



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
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In reply, please refer to:  
File:

## HOUSE COMMITTEES ON HEALTH & HUMAN SERVICES

### S.B. 2227, RELATING TO HEALTH

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

March 20, 2012

1 **Department's Position:** The Department of Health supports the intent of this measure provided that its  
2 enactment does not reduce or replace priorities within our Supplemental Budget Request.

3 **Fiscal Implications:** An unspecified appropriation under Section 2 of this measure for fiscal year 2013  
4 for the provision of primary medical, dental, and behavioral health care for uninsured persons through  
5 nonprofit community health centers.

6 **Purpose and Justification:** Act 316, HSL 2006 established a special fund for the deposit of cigarette  
7 tax revenues to be used by the Department for the operations of Federally Qualified Health Centers  
8 (FQHCs). In fiscal year 2012, the Department allocated \$4,501,345 in cigarette tax revenues via  
9 contracts to thirteen FQHCs to provide comprehensive primary care services (medical, dental treatment,  
10 and behavioral health care) for uninsured and/or underinsured individuals whose family income falls  
11 within 250% of the federal poverty guidelines. Although the amounts being allocated by the  
12 Department may be at a reasonable level for fiscal year 2012 based on need, the impact of changes to the  
13 Medicaid program starting in April 2012 will likely result in an increase in the number of uninsured  
14 persons who will seek medical care at the community health centers. Actual deposits into the special  
15 fund account have been declining since fiscal year 2010 due to a freeze in the cigarette tax rate pursuant

1 to Act 192, HSL 2010. Therefore, the Department does not anticipate that the special fund account will  
2 have sufficient funds to compensate the community health centers for any significant increases in the  
3 number of uninsured/underinsured individuals being served. Although the Department does recognize  
4 the importance of community health centers in providing direct health care for the uninsured and  
5 supports the concept of this bill, we are concerned about the cost implications generated by this  
6 proposal.

7 Thank you for this opportunity to testify on this measure.



HOUSE COMMITTEE ON HEALTH  
Rep. Ryan Yamane, Chair

HOUSE COMMITTEE ON HUMAN SERVICES  
Rep. John Mizuno, Chair

Conference Room 329  
March 20, 2012 at 10:00 a.m.

**Supporting SB 2227: Relating to Health**

The Healthcare Association of Hawaii 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 2227, which appropriates funds to provide health care through nonprofit community health centers to people who are uninsured.

Hawaii's nonprofit community health centers operate throughout the state, constituting a vital component of Hawaii's health care system. These health centers serve more than 125,000 of the most needy people in the state, many of whom do not have health care insurance and would otherwise not have access to health care.

The uninsured population in Hawaii has increased in recent years due to the recession and its aftermath. Ten years ago the percentage of uninsured in Hawaii was in the low single digits, and Hawaii was proud of having the lowest proportion of uninsured in the nation. At that time, Hawaii was justifiably known as the "Health State." Since then there has been a troublesome increase in the numbers of uninsured people. Today the uninsured population stands at about 10%, and a number of other states now have smaller proportions of uninsured people than Hawaii.

Hawaii's nonprofit community health centers have proven to be effective in providing comprehensive primary care services to residents of poor and disadvantaged communities. In doing so, these health centers help to keep other components of the health care system viable. For example, they reduce the numbers of patients who go to emergency departments in hospitals and reduce the impact of uncompensated care on other providers. Hawaii needs our community health centers to keep its health care system financially viable.

For the foregoing reasons, the Healthcare Association supports SB 2227.