



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Every Day"

Testimony in Support of HB 2801

**House Committee on Health
Rep. Ryan I. Yamane, Chair
Rep. Scott Y. Nishimoto, Vice Chair**

**February 5, 2010
9:30 a.m.
Conference Room 329**

HB 2801 – MAKING AN EMERGENCY APPROPRIATION FOR HAWAII HEALTH SYSTEMS CORPORATION FOR OPERATIONAL COSTS.

Provides emergency supplemental budget funding to ensure continuous delivery of critical health care services and for the payment of operational costs for HHSC; to fund the establishment of the Big Island rural Interdisciplinary Program in the Hawaii Health Systems Corporation East Hawaii Region.

**Testimony of Alice M. Hall, Interim President and Chief Executive Officer
Edward N. Chu, Interim Chief Financial Officer**

Thank you for the opportunity to provide testimony in support of HB 2801.

PART I - The current economic situation has put a significant strain on every state agency. For the state Department of Human Services, the financial impact has been significant to its providers who participate in QUEST and QUEST Expanded Access, and Medicaid programs.

For the Hawaii Health Systems Corporation, despite of all of its challenges, our hospitals have an obligation and commitment to put the patient first, regardless of ability to pay. As a result, HHSC treats a very high percentage of patients that are enrolled in the QUEST, and QUEST Expanded Access plans. For the year-to-date January 31, 2010, the percentage of cash collections for HHSC's long-term care and critical access hospitals that come from the QUEST and QUEST Expanded Access plans ranged between 56% to 78%.

Unfortunately, the frequency of delinquent payments from the QUEST programs, particularly the QUEST Expanded Access plans, has worsened. These payment delays continue to put hardship on our facilities to manage their cash flow, and the result would most likely be a further delay in

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making payments to vendors. And should this situation worsen, it could potentially lead to an interruption of needed goods and services for our hospitals. HHSC is particularly concerned that the combination of the recent downturn in the economy, which is causing more people to enroll in the QUEST and QUEST Expanded Access plans, and the budget cuts that were imposed on the Department of Human Services will put such a strain on the financial resources of the agency that payments to the QUEST and QUEST Expanded Access plans may cease, which in turn puts the plans in a position where they will not be able to make the required payments to HHSC's facilities for the services those facilities provide to QUEST and QUEST Expanded Access payments.

We understand that DHS expects to run out of money in the near future and before the end of the fiscal year. HB2801 will provide relief to HHSC in the event DHS stops or further delays in making QUEST payments to providers. We believe that this measure can provide greater stability for all HHSC facilities. HHSC encourages this Committee to implement funding relief.

PART II - HHSC also asks that this Committee to consider emergency funding for the establishment of the Big Island Rural Interdisciplinary Program – a collaborative effort of the HHSC East Hawaii Regional Health System, the University of Hawaii John A. Burns School of Medicine, School of Nursing and Dental Hygiene, and the University of Hawaii-Hilo Nursing Department. This comprehensive program is in direct response to the major health care need of the Big Island communities: to address the caregiver shortage by recruiting and retaining physicians, advance practice registered nurses (nurse practitioners), pharmacists, and nurses. The physician shortage projection for Family Practice Physicians over the next two years on the Big Island is estimated at only 40 providers due to our aging medical staff of 65 years or older. As you are aware, the program provides an opportunity for students and residents to learn about health within an inter-disciplinary setting, in addition to familiarizing participants about the health care needs of our rural island communities.

We recognize that state resources are extremely limited, but urge you to also recognize the benefits of the aforementioned requests within this measure. We appreciate the opportunity to share our concerns with you and look forward to future discussion on this issue.