



February 1, 2013

The Honorable Della Au Bellati, Chair
House Committee on Health
Hawaii State Capitol, Room 331

The Honorable Mele Carroll, Chair
House Committee on Human Services
Hawaii State Capitol, Room 405

H.B. 879, RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM

February 1, 2013, 10:00 a.m.

Thank you for the opportunity to provide testimony in strong support for H.B. 879, 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 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.