

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 7, 2011

The Honorable John Mizuno, Chair
The Honorable Ryan Yamane, Chair
House Committees on Human Services and Health

Re: HB 1065 – Making an Emergency Appropriation to the Department of Human Services for Health Care Payments

Dear Chair Mizuno, Chair Yamane, and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1065 which would appropriate State and matching federal funds to address a shortfall in the Medicaid program for FY 2010-2011. HMSA supports this measure.

During the last legislative session, with an extremely large budgetary shortfall looming, an emergency appropriation was passed to ensure that individuals enrolled in QUEST programs were able to continue to receive vital services. That shortfall caused great concern within the health care community and HMSA appreciates the efforts of the Legislature to fund health care services to the neediest of populations.

Unfortunately, with the State still facing budget deficits and the enrollment of QUEST plans continuing to expand, we are again here in support of a measure which will provide funding to prevent another shortfall. We acknowledge that the State is being forced to make extremely difficult decisions when it comes to funding vital services to the residents of Hawaii, and we are thankful for your continued support.

We would respectfully request that the Committee see fit to pass HB 1065. Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman
Vice President
Government Relations



HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John Mizuno, Chair

HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
Feb. 7, 2011 at 10:15 a.m.

Supporting HB 1065.

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 testify in support of HB 1065, which appropriates State funds in the current fiscal year and federal Medicaid matching funds to address the shortfall in funding the State's Medicaid program.

Last year the State faced a shortfall in Medicaid funding that would have resulted in multiple months of delayed payments to health plans contracted by the State's Medicaid program to provide services to Medicaid enrollees. A shortfall of that magnitude would have resulted in delayed payments to health care providers. While some of the providers could have absorbed the delays, others would have found themselves in severe financial difficulty. Some of them would have been forced to go out of business.

The Healthcare Association convened a group of health plans, providers, and other interested parties to lobby for an emergency appropriation to reduce the Medicaid shortfall. Last year the Legislature passed SB 1178, which was enacted as Act 33, SLH 2010. This appropriation supported reimbursement for providers, and the financial crisis was averted – but only temporarily.

The State faces another substantial Medicaid shortfall in the current fiscal year, and this bill will address that shortfall. The timing of the appropriation takes advantage of an enhanced FMAP, or federal Medicaid matching percentage. The same State appropriation in the 2011-12 fiscal year would yield a smaller federal match.

For the foregoing reasons, the Healthcare Association supports HB 1065.