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April 17, 2017

TO: The Honorable Josh Green, Chair  
Senate Committee on Human Services

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

FROM: Pankaj Bhanot, Director

SUBJECT: **HCR 161 – REQUESTING THE CONVENING OF A WORKING GROUP RELATING TO COMPLEX PATIENTS.**

Hearing: April 17, 2017, 10:30 a.m.  
Conference Room 229, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of the resolution and offers comments.

**PURPOSE:** The purpose of House Continuing Resolution 161 is to request that the Med-QUEST Administrator convene a working group to evaluate the issue of complex patients who are waitlisted in hospitals because of medical or behavioral health issues and to consider solutions that include incentive or add-on payments to encourage their transfer out of hospitals and into more appropriate settings. The Med-QUEST administrator should invite representatives from various hospitals or health systems from each county, from various skilled nursing facilities from each county, from various associations including the Healthcare Association of Hawaii, the Hawaii Association of Health Plans and the Hawaii Medical Association. A report including any recommended legislation language would be provided at least 20 days prior to the start of the 2018 legislative session.

We agree that our Medicaid beneficiaries should be served in the most appropriate setting, and that waitlisted patients in acute care facilities can face barriers to being transferred

from the hospital to another community-based facility due to their complex health needs. We also recognize that addressing financial incentives and reimbursement alignment, such as an add-on payment, may be an effective means to help address this issue.

The issue is complex, however; thus, we appreciate the opportunity to convene to evaluate and propose appropriate financial incentives and payment methodologies that may address the issue of patients' waitlisted at acute care facilities due to their complex health needs.

However, we respectfully would suggest that the working group be a legislative working group so it can consider the full range of long-term supports and services including home and community based settings. Including legislative representatives who will serve as co-chairs with the MQD administrator, and adding members from Home and community based settings is one way to ensure a comprehensive approach to the challenges related to the care of patients with complex needs. We would also suggest that the proposed solutions include financial analyses and estimated costs and that those be part of the report back to the legislature.

Thank you for this opportunity to provide comments on this resolution.



## THE QUEEN'S HEALTH SYSTEMS

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To: The Honorable Josh Green, Chair  
The Honorable Stanley Chang, Vice Chair  
Members, Committee on Human Services

The Honorable Rosalyn H. Baker, Chair  
The Honorable Clarence K. Nishihara, Vice Chair  
Members, Committee on Commerce, Consumer Protection, and Health

From:  Paula Yoshioka, Senior Vice President, The Queen's Health Systems

Date: April 13, 2017

Hrg: Senate Committees on Human Services and Commerce, Consumer Protection, and Health  
Joint Hearing; Monday, April 17, 2017 at 10:30AM in Room 229

Re: **Support for HCR 161, Requesting the Convening of a Working Group Relating to Complex Patients**

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My name is Paula Yoshioka, and I am a Senior Vice President at The Queen's Health Systems (QHS). I would like to express **support** for HCR 161, Requesting the Convening of a Working Group Relating to Complex Patients.

At QHS we are committed to providing care for Hawaii's most underserved. At The Queen's Medical Center – Punchbowl (QMC-Punchbowl), Medicaid patients accounted for a total of 5,484 days on the waitlist with 53 percent considered to be medically-complex patients. We experienced a net loss of \$6.6 million in FY 2016 caring for these patients as they were waitlisted for transfer to a long-term care facility.

Waitlisted patients affect the entire system of care in our state as they directly impact the availability of acute care beds. Patients needing an acute level of care may not be able to access a hospital bed if census is full and waitlisted patients occupy acute care beds. QMC-Punchbowl experiences an average daily census (ADC) of 94 percent (80 percent is the efficient ADC level). In 2016, QMC-Punchbowl reached capacity multiple times requiring us to go on divert for 153 days or 42 percent of the entire year. At the same time, the number of Emergency Department (ED) holds at QMC-Punchbowl, defined as an individual waiting more than four hours to be hospitalized, averaged 11.43 holds a day last year.

We hope that a working group will be able to identify actionable recommendations to help reduce the waitlist issue for medically complex patients.

I commend the legislature for introducing this measure and ask you to support it. Thank you for your time and attention to this important issue.

*The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*

Testimony of  
Jonathan Ching  
Government Relations Specialist

Before:  
Senate Committee on Human Services  
The Honorable Josh Green, Chair  
The Honorable Stanley Chang, Vice Chair

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

April 17, 2017  
10:30 a.m.  
Conference Room 229

**Re: HCR161 REQUESTING THE CONVENING OF A WORKING GROUP RELATING TO COMPLEX PATIENTS.**

Chairs, Vice Chairs, and Committee Members, thank you for this opportunity to provide testimony on HCR161, which requests the Med-QUEST Administrator to convene a working group to evaluate the issue of complex patients who are waitlisted in hospitals because of medical or behavioral health issues and to consider solutions that include incentive or add-on payments to encourage their transfer out of hospitals and into more appropriate settings.

**Kaiser Permanente Hawaii SUPPORTS HCR161.**

A 2014 report estimated that Hawai'i hospitals lost approximately \$60,000,000 due to delays in discharging 7,055 patients who were waitlisted at Hawai'i hospitals in 2011. Duration of these delays ranged from days or weeks, to months and sometimes years.

Given that Medicaid reimburses acute care hospitals at set acute waitlisted rate based upon the level of care needed by the patient, it has become problematic when a patient is well enough to be transferred to long term care, since Medicaid payments to the hospital are reduced to a fraction of the actual cost of care in the hospital acute care setting. This results in an unfair financial burden on the hospitals, which must continue to provide care at a much higher cost to patients who remain waitlisted in acute care hospital beds due to the unavailability of long term care beds.

It naturally follows that Kaiser Foundation Hospital's finances are negatively impacted by this waitlist situation, the same as all the other acute care hospitals in the State. Therefore, we commend the legislature for introducing and considering this important issue. We believe that a

working group, convened by the Med-QUEST Administrator, will be able to propose realistic recommendations to help reduce the waitlist issue for medically complex patients.

Thank you for the opportunity to comment on this important issue.



**April 17, 2017 at 10:30 AM**  
**Conference Room 229**

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

To: Chair Josh Green  
Vice Chair Stanley Chang

Chair Rosalyn H. Baker  
Vice Chair Clarence K. Nishihara

From: Paige Heckathorn  
Senior Manager, Legislative Affairs  
Healthcare Association of Hawaii

**Re: Testimony in Support**  
**HCR 161, Requesting the Convening of a Working Group Relating to Complex Patients**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 160 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.

The Healthcare Association of Hawaii would like to thank the committees for the opportunity to **support** HCR 161. This resolution requests the MedQUEST administrator to convene a working group to evaluate the issue of complex patients who are waitlisted in hospitals and consider potential solutions that encourage long-term care facilities to take these patients, such as an add-on or incentive payment.

All too often, patients who no longer need an acute level of care end up residing in a hospital for many months because the cost of caring for that patient in a long-term care facility is much higher than what the facility would receive in reimbursements from the Medicaid program. The predominant reason that the costs are so high is that a patient has a complex medical need, such as septicemia or behavioral health or substance abuse issues, that require more intensive services.

The costs incurred by hospitals for caring of these patients, who are often referred to as "waitlisted patients," is concerning. A 2014 report by the Hawaii Health Information

Corporation found that there were 7,055 patients who were waitlisted in Hawaii hospitals in 2011. The costs to hospitals of taking care of those patients was \$1,259 per day, with a net annual loss of approximately \$60 million. Further, patients who need acute care services may not be able to access a hospital bed if it is taken up by an individual who no longer meets that level of care but cannot be moved to an appropriate facility.

We appreciate that the legislature is discussing this issue and would ask for your support in continuing the conversation by approving this resolution and establishing a working group. We believe that this group of stakeholders can come together and find a way to ease the bottleneck currently occurring in our hospitals and ensure that every patient receives appropriate, high-quality care.

Thank you for your consideration of this important matter.