



**Testimony to the House Committees on Finance
Wednesday, February 13, 2013 at 2:00 P.M.
Conference Room 308, State Capitol**

LATE TESTIMONY

**RE: HOUSE BILL 879 HD 1, RELATING TO HOSPITAL SUSTAINABILITY
PROGRAM**

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 879, HD 1 Relating to the Hospital Sustainability Program.

The Chamber is the largest business organization in Hawaii, representing over 1000 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This bill helps the state and Hawaii hospitals utilize this program to leverage much needed federal dollars. A healthy and sustainable hospital network and health care industry is vital to the health of our employees, business and our residents overall quality of life.

Thank you for the opportunity to testify.



THE QUEEN'S HEALTH SYSTEMS

LATE TESTIMONY

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H.B. 879, HD1, RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM
House Committee on Finance
February 13, 2013, 2:00 p.m.
Room 308

Thank you for the opportunity to provide testimony in strong support for H.B. 879, HD1, Relating to the Hospital Sustainability Program. My name is Paula Yoshioka, Senior Vice President for The Queen's Health Systems (QHS). This measure will extend the existing program for an additional year, as well as additional amendments to the funding distributions.

A "provider fee" authorizes collecting revenue from, in this case, inpatient hospitals. It is used as a mechanism to generate new in-state funds and then match them with federal funds, resulting in an increase realization of Medicaid dollars. The cost of the fee is promised back to providers through an increase in the Medicaid reimbursement rate for their patient treatment and services. 49 states in America now have established some type of Medicaid-related provider fee. The provider fee in Hawaii assists in stabilizing declining Medicaid payments to facilities and slows down the erosion of access to care for those beneficiaries served by the program. The additional federal funds that could be obtained via the fee program would reduce the amount of loss incurred by Hawaii's hospitals. In FY 11, it is estimated that Queen's cost for the unpaid cost of Medicaid was \$24.5 million. The funds realized through the provider fee also benefits Molokai General Hospital, to help to continue to provide healthcare for uninsured and underinsured residents and visitors to that rural area of Hawaii.

The Queen's Health Systems has supported the efforts of the Healthcare Association of Hawaii in their collaborative efforts with the Department of Human Services to craft language that ensures a fair distribution of the realized federal funds.

We urge your support for this measure.