



JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'AINA O KA MOKU'AINA 'O HAWAII

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

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

Testimony in SUPPORT of S.B. 1443 SD1

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

SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATOR SHARON Y. MORIWAKI, VICE CHAIR
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: February 28, 2025, 10:05 AM Room Number: 211

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.