

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
DIRECTOR

LATE

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

January 31, 2012

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: **H.B. 1956 - RELATING TO HEALTH**

Hearing: Tuesday, January 31, 2012; 10:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of H.B. 1956 is to appropriate \$9,282,684 for fiscal year 2012-2013 to match the federal disproportionate share hospital allowance allocated to the State.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent and supports Hawaii's hospitals, but respectfully opposes the additional appropriation in this measure given the fragile state of Hawaii's economy.

Hospitals are a critical safety-net provider; their doors are always open to meet the community's needs, as we saw in the hospitals' contributions in accepting complex patients during Hawaii Medical Centers' closure. For this reason, it was important to find a way to provide the private hospitals with a supplement of \$10 million, the amount of the federal disproportionate share hospital (DSH) appropriation,

for each of the past few years despite the State's challenging economic situation. These supplements were made using certified public expenditures as the State share so that no additional appropriation was required.

A supplement of \$10 million is expected to be paid to the private hospitals again in SFY 2013. This bill would authorize a new appropriation over and above the state certified public expenditure to be the State share for the full DSH amount and would result in an increase in the supplement to more than \$19 million. Although we greatly appreciate the role hospitals play, the additional \$9 million was not included in the Governor's budget.

By way of clarification, the disproportionate share hospital (DSH) funding is available within a federal fiscal year, not by quarter, and the applicable federal medical assistance percentage is that in effect when the payment is made. Because a State Plan Amendment is required, if this bill is enacted, payment would be expected to occur after October 1, 2012 for the DSH for federal fiscal year 2012. The amount of \$9,282,684, as stated in the bill, is the correct amount for the necessary State share.

Thank you for the opportunity to provide testimony on this bill.

HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John Mizuno, Chair

Conference Room 329
January 31, 2012 at 10:00 a.m.

Supporting HB 1956: Relating to Health

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. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of HB 1956, which appropriates State general funds to match federal Disproportionate Share Hospital (DSH) 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 2011 Hawaii's hospitals experienced losses exceeding \$80 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 distributed to states, which in turn distribute the funds to individual hospitals. These federal funds are required to be matched by the State using the Federal Medical Assistance Percentage (FMAP).

In the past, the State has used general funds or certified public expenditures to match federal DSH funds. When general funds are used as the match, the general funds are also distributed to hospitals. When certified public expenditures are used as the match, only the federal DSH funds are distributed to hospitals. In some years the certified public expenditures were not enough to draw down the maximum federal DSH funds that were available. This bill maximizes the amount distributed to hospitals by appropriating general funds.

For the foregoing reasons the Healthcare Association of Hawaii supports HB 1956.

morikawa2 - Grant

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2012 8:41 AM
To: HLTtestimony
Cc: robertscottwall@yahoo.com
Subject: Testimony for HB1956 on 1/31/2012 10:00:00 AM

LATE

Testimony for HLT/HUS 1/31/2012 10:00:00 AM HB1956

Conference room: 329
Testifier position: Support
Testifier will be present: No
Submitted by: Scott Wall
Organization: Individual
E-mail: robertscottwall@yahoo.com
Submitted on: 1/31/2012

Comments: