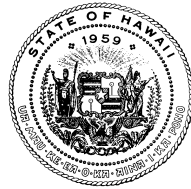


JOSH B. GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA
MOKU'ĀINA 'O HAWAI'I



KATHERINE AUMER, PhD
COUNCIL CHAIRPERSON
LUNA HO'OMALU O KA PAPA

**STATE OF HAWAI'I
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
STATE COUNCIL ON MENTAL HEALTH
P.O. Box 3378, Room 256
HONOLULU, HAWAII 96801-3378**

**STATE COUNCIL ON MENTAL HEALTH
Testimony to the House Committee on Finance
In Support of S.B. 1443 S.D.2 H.D. 1
RELATING TO THE DEPARTMENT OF HEALTH
March 28, 2025 2:00 p.m., Room 308 and Video**

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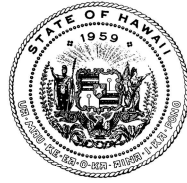
Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Hawaii law, HRS §334-10, established the State Council on Mental Health ("Council") as a 21-member body to advise on the allocation of resources, statewide needs, and programs affecting more than one county as well as to advocate for adults with serious mental illness, children with serious emotional disturbances, individuals with mental illness or emotional problems, including those with co-occurring substance abuse disorders. Members are residents from diverse backgrounds representing mental health service providers and recipients, students and youth, parents, and family members. Members include representatives of state agencies on mental health, criminal justice, housing, Medicaid, social services, vocational rehabilitation, and education. Members include representatives from the Hawaii Advisory Commission on Drug Abuse and Controlled Substances and county service area boards on mental health and substance abuse.

The Council supports this measure. It seeks to ensure that patients who may be discharged from the State Hawaii Hospital can access needed long-term care. It seeks to support the procurement of long-term care services by improving the rates for medical care payments. In supporting this, the Council also expresses the need for service providers to be adequately trained and that discharged patients will be cared for appropriately.

Thank you for the opportunity to testify. Should you have any questions, please contact us at DOH.SCMHChairperson@doh.hawaii.gov.

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KENNETH S. FINK, M.D., M.G.A., M.P.H.
DIRECTOR OF HEALTH
KA LUNA HO'ŌKELE

Testimony in SUPPORT of S.B. 1443 SD1 HD1

**RELATING TO RELATING TO
THE DEPARTMENT OF HEALTH.**

REPRESENTATIVE KYLE T. YAMASHITA, CHAIR
REPRESENTATIVE JENNA TAKENOUCI, VICE CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: March 28, 2025, 2:00 PM Room Number: 308/Videoconference

1 **Department Position:** The Department of Health (Department) strongly supports this measure.

2 **Department Testimony:** The Hawaii State Hospital (HSH) provides the following testimony on
3 behalf of the Department and the Adult Mental Health Division (AMHD).

4 The Department supports this measure that addresses two current barriers regarding
5 care for patients at the HSH. The measure streamlines the process of paying for medical care
6 for an HSH patient, and also facilitates the discharge of a patient to a long-term care facility
7 when that is a more appropriate setting for care.

8 The HSH has an aging hospital population. Of that population, approximately 10-15
9 patients are psychiatrically stable, legally cleared for hospital discharge, and have long-term
10 care needs that are more appropriate for community-based residential care than in-patient
11 psychiatric hospitalization. However, no long-term care provider has agreed to accept these
12 patients at Medicaid rates. As a result, the HSH has become the default long-term care facility.
13 A procurement exemption will allow working directly with any long-term care provider to
14 discharge patients and help decompress the HSH which has an increasing hospital census of
15 about 20% year-over-year. The payment is expected to be comparable to the cost at HSH of
16 approximately \$1,000/day. The goal is to help the patient apply for Medicaid to leverage

1 federal funds and reduce the overall state share, even with a state funded supplement above
2 the Medicaid rates that would be a separate contract between the Department and the long-
3 term care provider. No appropriation is requested at this time, as the funding to cover costs of
4 care at HSH would instead be used to pay for the care in a long-term care facility. However,
5 should other patients be admitted to the HSH because of bed availability, such as civil
6 commitments, then additional funding would be needed.

7 Currently, when a patient at HSH requires medical care outside the HSH, the HSH must
8 do the administrative work of getting a procurement exemption, negotiating payment rates,
9 and having a contract with the healthcare provider. No procurement exemption request for
10 medical care has been denied. These patients would typically be Medicaid eligible based on
11 income, but Medicaid does not cover services for patients at an Institution for Mental Disease,
12 except for certain exemptions. When providers submit bills to the HSH, hospital staff manually
13 reviews the billing and codes to process payment. This labor intensive manual processing has
14 resulted in payment delay of two years. Exempting medical care from competitive
15 procurement reduces the work of getting an exemption. Paying at the Medicaid fee schedule
16 avoids the need for negotiating rates, when the State must agree to pay to get the needed
17 services, and this payment amount is likely what the provider would have been reimbursed for
18 the same medical services if the individual was not an HSH patient. In addition, payment at
19 Medicaid rates would allow utilizing the fiscal agent that processes Medicaid claims to process
20 these claims, since paid at the same amount, which would result in much more timely payment
21 to the provider and significantly reduce administrative burden on HSH staff.

22 In summary, this measure would improve operational efficiency at the HSH and help
23 HSH patients be cared for in the most appropriate setting. Mahalo for hearing this measure
24 and the opportunity to testify.