

Testimony of
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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

March 20, 2012
10:00 am
Conference Room 329

Re: SB 2083, SD1, Relating to Health

Chairs, Vice Chairs and committee members, thank you for this opportunity to provide testimony on this bill appropriating state funds to match federal funding for the disproportionate share hospital allowance.

Kaiser Permanente Hawaii supports this bill.

The cost of delivering health care in Hawaii and across the nation continues to mount. Kaiser Hawaii recognizes that a combined state and federal funding is imperative to help offset the increasing costs of providing continuing health care in Hawaii's communities. In an effort to ensure that health care payments are sufficient to cover the actual costs of care provided to Hawaii's most vulnerable Medicaid population, Kaiser Hawaii supports this measure to appropriate the required state funds necessary to match the federal Medicaid disproportionate share hospital (DSH) appropriation of \$10,000,000 for Hawaii.

The proposed State appropriation amount deemed necessary for fiscal year 2012-2013 to match the federal disproportionate share hospital allowance allocated to the State, together with the federal appropriation, will help support funding of quality health care for the State of Hawaii's Medicaid population, and provide much needed assistance in covering the actual costs of the care provided.

Thank you for the opportunity to comment.



HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John Mizuno, Chair

Conference Room 329
March 20, 2012 at 10:00 a.m.

Supporting SB 2083 SD 1: 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 SB 2083 SD 1, 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 pays for a portion of the total cost of 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 SB 2083 SD 1.



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The Twenty-Sixth Legislature, State of Hawaii
House of Representatives
Committee on Health
and
Committee on Human Services

Testimony by
Hawaii Government Employees Association
March 20, 2012

S.B. 2083, S.D. 1 – RELATING TO HEALTH

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2083, S.D. 1 - Relating to Health. This bill would match the federal Medicaid disproportionate share hospital (DSH) appropriation of \$10 million per year, which has been secured through 2019.

However, these federal Medicaid funds cannot be drawn down without a matching state appropriation. The as-yet-to-be-defined state appropriation for FY 2012-13 will enable the Department of Human Services to utilize the available federal DSH allowance allocated to the state.

Hawaii's hospitals, including the Hawaii Health Systems Corporation, provide health care services to thousands of uninsured patients each year. DSH payments are of critical importance to our public and private hospitals because it helps to cover the increasing cost of uncompensated care in Hawaii.

We appreciate the opportunity to speak in strong support of S.B. 2083, S.D. 1.

Sincerely,

Leiomalama E. Desha
Deputy Executive Director



**Testimony to the House Committees on Health and Human Services
Tuesday, March 20, 2012
10:00 a.m.
State Capitol - Conference Room 329**

RE: SENATE BILL NO. 2083 SD1 RELATING TO HEALTH

Chairs Yamane and Mizuno, Vice Chairs Morikawa and Jordan, and members of the committees:

The Chamber of Commerce of Hawaii supports SB 2083 SD1.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber commends the Legislature for playing an active role in passing legislation that appropriates money to match federal funds in the past couple of sessions. Quality health care is critical to the people and economy of Hawaii. As one of the largest private industries in Hawaii, the health care industry plays an important role in our economy, particularly through attractive, well-paying jobs and through the purchase of goods and services that contribute to our state's economy. As such, the health care industry plays a crucial role in the economic development and sustainability of our state and all of Hawaii's businesses. Also, Hawaii's healthcare system provides quality care for our families and serves to attract and retain a professional workforce, new companies, and even tourists to our state.

However, the quality healthcare that Hawaii has enjoyed for years is now in jeopardy. It is on the verge of declining because healthcare providers are no longer being paid for essential services at a level sufficient to cover annually increasing costs. The health care system must be maintained and challenges must be addressed.

Therefore, The Chamber supports improvements to the quality of our health care system. They include legislation that will improve payments to health care providers of essential health care services and increase long term care capacity and access statewide. Appropriating funds to the Department of Human Services to match the federal Medicaid disproportionate share hospital allowance allocated to the State is the first step in the right direction to ameliorate the current state of health care in Hawaii.

In light of the above, The Chamber of Commerce of Hawaii supports SB 2083. Thank you for the opportunity to provide testimony.