

SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair

February 5, 2013 at 1:15 p.m.
Conference Room 016

Supporting SB 1102: Making an Emergency Appropriation to the Department of Human Services from the Hospital Sustainability Program Special Fund.

The Healthcare Association of Hawaii (HAH) advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of SB 1102, which makes an emergency appropriation to improve Medicaid payments to hospitals.

Recognizing that Medicaid payments were far below the actual costs of care, the Legislature created the Hospital Sustainability Program last year by enacting Act 217, which 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.

Specifically, 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. But while the program increases Medicaid payments to many hospitals, they still fall below the actual costs of care.

Unfortunately, it was discovered after the bill was passed that Act 217 did not include the technicality of an appropriation from the Hospital Sustainability Program Special Fund. In order to begin the Hospital Sustainability Program, the Department of Human Services used money from another fund as a temporary solution. HB 871 will reimburse those moneys and enable the program to operate as envisioned.

Thank you for the opportunity to testify in support of SB 1102.



LATE

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Tuesday – February 05, 2013 – 1:15pm
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The Senate Committee on Human Services

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

From: David Okabe
Executive Vice President
Chief Financial Officer

Re: **SB 1102**

Making an Emergency Appropriation to the Department of Human Services from the Hospital Sustainability Program Special Fund

Testimony in Support

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 SB 1102 which appropriates monies out of the Hospital Sustainability Program Special Fund to the Department of Human Services to be used consistent with the Hospital Sustainability Program Special Fund, including reimbursement of moneys advanced in fiscal year 2012-2013 from the health care payments program (HMS 401).

HPH was a participant in the Hospital Sustainability Program in response to the dire Medicaid reimbursement situation that all providers are confronting. This emergency appropriation 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.



Affiliates of Hawai'i Pacific Health