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SENATE COMMITTEE ON WAYS AND MEANS  
Senator David Ige, Chair

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

**Supporting HB 596 HD 1 SD 1.**

The Healthcare Association of Hawaii 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. Our members employ more than 40,000 people statewide, delivering quality care to the people of Hawaii. Thank you for this opportunity to provide comments supporting HB 596 HD 1 SD I, which creates a Medicaid presumptive eligibility process for patients who are waitlisted in hospitals for long term care.

On any given day there are an average of 150 patients in Hawaii's hospitals who have been treated so that they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient and creates a serious financial drain on hospitals. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. Patients may be waitlisted for a matter of days, weeks, or months, and in some cases over a year.

The waitlist dilemma is unique to Hawaii, largely because Hawaii has one of the lowest ratios of long term care beds for its population in the United States. Whereas the US average is 47 long term care beds per 1000 people over age 65, Hawaii averages 23 (half of the US average). The shortage of long term care beds is the result of high costs of construction and operation, along with low payments for services.

The Healthcare Association has advocated for solutions to the waitlist problem since 2007, when it sponsored SCR 198, which directed the Association to study the problem and propose solutions. The Association subsequently created a task force for that purpose, which studied the problem, wrote a report, and submitted it to the Legislature.

Since then the Association has advocated for measures that have been designed to:

- (1) Promote the movement of waitlisted patients out of acute care;
- (2) Reduce unpaid costs incurred by hospitals and free up hospital resources so that they can be used to treat those who need that high level of care; and

- (3) Enable long term care facilities to accept waitlisted Medicaid patients with complex medical conditions while addressing the additional costs related to their care.

Hospitals continue to lose money because of waitlisted patients. A report issued by Ernst & Young in late 2009 reported that Medicaid pays for only 20% to 30% of the actual costs of care for waitlisted patients, representing uncompensated hospital costs of approximately \$72.5 million in 2008. Long term care facilities can provide appropriate care to waitlisted patients. This bill will hasten the transfer of patients who are waitlisted in hospitals to long term care.

The bill includes a sunset date of 2016, which was initially intended to create a trial period for the program. DHS has struggled with timely eligibility determinations for years. Federal standards require determinations to be made in 45 days, but DHS is not meeting that standard. Over the past two years, there has been a 26% increase in Medicaid utilization. Medicaid expansion in the ACA, as well as current economic challenges, continue to contribute to increased demand for Medicaid services. We need a timely eligibility determination option to ensure timely access to care at all levels.

For the foregoing reasons, the Healthcare Association supports HB 596 HD 1 SD 1.