

Testimony of  
John M. Kirimitsu  
Legal & Government Relations Consultant

Before:

House Committee on Human Services  
The Honorable John M. Mizuno, Chair  
The Honorable Jo Jordan, Vice Chair

and

House Committee on Health  
The Honorable Ryan I. Yamane, Chair  
The Honorable Dee Morikawa, Vice Chair

February 7, 2011  
10:15 am  
Conference Room 329

**LATE**  
**Testimony**

**Re: HB 1065 Making An Emergency Appropriation To The Department Of Human Services For Health Care Payments**

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on HB 1065 that would appropriate \$57,500,000 in state funds and \$96,400,000 in federal funds for fiscal year 2010-2011 to address the shortfall in the Medicaid program.

**Kaiser Permanente Hawaii supports this bill.**

This bill is intended to help make up the shortfall the state has in the area of health care payments under HMS 401. Without this emergency appropriation health plans participating with the Department of Human Services will be required to continue the Quest and QuestExA programs with deferred payments. For some participating plans this can mean delayed payments to providers. Not all providers will provide care for Quest and QuestExA participants, resulting in a disruption of medically necessary services. These delays could further erode the number and kind of providers willing to provide services to the vulnerable population in Medicaid.

We appreciate the legislature's efforts to address this concern and urge you to pass this bill.

Thank you for the opportunity to comment.



55 Merchant Street  
Honolulu, Hawai'i 96813-4333

## HAWAI'I PACIFIC HEALTH

Kapi'olani • Pali Momi • Straub • Wilcox

808-535-7401  
www.hawaiipacifichealth.org

**Monday – February 7, 2011 – 10:15am**  
**Conference Room 329**

**LATE**  
**Testimony**

### The House Committee on Health

To: Representative Ryan Yamane, Chair  
Representative Dee Morikawa, Vice Chair

### The House Committee on Human Services

To: Representative John Mizuno, Chair  
Representative Jo Jordan, Vice Chair

From: Virginia Pressler, MD, MBA  
Executive Vice President

**Re: Testimony in Support HB 1065 Relating to the Current Medicaid Funding Shortfall**

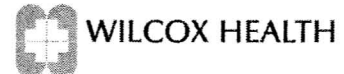
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My name is Virginia Pressler, MD, MBA, Executive Vice President at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a nonprofit health care system and the state's largest health care provider, committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four affiliated hospitals, 44 outpatient clinics and more than 2,200 physicians and clinicians. The network is anchored by its four nonprofit hospitals: Kapi'olani Medical Center for Women & Children, Kapi'olani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital. Collectively, they lead the state in the areas of women's health, pediatric care, cardiovascular services, bone and joint services and cancer care. Hawai'i Pacific Health ranks among the top 3.8 percent of hospitals nationwide in electronic medical record adoption, with system-wide implementation that allows its hospitals to offer integrated, coordinated care throughout the state. Learn more at: <http://www.hawaiipacifichealth.org>

We are writing in support of HB 1065 which would provide an emergency appropriation to the Department of Human Services enabling Hawaii to receive Disproportionate Share Hospital (DSH) funding from the Federal Government and address the current Medicaid funding shortfall. Congress established the DSH program in 1981 to help ensure that states provide adequate financial support to hospitals that serve a significant number of low-income patients with special needs. Since 1993, as part of the agreement when Med-Quest was established, Hawaii did not qualify for DSH dollars. The purpose of this Act is to appropriate state matching funds to secure this critical federal funding.

The real problem facing all Hawaii Hospitals is inadequate reimbursement by Medicaid and Medicare for medical services. On average, Hawaii hospitals lose 20 cents on every \$1.00 spent to provide care for a Med-Quest patient and 21 cents on every Medicare patient. Hawaii Pacific Health provides care for thirty six percent (36%) of the total state Medicaid/QUEST discharges and loses tens of millions of dollars each year in order to provide care for these patients.

The status quo of inadequate reimbursement by government payers is unsustainable. As cumulative



Affiliates of Hawai'i Pacific Health

losses to Hawaii hospitals continue to grow, the real costs to the community of inadequate reimbursement are physician attrition, patient access to specialty care, and compromised quality of care. The only way to maintain the level of healthcare Hawaii's residents deserve is to ensure that the State pays its fair share of Medicaid costs.

Our Congressional representatives worked hard again to ensure that Hawaii be eligible for receiving adequate DSH funds this fiscal year. HB 1065 would be a significant step in helping to address the current healthcare crisis by ensuring that adequate resources are made available to cover the true costs of providing care. Thank you for your time regarding this measure. We ask that you pass HB 1065.



## Hawai'i Primary Care Association

345 Queen Street | Suite 601 | Honolulu, HI 96813-4718 | Tel: 808.536.8442 | Fax: 808.524.0347  
www.hawaiipca.net

**LATE  
Testimony**

### **House Committee on Human Services**

The Hon. John M. Mizuno, Chair

The Hon. Jo Jordan, Vice Chair

### **House Committee on Health**

The Hon. Ryan I. Yamane, Chair

The Hon. Dee Morikawa, Vice Chair

## **Testimony in Support of House Bill 1065**

### **Making an Emergency Appropriation to the Department of Human Services for Health Care Payments**

**Submitted by Beth Giesting, Chief Executive Officer**

**February 7, 2011, 10:15 a.m., Room 329**

The Hawai'i Primary Care Association supports House Bill 1065, which provides funding to address the Medicaid shortfall in the current fiscal year.

Thank you for the opportunity to testify on this measure.



# LATE Testimony

94-450 Mokuola Street, Suite 106, Waipahu, HI 96767  
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Monday, February 7, 2011

To: The Honorable John M. Mizuno  
Chair, House Committee on Human Services  
  
The Honorable Ryan I. Yamane  
Chair, House Committee on Health

From: 'Ohana Health Plan

Re: House Bill 1065-Making an Emergency Appropriation to the Department of  
Human Services for Health Care Payments

Hearing: Monday, February 7, 2011, 10:15 a.m.  
Hawai'i State Capitol, Room 329

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Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.3 million Medicaid and Medicare members nationwide. 'Ohana has utilized WellCare's national experience to develop an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to testify in **strong support** of House Bill 1065-Making an Emergency Appropriation to the Department of Human Services for Health Care Payments.

'Ohana Health Plan is one of the five contract health care plans under the State's QUEST and QUEST Expanded Access (QExA) programs. We operate largely with the support of government funding from the State of Hawai'i, and therefore would have deep concerns about any significant payment deferrals by the DHS, as these delays may impact our ability to pay our contracted providers in a timely manner and could cause a disruption in services to our members, which are low-income, aged, blind and disabled residents of our State. As a contracted provider of services for the State of Hawai'i, we take our federally mandated responsibility to make covered services available and accessible through a sufficient delivery network very seriously.

We greatly appreciate this proactive measure taken upon the Abercrombie-Schatz Administration which seeks to take a proactive approach to ensure the continued payments for the Medicaid program without any significant delays to the contracted plans.

Thank you for the opportunity to provide testimony in **strong support** of House Bill 1065-Making an Emergency Appropriation to the Department of Human Services for Health Care Payments.

**From:** Alan Johnson [ajohnson@hinamauka.org]  
**Sent:** Sunday, February 06, 2011 4:22 PM  
**To:** HUS testimony  
**Subject:** HB1065  
**Attachments:** HB1065 Emergency Appropriation to DHS for Health Care Payments.doc

Aloha,

Sorry, file became corrupted when sending through website (problem is on our side.) so am resending to you.

Testimony for HUS/HLT 2/7/2011 10:15:00 AM HB1065

Conference room: 329

Testifier position: support

Testifier will be present: No

Submitted by: Alan Johnson

Organization: Hawaii Substance Abuse Coalition

Address:

Phone: 808-203-4303

E-mail: [contact@hisac.org](mailto:contact@hisac.org)

Submitted on: 2/6/2011

Comments:

Alan Johnson

808-203-4303

## **HAWAII SUBSTANCE ABUSE COALITION**

**Topic: HB1065** RELATING TO APPROPRIATIONS MADE OUT OF THE EMERGENCY AND BUDGET RESERVE FUND PURSUANT TO ACT 191, SESSION LAWS OF HAWAII 2010.

**To: COMMITTEE ON HUMAN SERVICES:** Representative John Mizuno, Chair;  
Representative Jo Jordan, Vice Chair

**To: COMMITTEE ON HEALTH:** Representative Ryan Yamane, Chair;  
Representative Dee Morikawa, Vice Chair

**When:** Feb. 7, 2011, Monday, at 10:15 am

**Place:** Conference Room 329

Aloha Chair Mizuno, Chair Yamane and Distinguished members. I am Lisa Cook, Executive Director for Kū Aloha Ola Mau, a substance abuse treatment agencies in Hawai'i since 1976 and member of the Hawaii Substance Abuse Coalition.

### **Kū Aloha Supports HB1065**

Non-profit providers must have timely payments for services provided in order to continue services to those in need.

We appreciate the opportunity to provide information and are available for questions, if needed.

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Representative Dee Morikawa, Vice Chair

**When:** Feb. 7, 2011, Monday, at 10:15 am

**Place:** Conference Room 329

Aloha Chair Mizuno, Chair Yamane and Distinguished members. My name is Lisa Cook; I am the Executive Director for Kū Aloha Ola Mau a substance abuse treatment agencies serving 400 persons on any given day in Hawai'i.

### **HSAC Supports HB1065**

Non-profit providers must have timely payments for services provided in order to continue services to those in need.

We appreciate the opportunity to provide information and are available for questions, if needed.



NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN  
INTERIM DIRECTOR

PANKAJ BHANOT  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P.O. Box 339  
Honolulu, Hawaii 96809-0339

**LATE**  
**Testimony**

February 7, 2011

MEMORANDUM

TO: Honorable John M. Mizuno, Chair  
House Committee on Human Services  
  
Honorable Ryan I. Yamane, Chair  
House Committee on Health

FROM: Patricia McManaman, Interim Director

SUBJECT: **H.B. 1065 – MAKING AN EMERGENCY APPROPRIATION TO THE  
DEPARTMENT OF HUMAN SERVICES FOR HEALTH CARE  
PAYMENTS**

Hearing: Monday, February 7, 2011, <sup>10:15</sup>~~9:30~~ a.m.  
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to make an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2010-2011 to address the budget shortfall in for the health care payments program (HMS 401) in the Department of Human Services.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill.

As a result of the economic downturn, eligibility for the State's health care insurance programs has increased by 10 to 12 per cent yearly for the current and previous two years. Last 2009-2010 fiscal year, the Department deferred two months

of health plan capitation payments to the current 2010-2011 fiscal year. The budget for the current fiscal year did not provide full funding for current year expenditures and expenditures deferred from the previous year.

The purpose of this Act is to appropriate \$57,500,000 in general funds and \$96,400,000 in federal funds for an emergency appropriation for fiscal year 2010-2011 for health care payments (HMS 401) to address a funding shortfall in the Medicaid program.

The expeditious approval of this emergency appropriation is critical for the Department of Human Services to ensure continued timely payments to contracted health plans and will ensure that there will be no disruption in the provision of medically necessary services to program recipients.

In addition, the Hawaii federal medical assistance percentage which sets the federal match for Medicaid funds will decrease from 62.63 per cent on June 30, 2011, to 51.79 per cent on July 1, 2011. If the \$57,500,000 is not appropriated for the current 2010-2011 fiscal year, not only will payments to the health plans have to be deferred to the next fiscal year but the State will also lose \$6,000,000 in federal funding because of the reduction in the federal medical assistance percentage on July 1, 2011. The \$6,000,000 will need to be paid with State general funds.

Thank you for this opportunity to provide testimony.