

STAND. COM. REP. NO.

261

Honolulu, Hawaii

FEB 16 2011

RE: S.B. No. 785

S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred S.B. No. 785 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose and intent of this measure is to appropriate funds to the Department of Human Services to match available federal Disproportionate Share Hospital funds allocated to the State.

Your Committee received testimony in support of this measure from the Healthcare Association of Hawaii; Kaiser Permanente; Hawai'i Pacific Health; The Queen's Medical Center; Hawai'i Primary Care Association; Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO; and two individuals. Your Committee received comments on this measure from the Department of Human Services.

Your Committee finds that the federal government makes Disproportionate Share Hospital (DSH) payments available to hospitals that serve significantly disproportionate numbers of low-income patients. Eligible hospitals are referred to as DSH hospitals. States receive an annual DSH allotment to cover the costs of DSH hospitals that provide care to low-income patients that are not paid by other payers, such as Medicare, Medicaid, the Children's Health Insurance Program, or private health insurance.

Your Committee further finds that Hawaii does not receive DSH funding on a regular basis. Hawaii lost DSH funding when the

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State created its QUEST program under Medicaid. However, Hawaii's Congressional Delegation has been able to secure \$10,000,000 per year in federal DSH payments until 2019. These federal funds may be matched by state funds using the Federal Medical Assistance Percentage.

According to testimony received by your Committee, the Department of Human Services has submitted a state plan amendment to the federal Centers for Medicare and Medicaid Services covering the period from July 1, 2009, through June 30, 2010. The DSH payment for this period will be paid to hospitals in February 2011. Your Committee also finds that the next DSH period will be July 1, 2010, through June 30, 2011, and the applicable Federal Medical Assistance Percentage is expected to be 50.48 percent for that period, which corresponds to \$9,809,826 for the State's share.

Accordingly, your Committee has amended this measure by:

- (1) Deleting references to specific Federal Medical Assistance Percentages and dollar amounts and leaving the percentages and sums unspecified for determination by the Committee on Ways and Means;
- (2) Changing the appropriation amount from \$8,654,621 to \$9,809,826; and
- (3) Making conforming amendments for accuracy.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 785, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 785, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,

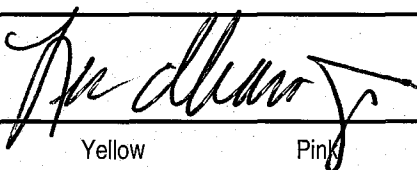
Suzanne Chun Oakland

SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* SB 785	Committee Referral: Hms, WAM	Date: 2-1-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
GREEN, M.D., Josh	✓			
SLOM, Sam				✓
TOTAL	3	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes