



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

In reply, please refer to:
File:

HOUSE COMMITTEES ON HEALTH AND HUMAN SERVICES

S.B. 420, S.D. 3, RELATING TO HEALTH

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Interim Director of Health

March 18, 2011

1 **Department's Position:** The Department of Health has reservations regarding the intent of Sections 3
2 and 10 of this measure and defers Sections 4,5,6,7,8 and 9 to the Department of Human Services (DHS).

3 **Fiscal Implications:** An unspecified appropriation under Section 3 of this measure for fiscal years 2012
4 and 2013 for the provision of direct health care for the uninsured at federally qualified health centers
5 (FQHCs) throughout the State; an unspecified appropriation under Section 10 of this measure for fiscal
6 year 2012 for various capital improvement projects related to FQHCs.

7 **Purpose and Justification:** The Department has reservations regarding the intent of Section 3 of this
8 measure. Act 316, HSL 2006 established a special fund for the deposit of cigarette tax revenues to be
9 used by the Department for the operations of FQHCs. In fiscal year 2011, the Department appropriated
10 \$3,444,295 in cigarette tax revenues to thirteen FQHCs to provide comprehensive primary care services
11 for uninsured and/or underinsured individuals whose family income falls with 250% of the federal
12 poverty guidelines. In addition, the Department has allocated cigarette tax revenues for contracts with
13 Hana Health (\$1,130,000) and the Waianae Coast Comprehensive Health Center (\$1,468,000) to provide
14 urgent/primary care and twenty-four hour emergency services respectively. The Department does
15 recognize the importance of FQHCs in providing direct health care for the uninsured, however given

1 that the cigarette tax revenues are being appropriated to the FQHCs for this purpose and the State's
2 current financial crisis, it would not be prudent to pursue the appropriation of additional general funds
3 from the revenues of the State at this time.

4 The Department also has reservations regarding the intent of Section 10 of this measure. Due to
5 the State's current financial crisis, which is likely to be compounded by the recent calamity in Japan, it
6 would not be prudent to pursue the appropriation of general funds for various capital improvement
7 projects related to FQHCs at this time.

8 Sections 4,5,6,7,8 and 9 of this measure is being deferred to the DHS.

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

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
DIRECTOR

PANKAJ BHANOT
DEPUTY DIRECTOR

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DEPARTMENT OF HUMAN SERVICES
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March 18, 2011

MEMORANDUM

TO: Honorable Ryan I. Yamane, Chair
House Committee on Health

Honorable John M. Mizuno, Chair
House Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 420, S.D.3 – RELATING TO HEALTH**

Hearing: Friday, March 18, 2011, 11:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to appropriate State general funds to the Department of Health and the Department of Human Services to expand certain health care services to qualified individuals and to finance projects at designated federally qualified health centers throughout the State.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill as it includes initiatives supportive of our goals and objectives but we are concerned about the cost implications generated by this proposal.

Given the State's current fiscal situation and the significant shortfalls in our health care payments program (HMS 401), DHS cannot support increases in general fund

appropriations beyond what Governor Abercrombie has proposed in the Executive Biennium Budget for 2012-2013 for DHS.

For your information, SECTION 9 of this bill appropriates funding for the Medicaid electronic health record incentive program. DHS requests that the Legislature support the Governor's funding request for this program, including staffing, for the Executive Biennium Budget. This program will help advance our health care system's use of health information technology. The administration of the incentive program receives 90% federal matching funds, and the incentives themselves are 100% federally funded.

Thank you for this opportunity to provide testimony.