

# SB 2120

Measure Title: RELATING TO HEALTH.

Report Title: Medicaid; Physician Services; Payments Increase; Appropriation

Description: Appropriates funds for the 2012-2013 fiscal year to increase the payments for physician services to medicaid-eligible persons, including fee-for-service, QUEST provider services, and QUEST expanded access program up to a certain per cent of the current medicare rate. Requires the department of human services (DHS) to report to the legislature (1) baseline medicaid and additional funds needed for fiscal years 2013-2014 and 2014-2015, and (2) funding required to continue increased payments for physician services to medicaid-eligible persons. Requires DHS to seek an appropriation in an amount equal to at least the amount appropriated in 2012-2013 for additional payments for physician services during the 2013-2015 fiscal biennium.

Companion:

Package: None

Current Referral: HMS, WAM

Introducer(s): CHUN OAKLAND, Baker, Espero, Fukunaga, Galuteria, Green, Nishihara, Ryan, Shimabukuro, Taniguchi

TO: COMMITTEE ON HUMAN SERVICES  
Sen. Suzanne Chun Oakland, Chair  
Sen. Les Ihara, Vice-Chair

FROM: Eldon L. Wegner, Ph.D.  
POLICY ADVISORY BOARD FOR ELDER AFFAIRS (PABEA)

HEARING: 1: 15 pm Thursday, February 2, 2012  
Conference Room 016, Hawaii State Capitol

SUBJECT: SB 2120 Relating to Health

POSITION: The Policy Advisory Board for Elder Affairs **supports** SB 2120, which would appropriate funds to increase payments for physician services to Medicaid-eligible persons including fee-for-service, QUEST provider services and QUEST expanded access program up to a certain percent of the current Medicare rate. Requires DHS to report to the legislature funds needed for fiscal years 2013-2015 and funding required to continue increased payments for physician services. Requires DHS to seek an appropriate for at least the 2012-13 amount for payments of physician services during the 2013-15 fiscal biennium.

RATIONALE:

The Policy Board for Elder Affairs has a statutory obligation to advocate on behalf of the senior citizens of Hawaii. While we advise the Executive Office on Aging, we do not speak on behalf of the Executive Office of Aging.

- Medicaid reimbursements to physicians in Hawaii are inadequate, resulting in a shortage of physicians willing to take Medicaid patients and an unfair compensation to physicians who serve Medicaid patients.
- The shortage of physicians taking Medicaid patients is a significant barrier to access to services for Medicaid clients. Furthermore, patients have extremely limited choice in selecting the physicians due to the limited pool of physicians taking Medicaid patients.
- The problem will likely become more of a crisis if some increase in reimbursement is not forthcoming. Therefore, we see SB 2120 as addressing an important problem in extending access to health care to persons enrolled in Medicaid.

Thank you for allowing me to testify on this bill.



**Testimony to the Senate Committee on Human Services  
Thursday, February 2, 2012 at 1:15 p.m.  
Conference Room 016, State Capitol**

**RE: SENATE BILL NO. 2120 RELATING TO HEALTH**

Chair Chun Oakland, Vice Chair Ihara, and Members of the Committee:

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. 2120 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 increase the payments for physician services to Medicaid-eligible persons, including fee-for-service, QUEST provider services, and QUEST expanded access program.

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. This measure 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 2120. Thank you for the opportunity to provide testimony.



## HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814  
Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

**DATE: Thursday, February 2, 2012**

**TIME: 1:15 pm**

**PLACE: Conference Room 016**

To: COMMITTEE ON HUMAN SERVICES  
Senator Suzanne Chun Oakland, Chair  
Senator Les Ihara, Jr., Vice Chair

From: Hawaii Medical Association  
Dr. Roger Kimura, MD, President  
Linda Rasmussen, MD, Legislative Co-Chair  
Dr. Joseph Zobian, MD, Legislative Co-Chair  
Dr. Christopher Flanders, DO, Executive Director  
Lauren Zirbel, Community and Government Relations

Re: SB 2120 RELATING TO HEALTH

In Support

Chairs & Committee Members:

Hawaii Medical Association supports this measure.

The HMA agrees that Medicaid is the cornerstone of health care for the most needy individuals in Hawaii. It is in the public interest to ensure that health care payments made with state funds or controlled by the State are sufficient to cover the actual costs of care. Inadequate reimbursement from Medicaid has compromised access to medical care because Hawaii has a high percentage of independent physicians who have no other means of making ends meet than by ensuring that the payments that they receive cover the cost of the services they provide.

As documented in numerous media reports, the inadequacy of medical care services, especially in specialty-care coverage in rural areas and on the neighbor islands, has reached a critical level. Hawaii's physicians serving Medicaid-eligible persons have been adversely affected by the inadequacy of Medicaid reimbursements and as a result there is a severe access to care crisis for the Medicaid population. This measure will go a long way to help serve Hawaii's most needy patients.

Thank you for the opportunity to provide this testimony.

### OFFICERS

PRESIDENT - ROGER KIMURA, MD, PRESIDENT ELECT - STEVE KEMBLE, MD  
IMMEDIATE PAST PRESIDENT - MORRIS MITSUNAGA, MD, SECRETARY - THOMAS KOSASA, MD, TREASURER -  
WALTON SHIM, MD, EXECUTIVE DIRECTOR - CHRISTOPHER FLANDERS, DO



## **HAWAII DISABILITY RIGHTS CENTER**

1132 Bishop Street, Suite 2102, Honolulu, Hawaii 96813

Phone/TTY: (808) 949-2922 Toll Free: 1-800-882-1057 Fax: (808) 949-2928

E-mail: [info@hawaiidisabilityrights.org](mailto:info@hawaiidisabilityrights.org) Website: [www.hawaiidisabilityrights.org](http://www.hawaiidisabilityrights.org)

### **THE SENATE THE TWENTY-SIXTH LEGISLATURE REGULAR SESSION OF 2012**

#### **Committee on Human Services Testimony in Support of S.B.2120 Relating to Health**

**Thursday, February 2, 2012, 1:15 P.M.  
Conference Room 016**

Chair Chun-Oakland and Members of the Committee:

I am Louis Erteschik, Acting Executive Director at the Hawaii Disability Rights Center, and am testifying in support of this bill.

The purpose of the bill is to provide increased Medicaid reimbursement rates to physicians who treat QUEST and QUEST Expanded Access patients. We believe that it is important to provide this at a level which will fairly compensate them and create sufficient incentives to provide the care that these recipients require. We have heard anecdotally of problems of shortages of physicians in certain areas of the state as well as physicians who were reluctant to treat Medicaid patients because of the low reimbursement.

To the extent that physicians can receive reimbursements that more realistically reflect the level of care that is required for their patient, the easier it should be to find an appropriate number of physicians who are willing to participate in these programs. The QUEST and QUEST Expanded Access programs are only as good and effective as the quality and quantity of providers with whom they can contract to provide services. Since higher reimbursements will make both of these more likely, we are in full support of this bill.

Thank you for the opportunity to testify in support of this measure.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, January 31, 2012 10:19 AM  
**To:** HMS Testimony  
**Cc:** Brenda.Kosky@gmail.com  
**Subject:** Testimony for SB2120 on 2/2/2012 1:15:00 PM

Testimony for HMS 2/2/2012 1:15:00 PM SB2120

Conference room: 016  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: Brenda Kosky  
Organization: Consumer Family & Youth Alliance  
E-mail: [Brenda.Kosky@gmail.com](mailto:Brenda.Kosky@gmail.com)  
Submitted on: 1/31/2012

Comments:

**January 26, 2012**

This letter is in **support of SB2120**, which aims to increase reimbursements to physicians providing care to Medicaid eligible patients.

As Hawaii's only remaining pediatric orthopedic surgeon in private practice, I have long considered it my civic duty to care for our children with injuries, musculoskeletal deformities and other serious orthopedic conditions with both compassion and expertise. In the absence of a hospital subsidized salary, I depend solely on insurance payments to keep my practice viable – a practice that is also a small business which supports 5 employees and their families.

In these tough economic times many of Hawaii's families are either uninsured or underinsured, leaving Medicaid and its various forms (Quest, Quest Expanded Access, etc.) as their only viable means of obtaining medical care. Though most who qualify are able to get coverage, it is a fact that most physicians do not accept Medicaid patients simply because of the poor reimbursement rates. This underscores the reality that simply having insurance does not ensure having access to care – having desirable insurance ensures having access to care.

By increasing Medicaid reimbursements two beneficial results will occur:

1. Physicians currently willing to care for the most vulnerable in our community, our women and children, will be appropriately rewarded for their efforts.
2. Physicians currently not willing to care for Medicaid patients will find it economically feasible to do so, thus increasing access to care for those who need it the most.

Please do not hesitate to contact me directly with any questions.

Respectfully submitted,

Byron H. Izuka, M.D.  
Office: 485-8985  
Cell: 372-2587

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, January 29, 2012 12:23 PM  
**To:** HMS Testimony  
**Cc:** robertscottwall@yahoo.com  
**Subject:** Testimony for SB2120 on 2/2/2012 1:15:00 PM

Testimony for HMS 2/2/2012 1:15:00 PM SB2120

Conference room: 016  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: Scott Wall  
Organization: Individual  
E-mail: [robertscottwall@yahoo.com](mailto:robertscottwall@yahoo.com)  
Submitted on: 1/29/2012

Comments: