

SB 2083

Measure Title: RELATING TO HEALTH.
Report Title: Health Care; Appropriation
Description: Appropriates funds to the department of human services to match the federal medicaid disproportionate share hospital allowance allocated to the State.
Companion:
Package: None
Current Referral: HMS/HTH, WAM
Introducer(s): GREEN, BAKER, CHUN OAKLAND, ESPERO

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
DIRECTOR

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

February 6, 2012

TO: Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

Honorable Josh Green, M.D., Chair
House Committee on Health

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2083 - RELATING TO HEALTH**

Hearing: Monday, February 2, 2012; 3:00 p.m.
Conference Room 229, State Capitol

PURPOSE: The purpose of this bill 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,

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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.

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Human Services
The Honorable Suzanne Chun Oakland, Chair
The Honorable Les Ihara, Jr., Vice Chair
and
Senate Committee on Health
The Honorable Josh Green, M.D., Chair
The Honorable Clarence K. Nishihara, Vice Chair

February 6, 2012
3:00 pm
Conference Room 229

Re: SB 2083 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.

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HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Human Services
The Hon. Suzanne Chun Oakland, Chair
The Hon. Les Ihara, Jr., Vice Chair

Senate Committee on Health
The Hon. Josh Green, Chair
The Hon. Clarence K. Nishihara, Vice Chair

Testimony in Support of Senate Bill 2083

Relating to Health

Submitted by Robert Hirokawa, Chief Executive Officer

February 6, 2012, 3:00 p.m., Room 229

The Hawai'i Primary Care Association supports Senate Bill 2083, Relating to Health, which appropriates funds from the state budget to match federal medical assistance percentage dollars available to disproportionate share hospitals in Hawaii. For a state that is already experiencing a hospital provider shortage, it is vital that existing facilities be given the payments necessary to ensure the continued delivery of high quality emergency and in-patient services. This is especially true for Medicaid patients, which on average having lower health conditions and associated socio-economic problems leading to higher delivery costs.

We urge you to pass this bill out of committee and thank you for the opportunity to testify.



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

Testimony by
Hawaii Government Employees Association
February 6, 2011

S.B. 2083 – RELATING TO HEALTH

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2083 - 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 fund 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 disproportionate share hospital 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.

The HGEA/AFSCME appreciates the opportunity to speak in strong support of S.B. 2083.

Sincerely,

Leiomalama E. Desha
Deputy Executive Director



SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON HEALTH
Senator Josh Green, M.D., Chair

Conference Room 229
February 6, 2012 at 3:00 p.m.

Supporting SB 2083: 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, 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.



**Testimony to the Senate Committees on Human Services and Health
Monday, February 6, 2012 at 3:00 p.m.
Conference Room 229, State Capitol**

RE: SENATE BILL NO. 2083 RELATING TO HEALTH

Chairs Chun Oakland and Green, Vice Chairs Ihara and Nishihara, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports Senate Bill No. 2083 relating to Health.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 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.

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 04, 2012 4:34 PM
To: HMS Testimony
Cc: Brenda.Kosky@gmail.com
Subject: Testimony for SB2083 on 2/6/2012 3:00:00 PM

Categories: Purple Category

Testimony for HMS/HTH 2/6/2012 3:00:00 PM SB2083

Conference room: 229
Testifier position: Support
Testifier will be present: No
Submitted by: Brenda Kosky
Organization: Individual
E-mail: Brenda.Kosky@gmail.com
Submitted on: 2/4/2012

Comments:
Strongly support

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 04, 2012 9:47 AM
To: HMS Testimony
Cc: robertscottwall@yahoo.com
Subject: Testimony for SB2083 on 2/6/2012 3:00:00 PM

Categories: Purple Category

Testimony for HMS/HTH 2/6/2012 3:00:00 PM SB2083

Conference room: 229
Testifier position: Support
Testifier will be present: Yes
Submitted by: Scott Wall
Organization: Individual
E-mail: robertscottwall@yahoo.com
Submitted on: 2/4/2012

Comments: