

SB2330

Measure Title:	RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM.
Report Title:	Hospital Sustainability Program; Extension; Appropriation (\$)
Description:	Continues the hospital sustainability program for one year. Appropriates funds out of the hospital sustainability program special fund for fiscal year 2016-2017. Amends various reimbursement rates under the program to certain private hospitals through medicaid managed care health plans, and uncompensated care and disproportionate share hospital payments.
Companion:	HB1941
Package:	None
Current Referral:	CPH/HMS, WAM
Introducer(s):	BAKER, ENGLISH, GREEN, KEITH-AGARAN, KIDANI, TOKUDA, Espero, Gabbard, Ihara



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 4, 2016

TO: The Honorable Suzanne Chun Oakland, Chair
The Senate Committee on Human Services

The Honorable Rosalyn H. Baker, Chair
The Senate Committee on Commerce, Consumer Protection and Health

FROM: Rachael Wong, DrPH, Director

SUBJECT: SB 2330 RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM

Hearing: Thursday, February 4, 2016, 1:15pm
Conference Room 016, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the bill and provides comments. The Department's proposals on the same topic are SB2870 and HB2341.

PURPOSE: The purpose of the bill is to continue the hospital sustainability program for one year and to appropriate funds out of the hospital sustainability program special fund for fiscal year 2016-2017. Amends various reimbursement rates under the program to certain private hospitals through Medicaid managed care health plans, uncompensated care and disproportionate share hospital payments.

The Department of Human Services (DHS) appreciates and supports the intent of the bill to continue the hospital sustainability program for an additional year, and amend the program by adding additional uses of the hospital sustainability program special fund. We would like to suggest several provisions where additional clarity would be helpful, or may need to be changed. We have engaged in dialogue with stakeholders regarding this program, and look forward to continued discussions on any needed changes.

The definition of “private hospital” references an appendix of the “Medicaid section 1115 demonstration waiver that were in operation in calendar year ~~2014~~ 2015.” However, if a hospital not currently listed as private in calendar year 2015 were to become a private hospital during the upcoming year that change would not be reflected in this definition.

In Section 1, the purpose of the hospital sustainability special fund states that the fee shall be used for four main purposes, including a private uncompensated care hospital pool for uninsured individuals. However, the federal authority to operate such a pool will not be in place during FY 2016-17. Thus, we suggest either removing this provision, or revising the language to allow for flexibility to use the funds for any of the four provisions listed, not necessarily for each provision.

Section 4 (b)(5) of the bill adds the requirement that payments be made to the hospitals within ten business days upon receipt of the capitation rate. While DHS Med-QUEST supports the timely provision of payment, there may be instances when it is not possible to pay within that specified time period. We respectfully suggest some flexibility should be included in this provision.

Thank you for the opportunity to testify on this bill.



**February 4, 2016 at 1:15 PM
Room 016**

**Senate Committee on Human Services
Senate Committee on Commerce, Consumer Protection, and Health**

To: Chair Suzanne Chun Oakland
Vice Chair Gil Riviere

Chair Rosalyn H. Baker
Vice Chair Michelle N. Kidani

From: George Greene
President and CEO
Healthcare Association of Hawaii

**Re: Testimony in Support
SB 2330, Relating to the Hospital Sustainability Program**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 180 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

We would like to thank Chair Chun Oakland, Chair Baker, and the Senate Committees on Human Services and Commerce, Consumer Protection, and Health for the opportunity to testify in **support** of SB 2330. This legislation would amend and extend the Hospital Sustainability Program, which has helped Hawaii hospitals to offset some of the losses they incur taking care of the most underserved in our state. HAH's proposed legislation would extend the program through June 30, 2017, and make other adjustments to the program as necessary.

Recognizing that Medicaid payments to hospitals were far below the actual costs of care, the Legislature created the Hospital Sustainability Program by enacting Act 217, SLH 2012, which improves Medicaid payments to hospitals. The program achieves this increase by assessing a fee on hospitals based on their patient revenue. The funds generated by those fees are then used to obtain additional federal Medicaid funds, which are deposited in the hospital sustainability program special fund and distributed back to private hospitals. Payment back to facilities is based on the amount of a hospital's uncompensated care, which includes the costs incurred by hospitals serving under- and uninsured patients. Importantly, no state funds are contributed to the nursing facility sustainability program.

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Affiliated with the American Hospital Association, American Health Care Association, National Association for Home Care and Hospice, American Association for Homecare and Council of State Home Care Associations

Because of this program, Medicaid payments are now closer to the actual costs of care, thereby reducing losses and improving the financial stability of our hospital system. The program made it possible for hospitals to cover 86 percent of their costs related to Medicaid patients, up from 75 percent without the program. It is clear that the Hospital Sustainability Program helps to ensure that Medicaid patients will maintain access to needed hospital care.

HAH would respectfully ask for two changes. First, we would request that section 5 be amended at page 12, line 17 to maintain the date December 31, 2016. The current version would change the date to read December 31, 2017, but the update is not necessary.

Second, we would respectfully request that section 6 at page 13, lines 1-15 be removed. This section was included as part of last year's bill as clarifying language, but we do not believe that it has to be updated or amended this year.

We appreciate your consideration of this important matter, and urge your support of this measure.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Human Services & Committee on
Commerce, Consumer Protection, and Health
Thursday, February 4, 2016 at 1:15 P.M.
Conference Room 016, State Capitol**

**RE: SENATE BILL 2330 RELATING TO THE HOSPITAL SUSTAINABILITY
PROGRAM**

Chairs Chun Oakland and Baker, Vice Chairs Riviere and Kidani, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2330, which continues the nursing facility sustainability program for one additional year and appropriates funds out of the nursing facility sustainability program special fund for fiscal year 2016-2017.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 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 sustainable hospital network and health care industry is vital to the health of our employees, business, and our overall quality of life.

Thank you for the opportunity to testify.



HPCCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Human Services

The Hon. Suzanne Chun Oakland, Chair
The Hon. Gil Riviere, Vice Chair

Senate Committee on Commerce, Consumer Protection, and Health

The Hon. Rosalyn H. Baker, Chair
The Hon. Michelle N. Kidani, Vice Chair

Testimony on Senate Bill 2230

Relating to the Hospital Facility Sustainability Program

Submitted by Dustin Stevens, Public Affairs and Policy Director

February 4, 2016, 1:15pm, room 016

The Hawaii Primary Care Association supports Senate Bill 2230, which continues the Hospital Sustainability Program.

Recognizing that Medicaid payments to hospitals were far below the actual costs of care, the Legislature created the Hospital Sustainability Program by enacting Act 217, SLH 2012, which increases Medicaid payments to hospitals. The program achieves this 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. Payment is based on the amount of a hospital's uncompensated care, which consists of nonpayment by uninsured patients and underpayment by Medicaid.

Recognizing the vital role that hospitals play in Hawaii's healthcare infrastructure, the HPCCA supports this measure and thanks you for the opportunity to testify.