Without state matching funds, the federal funding will be lost. Your support and approval of SB 423 is crucial toward enabling Hawaii's hospitals to continue to serve the needy.

Thank you for the opportunity to testify.