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Tuesday - February 1, 2011 – 1:30 pm Room 016

The Senate Committee on Human Services

To: Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

From: Virginia Pressler, MD, MBA, Executive Vice President

Re: **Testimony in Support SB 785 Relating to Health**

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 SB 785 which would provide an appropriation of \$8,654,621, enabling Hawaii to become eligible to receive Disproportionate Share Hospital (DSH) funding from the Federal Government. 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. Hawai'i 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 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. SB 785 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 SB 785.

