



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

February 26, 2009

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 1371 – RELATING TO HEALTH CARE**

Hearing: Thursday, February 26, 2009, 4:00 PM.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is to direct funding provided by the Federal government's 2009 economic stimulus package for health care programs.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill but respectfully opposes as its estimated \$15.6 million general fund cost would negatively impact the priorities in the Executive Biennium Budget.

First, if the bill advances, we believe DHS should be the administering agency, not the Department of Health as stated in the bill. DHS is the single State agency in Hawaii for Medicaid. DHS is responsible for obtaining Federal matching funds, determining the physician fee schedule, and making the Disproportionate Hospital Share (DSH) payments.



The American Recovery and Reinvestment Act of 2009 (ARRA) temporarily increases the Federal Medical Assistance Percentage (FMAP) for the period October 1, 2008 to December 31, 2010. The FMAP is the percent of allowable expenditure reimbursed by the Federal government and requires a State share.

A higher FMAP means that fewer State funds are required to maintain a certain level of total funding, and could allow, theoretically, some State funds to be used to meet other budget needs. However, given Hawaii's current fiscal deficits and the upcoming Council of Revenues meeting next month which is expected to project even deeper deficits for our State, it is imprudent and unrealistic to expect that any of the State funds saved by the ARRA's increased FMAP would allow our State to pay for anything other than closing our deficits.

Thank you for the opportunity to comment on this bill.



LINDA LINGLE
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

WRITTEN TESTIMONY ONLY

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to
File:

House Committee on Finance

H.B. 1371, RELATING TO HEALTH CARE

Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health

February 26, 2009, 4:00 pm

1 **Department's Position:** The Department of Health defers testimony on this measure to the Department
2 of Human Services.

3 **Fiscal Implications:** Not applicable.

4 **Purpose and Justification:** The programs and revenues identified in this measure are
5 administered by the Department of Human Services, therefore testimony should be deferred to this
6 department.

7 In addition to deferring testimony to the Department of Human Services, the Department of
8 Health would also like to make the following correction to this measure:

9 Section 1, second paragraph: striking department of health and replacing it with department of
10 human services.

11 Thank you for this opportunity to testify on this measure.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
February 26, 2009

H.B. 1371 – RELATING
TO HEALTH CARE

The Hawaii Government Employees Association supports the purpose and intent of H.B. 1371. As drafted, H.B. 1371 requires that federal funding through the economic stimulus package is directed to finance: 1) increased Medicaid reimbursements; 2) disproportionate share hospital payments, and 3) Hawaii's children's health care program. The federal economic stimulus funds are to be expended by the Department of Health (DOH).

The bill also directs the DOH to maintain the level of state general funds appropriated for these three programs during the 2008-09 fiscal year for the next two fiscal years (2009-10 and 2010-2011). The general fund appropriation is not to be either replaced by the federal funds received through the economic stimulus package, or decreased because of the availability of the federal funds appropriated under this legislation.

The effectiveness of the recent federal economic stimulus legislation will depend in large part upon how well state and local governments use these funds for their intended purposes. Thank you for the opportunity to testify in support of H.B. 1371.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 26, 2009

The Honorable Marcus Oshiro, Chair
The Honorable Marilyn Lee, Vice Chair

House Committee on Finance

Re: HB 1371 – Relating to Health Care

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB 1371.

The Federal Government recently passed the American Recovery and Reinvestment Act of 2009 which is aimed at assisting states in these difficult economic times.

HB 1371 is extremely proactive by requesting that a part of any federal stimulus monies that are directed to Hawaii go towards increasing Medicaid reimbursements, providing Disproportionate Share Hospital funding (DSH) and reinstating the Hawaii Children's Health Care Program. The provision of dollars to each of these programs will undoubtedly provide assistance to the neediest in our community.

Thank you for the opportunity to testify in support of HB 1371.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD' followed by a long horizontal stroke.

Jennifer Diesman
Assistant Vice President
Government Relations



To: House Committee on Finance
Rep. Marcus Oshiro, Chair
Rep. Marilyn Lee, Vice-Chair

Date: February 26, 2009 - Conference Room 308 – 4:00 p.m.

Re: **HB 1371, RELATING TO HEALTH CARE**

Chair Oshiro and members of the committee:

My name is Barbara Kim Stanton, State Director of AARP Hawaii. AARP is a membership organization of people 50 and older with nearly 160,000 members in Hawaii. We are committed to championing access to affordable, quality health care for all generations, providing the tools needed to save for retirement, and serving as a reliable information source on issues critical to Americans age 50+.

AARP strongly supports HB 1371 which directs funding provided by the federal government's 2009 economic stimulus package for health care programs, namely, increased Medicaid reimbursements, disproportionate share hospital payments and Hawaii children's health care program.

The American Recovery and Reinvestment Act (ARRA) of 2009 will provide Hawaii with \$360 million for the duration of nine calendar quarters (October 1, 2008 through December 31, 2010). This would be a temporary increase of the Federal share of Medicaid program costs at \$40 million per quarter for 27 months.

Directing funds to disproportionate share hospital payments will provide much needed relief to Hawai'i's safety net hospitals who are financially struggling to serve the indigent.

We anticipate that this increased Federal funding will serve the purpose of ARRA in boosting our local economy and preventing the State's economic crisis from getting worse. We especially note that Medicaid is a powerful economic force that can have a very rapid effect without the need to design new programs. Additional Federal aid to state governments would fund existing payrolls and programs and therefore provide a relatively quick economic boost.

Thank you for the opportunity to testify in support of this bill.



Democratic Party of Hawaii Kupuna Caucus

February 26, 2009

Re: Testimony

From: Patrick Stanley, Co-Chair Kupuna Caucus, DPH
To: House Committee on Finance

Hearing Date: February 26, 2009, 4:00pm

Measure: HB 1371 Relating to Health Care

SUPPORTS: The Kupuna Caucus of the Democratic Party of Hawaii supports this measure to direct 2009 economic stimulus funds to Hawaii's health needs. Community health and social services are a vital part of Hawaii's economy, no less than building bridges and housing. At Convention in 2008, delegates to the DPH State Convention passed Resolution 08-18 calling for adequate health, social, housing and transportation programs for the families of Hawaii's Kupuna, amongst other means. HB 1371 is an important part of efforts to do so. We further believe that at least 25 percent of all stimulus moneys should be directed to non-profit community human and health service providers.



Healthcare Association
of Hawaii

HOUSE COMMITTEE ON FINANCE

Rep. Marcus Oshiro, Chair

Conference Room 308

February 26, 2009 at 4:00 p.m. (Agenda #7)

Testimony in support of HB 1371

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 testify in support of HB 1371, which ensures that funds from the federal economic stimulus package for certain health care programs are expended for those programs. The bill also ensures that State funding for these programs shall not be reduced and replaced by the federal stimulus funds.

The economic challenges facing our state's hospitals, long term care, home care and hospice providers are well documented in the annual report prepared by Ernst and Young that details the financial challenges facing the health care industry in Hawaii. Copies of this report are available on our website at www.hah.org. HB 1371 seeks to help stabilize the financial condition of the health care system.

For the foregoing reasons, the Healthcare Association of Hawaii supports HB 1371.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 3:26 PM
To: FINTestimony
Cc: beatleukemia@yahoo.com
Subject: Testimony for HB1371 on 2/26/2009 4:00:00 PM

Testimony for FIN 2/26/2009 4:00:00 PM HB1371

Conference room: 308
Testifier position: support
Testifier will be present: Yes
Submitted by: Chris Pablo
Organization: Healthcare Association of Hawaii
Address: 932 Ward Ave., Suite 430 Honolulu, HI
Phone: 521-8961
E-mail: beatleukemia@yahoo.com
Submitted on: 2/25/2009

Comments: