



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Touching Lives Every Day"*

**LATE TESTIMONY**

**House Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair**

Thursday, March 31, 2011  
4:00 p.m.  
Conference Room 308  
Hawaii State Capitol

**Senate Bill 787, SD2, HD1. Relating to Health  
Requires rates for Medicaid reimbursements to hospitals keeping patients in beds to be equal to rates for similarly related services. Appropriates funds for increased Medicaid reimbursements. Enables Medicaid reimbursements to follow patients transitioning out of acute care to community-based care or private institutions. Effective July 1, 2050.**

**Testimony of Alice M. Hall, Esq.  
Interim President and Chief Executive Officer  
Hawaii Health Systems Corporation**

Thank you for the opportunity to testify in support of SB787, SD2, HD1, relating to reimbursement for a certain type of patient who is waitlisted in acute care facilities due to issues in placing them in appropriate lower level of care.

The waitlist issue is very complex and involves many factors, which HAH has spelled out. For HHSC, this is a major issue, both financially and due to quality of care concerns. A patient in an acute care bed who needs long term care, for example, will not be able to set up residence in the long term care unit where the resident can participate in social activities, obtain rehab services, and be afforded other privileges that residents of nursing homes enjoy. For this basic reason, a patient being in an acute setting for a long period of time, when he or she is not acutely ill, is simply not healthy.

Maui Memorial Medical Center presently has a large waitlist population. As of 4/1/11, there were 47 patients assigned to acute care medical/surgical beds. This is extremely significant because out of 140 (plus 12 overflow) med/surg beds, it amounts to more than one-third of total census. Additionally, there were 18 people in the emergency department on March 31 waiting for beds. If a big accident had occurred on the island, the ED would have had trouble handling it because the ED bays were filled with patients who needed inpatient beds. Therefore, the waitlist problem has a great impact on patient care at the acute end of the scale, as well.

MMMC estimates that it costs approximately \$1200 per day for each waitlisted patient. Though this is a complex issue and extremely difficult to quantify exact revenue losses, MMMC estimates it lost \$13.3 million in fiscal year 2010 alone due to the waitlist problem.

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In response to this chronic situation, MMMC has converted one wing into a waitlist unit for 18 patients so that the unit staffing can be adjusted to fit the lower level of patient acuity. However, the remaining waitlisted patients have to be placed throughout the hospital interspersed with acute care patients in units where a higher level of staffing must be maintained. Unfortunately, MMMC cannot merely change its staffing due to collective bargaining constraints and the fact the waitlist patients are interspersed with other patients.

In short, this is a serious issue that results in wasted resources. We strongly support this measure to improve the reimbursement scheme for providing care to this population of patients, which will not only help with the financial burden for acute hospitals with a waitlist problem, but will also incentivize other providers to accept the placement of those patients.

Thank you.