

**SB761**  
**TESTIMONY**

## Senate Testimony

**Bill: SB 761 - Relating to North Hawaii Community Hospital**

**Sponsor:** SOLOMON, GREEN, Dela Cruz, Kahele

**Hearing:** Senate Health Committee

**Chair:** Senator Josh Green

**Date:** Wednesday, January 30, 2013

**Time:** 1:15 p.m.

**Place:** Conference 229

**Testimony:** In Support of SB 761

**By:** Bill Brown  
Chief Executive Officer  
North Hawaii Community Hospital

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### Rationale

The purpose of SB 761 is to provide a grant to support continued services to North Hawaii Community Hospital (NHCH). As an independent rural community hospital, the only such provider in the State of Hawaii, NHCH has been experiencing financial challenges that have closed other like hospitals on the mainland. Declining reimbursements and higher service delivery costs in addition to events such as the recent loss of Medicare reimbursement as a result of the Affordable Care Act. The change in methodology for determining qualification for hospitals with low volumes resulted in a reduction in reimbursement to NHCH in the amount of approximately \$1 million. NHCH is implementing a turn-around plan, which will realize additional savings and revenue. The grant will provide funding to fill the gap until this plan is fully implemented.

NHCH is a private non-profit community hospital that is the sole provider of acute health care services for more than 30,000 residents in North Hawaii and provides primary as well as emergency care.

I urge you to support and approve SB 761, thank you for your continued support.



**HAWAII MEDICAL ASSOCIATION**

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

**Wednesday, January 30, 2013**

**1:15 p.m.**

**Conference Room 229**

To: COMMITTEE ON HEALTH  
Sen. Josh Green, Chair  
Sen. Rosalyn H. Baker, Vice Chair

From: Hawaii Medical Association  
Dr. Steven Kemble, MD, President  
Dr. 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 761 RELATING TO NORTH HAWAII COMMUNITY HOSPITAL

Position: Support

Dear Chair Green and Vice Chair Baker and the Senate Committee on Health Members:

The Hawaii Medical Association is submitting testimony in support of SB 761.

Thank you for the opportunity to provide testimony in support of SB 761. The Hawaii Medical Association fully supports the intent of this bill, which will enable Waimea and surrounding Big Island rural communities improved access to quality health care. This hospital is absolutely crucial in the emergency care network of the Big Island.

Mahalo for the opportunity to submit testimony on this important issue.

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SENATE COMMITTEE ON HEALTH  
Senator Josh Green, Chair

January 30, 2012  
Conference Room 229

**Supporting SB 761: Relating to North Hawaii Community Hospital**

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of SB 761, which appropriates funds for a grant to support the continued operations of North Hawaii Community Hospital (NHCH).

Rural hospitals throughout the nation are facing fiscal challenges because their patient populations typically consist of disproportionately large numbers of Medicaid and Medicare participants, as well as those who are not covered by health care insurance. Payments to hospitals for medical care provided to these groups typically do not cover the actual costs of care. In 2011, for example, NHCH experienced a shortfall of \$3.8 million in uncompensated care due to underpayment by Medicaid and uninsured patients.

It is no surprise that many rural hospitals across the nation have closed or are in danger of closing. In Hawaii, most of the rural hospitals belong to the Hawaii Health Systems Corporation, which must receive large State subsidies in order to keep them operating. NHCH is one of the very few private hospitals operating in rural areas in Hawaii. All of them face financial difficulties.

Recently, Medicare payments have declined further as a result of the Affordable Care Act. With respect to NHCH in particular, it no longer qualifies as a low volume hospital, so its revenues have been reduced by about \$1 million.

Recognizing the recent changes in the health care environment, NHCH has begun to implement a plan to improve revenue and reduce costs. It will take a while to fully realize the plan, and the grant provided in this bill will enable NHCH to operate until then.

Without NHCH, the 30,000 people in the North Hawaii region would have to travel long distances to either Kona Community Hospital or Hilo Medical Center for hospital care. This bill ensures that they will continue to have access to hospital care in their community.

Thank you for the opportunity to testify in support of SB 761.