



Working Together for Hawaii

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Hawaii Government Employees Association  
AFSCME Local 152, AFL-CIO

March 29, 2011

L A T E

Senator David Ige, Chair  
Committee on Ways and Means  
Hawaii State Senate  
State Capitol, Room 215  
Honolulu, HI 96813

Dear Senator Ige:

Re: H.B. 594, H.D. 2, S.D. 1 – Relating to Health (Federal Disproportionate Share Hospital Funds)

The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO, strongly supports the purpose and intent of H.B. 594, H.D. 2, S.D. 1. This bill would match the federal Medicaid disproportionate share hospital (DSH) appropriation of \$10 million per year, which has been secured through 2019.

However, these federal fund Medicaid funds cannot be drawn down without a matching state appropriation. The \$9.809 million state appropriation for FY 2011-12 will enable the Department of Human Services to utilize the available federal disproportionate share hospital allowance allocated to the state.

Hawaii's hospitals, including the Hawaii Health Systems Corporation, provide health care services to thousands of uninsured patients each year. DSH payments are of critical importance to our public and private hospitals because it helps to cover the increasing cost of uncompensated care in Hawaii.

The HGEA/AFSCME appreciates the opportunity to speak in strong support of H.B. 594, H.D. 2, S.D. 1

Sincerely,

*Nora A. Nomura*  
Nora A. Nomura  
Deputy Executive Director



SENATE COMMITTEE ON WAYS AND MEANS  
Senator David Ige, Chair

L A T E

Conference Room 211  
March 30, 2011 at 9:30 a.m.

**Supporting HB 594 HD 2 SD 1.**

The Healthcare Association of Hawaii (HAH) advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to provide comments supporting HB 594 HD 2 SD 1, which appropriates State funds to match available Federal Disproportionate Share Hospital funds.

The federal government makes DSH payments available to hospitals that serve high numbers of low-income patients. DSH partially pays for care that is not covered by insurance such as Medicare, Medicaid, or private insurance. In 2009, Hawaii's hospitals experienced losses totaling \$114 million in bad debt and charity care, which may be attributed largely to patients who were uninsured and unable to pay for their care. Federal DSH funds are matched by states who in turn distribute these funds to individual hospitals.

Although Hawaii's hospitals incur losses resulting from care that is provided to patients without insurance, Hawaii does not receive DSH funding on a regular basis. Hawaii temporarily lost DSH funding with the creation of its QUEST program, although, in recent years Hawaii's Congressional Delegation has been able to secure \$10 million per year in appropriations for DSH payments through legislation like the Affordable Care Act. These federal funds may be matched by State funds using the Federal Medical Assistance Percentage (FMAP).

The Healthcare Association would like to recognize that the Legislature passed a bill last year that appropriated State funds to match federal DSH funds. Unfortunately, these funds were not released by the last administration, although federal funds were eventually drawn down through certified losses incurred by Hawaii's public hospitals.

The DSH bill proposed for the 2011 session would appropriate the State match for additional federal DSH funds that are available as of July 1, 2010, or the fourth quarter of federal fiscal year (FFY) 2010 and the first, second and third quarters of FFY2011. Based on our conversations with the MedQuest Division, the FMAP that is applied to state matching funds are not from the period when they become available, but rather when the funds are matched by the State. Given that the DSH funds are likely to be distributed in FFY2012, the prevailing FMAP would be 50.48%, which would then require \$9,809,826 in state matching funds. The appropriation amount in Section 2 of the bill is correct, but the description of the calculation in Section 1 is inaccurate.

For the foregoing reasons, the Healthcare Association supports HB 594 HD 2 SD 1.