

# **HB 879, HD2**

Measure Title: RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM.

Report Title: Hospital Sustainability Program; Special Fund (\$)

Description: Amends Act 217, Session Laws of Hawaii 2012, to continue the Hospital Sustainability Program by extending the sunset date of the Act from 6/30/13 to 6/30/14, updating the referral dates in the statute, and appropriating funds for the program for Fiscal Year 2013-2014. Effective 7/1/30. (HB879 HD2)

Companion: SB1110

Package: Gov

Current Referral: HTH/HMS, WAM

Introducer(s): SOUKI (Introduced by request of another party)

**Testimony to the Senate Committees on Human Services and Health**  
**Tuesday, March 12, 2013**  
**1:15 P.M.**  
**State Capitol – Conference Room 016**

**RE: HOUSE BILL 879 HD 2, RELATING TO HOSPITAL SUSTAINABILITY PROGRAM**

Chairs Oakland and Green, Vice Chairs Green and Baker, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 879, HD 2 Relating to the Hospital Sustainability Program.

The Chamber is the largest business organization in Hawaii, representing over 1000 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 healthy and sustainable hospital network and health care industry is vital to the health of our employees, business and our residents overall quality of life.

Thank you for the opportunity to testify.

SENATE COMMITTEE ON HUMAN SERVICES  
Senator Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON HEALTH  
Senator Josh Green, Chair

March 12, 2013 at 1:15 p.m.  
Conference Room 016

**Supporting HB 879 HD 2: Relating to the Hospital Sustainability Program.**

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, a majority of home health agencies and hospices, as well as long term care facilities and other health care organizations. Our members contribute significantly to Hawaii's economy by employing nearly 20,000 people statewide, delivering quality care to the people of Hawaii. Thank you for this opportunity to testify in support of HB 879 HD 2, which modifies the Hospital Sustainability Program and extends its sunset for one year, to June 30, 2014.

The Legislature created this program last year by enacting Act 217. Recognizing that Medicaid payments were below the actual costs of care, this program 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.

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.

This bill is the result of a collaborative effort between the Department of Human Services and the Healthcare Association of Hawaii. It is a bill that benefits Medicaid enrollees because it ensures access to quality care.

Thank you for the opportunity to testify in support of HB 879 HD 2.



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**HAWAII PACIFIC HEALTH**  
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**Tuesday, March 12, 2013 – 1:15 pm**  
**Conference Room 016**

**The Senate Committee on Human Services**

To: Senator Suzanne Chun Oakland, Chair  
Senator Josh Green, Vice chair

**The Senate Committee on Health**

To: Senator Josh Green, Chair  
Senator Rosalyn Baker, Vice Chair

From: David Okabe  
Executive Vice President  
Chief Financial Officer

**Re: HB 879 HD2 Relating to the Hospital Sustainability Program  
Testimony in **Support****

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My name is David Okabe, Executive Vice President and Chief Financial Officer for Hawai'i Pacific Health (HPH). HPH is a nonprofit health care system and the state's largest health care provider anchored by its four nonprofit hospitals: Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital on Kauai. HPH is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four affiliated hospitals, 49 outpatient clinics and service sites, more than 5,400 employees and 1,300 physicians on staff.

HPH is writing in support of HB 879, HD2 which would amend Act 217, Session Laws of Hawaii 2012 to continue the Hospital Sustainability Program by extending the sunset date of the Act, updating the referral dates in the statute, and to revise the funding amount for the hospital sustainability program for fiscal year 2013-2014. This bill represents collaboration between the Department of Human Services and the Healthcare Association of Hawaii.

Recognizing that Medicaid payments were below the actual costs of care, the Hospital Sustainability Program increases Medicaid payments to hospitals by assessing a fee to hospitals, using the revenue to obtain matching federal Medicaid funds, and using the available funds to directly pay hospitals for the uncompensated cost of care provided to patients.

HPH was a participant in the Hospital Sustainability Program in response to the dire Medicaid reimbursement situation that all providers are confronting. HB 879, HD2 will ensure continued timely payments to the hospitals and will ensure that there will be no disruption in the provision of medically necessary services to program recipients.

We ask that you please pass this measure from your committee.

