

HOUSE COMMITTEE ON HEALTH  
Rep. Della Au Belatti, Chair

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

**Supporting SB 1339 SD 1: Relating to Rural Areas.**

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 SB 1339 SD 1, which establishes a definition of "rural" for the purpose of qualifying for federal programs to ensure that Kahuku Medical Center continues to qualify as a critical access hospital (CAH).

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 testify in support of SB 1339 SD 1.