

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

House Committee on Health

SB 1336 S.D.2, RELATING TO HEALTH CARE

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

March 13, 2013

1 **Department's Position:** The Department of Health (DOH) appreciates the intent of this measure to
2 amend the Hawaii Revised Statutes to designate Kahuku Medical Center as a rural hospital for the
3 purposes of maintaining its critical access hospital designation.

4 **Fiscal Implications:** None to the Department of Health.

5 **Purpose and Justification:** The purpose of this bill is to maintain Kahuku Medical Center's critical
6 access hospital designation. The main benefit of having this federal designation for Kahuku Medical
7 Center is their ability to receive enhanced (cost-based) reimbursement from the Centers for Medicare
8 and Medicaid Services. These reimbursements ensure access to healthcare for rural communities. One of
9 the requirements for being a critical access hospital is that it be located in a designated rural area or that
10 the facility be designated as a rural hospital by the State. The 2010 Census definitions of rural leave
11 Kahuku Medical Center outside of a federally designated rural area, this measure would help to protect
12 Kahuku Medical Center's critical access hospital status by designating it as a rural hospital.

13 Thank you for the opportunity to testify.

HOUSE COMMITTEE ON HEALTH
Rep. Della Au Belatti, Chair

March 13, 2013 at 8:30 a.m.
Conference Room 329

Supporting SB 1336 SD 2: Relating to Health Care

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.

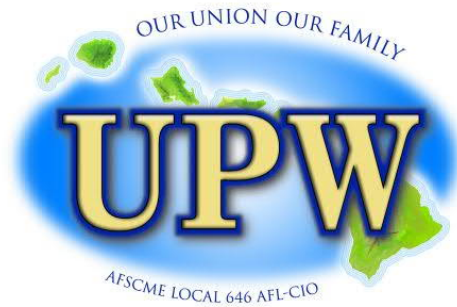
Thank you for this opportunity to comment in support of 1336 SD 2, which designates Kahuku Medical Center as a rural health hospital for the purpose of maintaining its critical access hospital (CAH) designation.

The primary benefit of the CAH program is to exempt designated facilities from the prospective payment system (PPS) because those payments are below the actual costs of care. Instead, CAH facilities receive cost-based reimbursements from Medicare and Medicaid. This enables small rural hospitals to:

- (1) Maintain primary and emergency health care services;
- (2) Offer a range of health care services that meet the needs of the community citizens; and
- (3) Remain financially viable.

CAH designation is especially critical to Kahuku Medical Center because six years ago it was planning to close due financial problems. However, it affiliated with the Hawaii Health Systems Corporation and its public hospitals. Although closure was averted, Kahuku Medical Center continues to face fiscal challenges. Furthermore, the CAH designation of Kahuku Medical Center has been recently threatened. This bill is designed to ensure that Kahuku Medical Center maintains its designation as a CAH so that it can continue to operate. This will enable the residents of Oahu's isolated North Shore community to have continued timely access to hospital care.

Thank you for the opportunity to comment in support of SB 1336 SD 2.



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Seventh Legislature
Regular Session of 2013

COMMITTEE ON HEALTH

The Honorable Rep. Della Au Belatti, Chair
The Honorable Rep. Dee Morikawa, Vice Chair

DATE OF HEARING: Wednesday, March 13, 2013
TIME OF HEARING: 8:30 a.m.
PLACE OF HEARING: Conference Room 329

TESTIMONY ON SB1336 SD2 RELATING TO HEALTH CARE

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW supports SB1336 SD2 which designates the Kahuku Medical Center as a rural hospital, and we ask that you pass this measure.

Thank you for the opportunity to testify.