

Testimony of
Frank P. Richardson
Vice President and Regional Counsel

Before:
House Committee on Health
The Honorable Ryan I. Yamane, Chair
The Honorable Scott Y. Nishimoto, Vice Chair

January 26, 2010
9:00 am
Conference Room 329

HB 2084 RELATING TO THE FEDERAL DISPROPORTIONATE SHARE HOSPITAL FUNDS (DSH Match)

Chair Yamane, Vice Chair Nishimoto, and committee members, thank you for this opportunity to provide testimony on HB2084 that would appropriate state funds to match federal funding for the disproportionate share hospital allowance.

Kaiser Permanente Hawaii supports this bill.

The cost of delivering health care in Hawaii and across the nation continues to mount. In an effort to ensure that health care payments are sufficient to cover the actual costs of care provided to Medicaid patients in hospitals in Hawaii, Kaiser Hawaii supports this measure to appropriate the required state funds necessary to match the federal Medicaid disproportionate share hospital (DSH) appropriation of \$15,000,000 for Hawaii: \$2,500,000 for the fourth quarter of federal fiscal year 2008, \$10,000,000 for federal fiscal year 2009, and \$2,500,000 for the first quarter of federal fiscal year 2010.

The proposed State appropriation of \$12,654,867, together with the federal appropriation, will help support funding of quality health care for the State of Hawaii's Medicaid population, and provide much needed assistance in covering the actual costs of the care provided.

Thank you for the opportunity to comment.



THE QUEEN'S MEDICAL CENTER

1301 Punchbowl Street • Honolulu, Hawaii 96813 • Phone (808) 538-9011 • Fax: (808) 547-4646

Representative Ryan I. Yamane, Chair
Representative Scott Y. Nishimoto, Vice Chair

January 26, 2010 – 9:00 a.m.
State Capitol, Conference Room 329
COMMITTEE ON HEALTH

In Strong Support of HB 2084, Relating to the Federal Disproportionate Share Hospital Funds

Chair Yamane, Vice Chair Nishimoto and Members of the Committee,

My name is Rick Keene, and I am The Queen's Health Systems Executive VP and Chief Financial Officer. I am testifying for The Queen's Medical Center in strong support of HB 2084, which appropriates State funds to match federal funding of \$15,000,000 for the Disproportionate Share Hospital (DSH) allowance for Medicaid/Quest patients.

Medicaid/Quest is the cornerstone of health care for our most needy population. Hawaii's hospitals in particular have been detrimentally affected by the inadequacy of Medicaid/Quest reimbursements and payments, and have annually lost tens of millions of dollars because government reimbursement is far below the cost of providing medical care. In fiscal year 2008, The Queen's Medical Center treated 4,694 inpatients and 29,785 outpatients who were covered by Medicaid/Quest. The October 2008 report "Issues Impacting Hawaii's Hospitals, Nursing Facilities, Home Care and Hospice Providers" by the Healthcare Association of Hawaii, found that in 2007, losses for Medicaid, Quest and uninsured patients in Hawaii were approximately \$48,100,000.

The proposed State funding of \$12,654,867, combined with the federal appropriation will supplement the reimbursement shortfall for Medicaid/Quest patients. Without state matching funds, the federal funding will be lost. Your support and approval of HB 2084 is crucial toward enabling Hawaii's hospitals to continue to serve the needy.

Thank you for the opportunity to testify.



55 Merchant Street
Honolulu, Hawai'i 96813-4333

HAWAII PACIFIC HEALTH

Kapi'olani • Pali Momi • Straub • Wilcox

808-535-7401
www.hawaiipacifichealth.org

Tuesday, January 26, 2010 – 9:00am
Room 329

The House Committee on Health

To: Representative Ryan H. Yamane, Chair
Representative Scott Y. Nishimoto, Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: **Testimony in Support HB 2084 Relating to the Federal Disproportionate Share Hospital Funds**

My name is Virginia Pressler, MD, MBA, Executive Vice President at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a nonprofit health care system and the state's largest health care provider, 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, 44 outpatient clinics and more than 2,200 physicians and clinicians. The network is anchored by its four nonprofit hospitals: Kapi'olani Medical Center for Women & Children, Kapi'olani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital. Collectively, they lead the state in the areas of women's health, pediatric care, cardiovascular services, bone and joint services and cancer care. Hawai'i Pacific Health ranks among the top 3.8 percent of hospitals nationwide in electronic medical record adoption, with system-wide implementation that allows its hospitals to offer integrated, coordinated care throughout the state. Learn more at: <http://www.hawaiipacifichealth.org>

We are writing in support of HB 2084 which would provide an appropriation, enabling Hawaii to become eligible to receive Disproportionate Share Hospital (DSH) funding from the Federal Government in the amount of \$15,000,000. Congress established the DSH program in 1981 to help ensure that states provide adequate financial support to hospitals that serve a significant number of low-income patients with special needs. Since 1993, as part of the agreement when Med-Quest was established, Hawaii did not qualify for DSH dollars. The purpose of this Act is to appropriate state matching funds to secure this critical federal funding.

The real problem facing all Hawaii Hospitals is inadequate reimbursement by Medicaid and Medicare for medical services. On average, Hawaii hospitals lose 20 cents on every \$1.00 spent to provide care for a Med-Quest patient and 21 cents on every Medicare patient. Hawaii Pacific Health provides care for thirty six percent (36%) of the total state Medicaid/QUEST discharges and loses tens of millions of dollars each year in



STRAUB
CLINIC & HOSPITAL



WILCOX HEALTH

order to provide care for these patients.

The status quo of inadequate reimbursement by government payers is unsustainable. As cumulative losses to Hawaii hospitals continue to grow, the real costs to the community of inadequate reimbursement are physician attrition, patient access to specialty care, and compromised quality of care. The only way to maintain the level of healthcare Hawaii's residents deserve is to ensure that the State pays its fair share of Medicaid costs.

Our Congressional representatives worked hard again to ensure that Hawaii be eligible for receiving adequate DSH funds this fiscal year. HB 2084 would be a significant step in helping to address the current healthcare crisis by ensuring that adequate resources are made available to cover the true costs of providing care.

Thank you for your time regarding this measure. We ask that you pass HB 2084.