

SENATE COMMITTEE ON WAYS AND MEANS
Senator David Ige, Chair

February 21, 2013 at 9:00 a.m.
Conference Room 211

Supporting SB 936 SD 1: Relating to the Hospital Sustainability Program

The Healthcare Association of Hawaii (HAH) 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 comment in support of SB 936 SD 1, which makes adjustments to the Hospital Sustainability Program and extends its sunset date to June 30, 2014.

Recognizing that Medicaid payments to hospitals were far below the actual costs of care, the Legislature created the Hospital Sustainability Program last year by enacting Act 217, which increases Medicaid payments to hospitals. The program does that by assessing a fee on hospitals, using the revenue to obtain matching federal Medicaid funds, and returning a majority of the combined amount directly to hospitals.

Specifically, non-government hospitals are assessed an annual fee based on their patient revenues. Payment is based on the amount of a hospital's uncompensated care, which consists of nonpayment by uninsured patients and underpayment by Medicaid. As such, the fees and payments are different for every hospital. However, the goal of the program is being achieved. Medicaid payments to many facilities are now closer to the actual costs of care. As such, the Hospital Sustainability Program ensures that Medicaid patients will continue to have access to the hospital care that they need.

Thank you for the opportunity to comment in support of SB 936 SD 1.