



***The Chamber of
Commerce of Hawaii***
Since 1850

**Testimony to the Senate Committee on Ways and Means
Friday, February 22, 2008 at 9:30 a.m.
Conference Room 211, State Capitol**

RE: SENATE BILL NO. 2041 RELATING TO HEALTH

Chair Baker, Vice Chair Tsutsui, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports Senate Bill No. 2041 relating to Health.

The Chamber is the largest business organization in Hawaii, representing 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This measure appropriates funds to match federal funding for the disproportionate share of the hospital allowance.

Quality health care is critical to the people and economy of Hawaii. As one of the largest private industries in Hawaii, the health care industry plays an important role in our economy, particularly through attractive, well-paying jobs and through the purchase of goods and services that contribute to our state's economy. As such, the health care industry plays a crucial role in the economic development and sustainability of our state and all of Hawaii's businesses. Also, Hawaii's healthcare system provides quality care for our families and serves to attract and retain a professional workforce, new companies, and even tourists to our state.

However, the quality healthcare that Hawaii has enjoyed for years is now in jeopardy. It is on the verge of declining because healthcare providers are no longer being paid for essential services at a level sufficient to cover annually increasing costs. The health care system must be maintained and challenges must be addressed.

Therefore, The Chamber supports prescriptions of improvements of the quality of our health care system, which include legislation that will improve payments to health care providers of essential health care services and increase long term care capacity and access statewide. Appropriating funds to match the federal funding for the disproportionate share is the first step in the right direction to ameliorate the current state of health care in Hawaii.

In light of the above, The Chamber of Commerce of Hawaii supports SB 2041. Thank you for the opportunity to testify.



THE QUEEN'S MEDICAL CENTER

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

SENATE COMMITTEE ON WAYS AND MEANS

Senator Rosalyn H. Baker, Chair

Senator Shan S. Tsutsui, Vice Chair

Friday, February 22, 2008 – 11:00 a.m.

State Capitol, Conference Room 211

Deliver to: Committee Clerk, Room 210, 1 copy

In Strong Support of SB 2041, Relating to Health

Chair Baker, Vice Chair Tsutsui, and Members of the Committee:

My name is Rix Maurer, and I am the Vice President of Finance at The Queen's Medical Center. I am testifying for The Queen's Medical Center in strong support for SB 2041 which appropriates \$5,774,340 to match federal funding of \$7,500,000 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 2007, The Queen's Medical Center treated over 4,100 inpatients and 27,000 outpatients who were covered by Medicaid/Quest. The November 2007 report "Financial Trends of Hawaii's Hospitals, Nursing Facilities, Home Care and Hospice Providers" by the Healthcare Association of Hawaii found that 2006 Medicaid/Quest losses for hospitals were approximately \$63,500,000.

The combined federal and state funding will provide an additional \$13,274,340 to Hawaii's hospitals to supplement the reimbursement shortfall for Medicaid/Quest patients. Without state matching funds, the federal funding will be lost. Your support and approval of SB 2041 is crucial toward enabling Hawaii's hospitals to continue to serve the needy.

Thank you for the opportunity to testify.

Hawaii Pacific Health

55 Merchant Street • Honolulu, Hawaii 96813 • hawaiipacifichealth.org

[5 Copies]

Friday, February 22, 2008 – 11:00am
Conference Room 211

The Senate Committee on Ways and Means

To: The Honorable Rosalyn H. Baker, Chair
The Honorable Shan S. Tsutsui, Vice-Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: **Testimony in Strong Support of SB 2041 - Relating to Health**

Dear Honorable Committee Chairs and Members:

My name is Virginia Pressler, Executive Vice President for Hawaii Pacific Health (HPH). For more than a century, families in Hawaii and the Pacific Region have relied on the hospitals, clinics, physicians and staff of Hawaii Pacific Health as trusted healthcare providers. Our non-profit integrated healthcare system is the state's largest healthcare provider and is committed to improving the health and well-being of the people of Hawaii and the Pacific Region through its four hospitals -- Kapi'olani Medical Center for Women & Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital -- 18 outpatient centers and a team of 1,100 physicians on the islands of Oahu, Kauai and Lanai.

We are writing in strong support of SB 2041 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 \$7,500,000. 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. This bill would authorize \$5,774,340 as the State's matching share.

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 order to provide care for these patients.

KAPI'OLANI
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AT PALI MOMI



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Wilcox Health

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 to ensure that Hawaii be eligible for receiving adequate DSH funds this fiscal year. SB 2041 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 SB 2041.





SENATE COMMITTEE ON WAYS AND MEANS

Senator Rosalyn Baker, Chair

Conference Room 211

February 22, 2008 at 11:00 a.m.

Testimony in support of SB 2041.

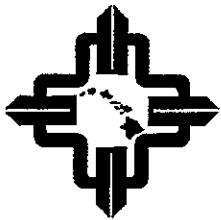
I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to submit written testimony in strong support of SB 2041, which appropriates State funds to match federal funding to help sustain hospitals that provide care for low-income patients, many of whom cannot afford to pay for their care.

The Association would like to acknowledge the efforts of the current administration, Hawaii's Congressional Delegation, and the State Legislature in providing a series of DSH payments to Hawaii's hospitals. Several years ago the current administration aggressively pursued and secured federal DSH funds. Subsequent funding was obtained through the assistance of Hawaii's Congressional Delegation. Federal DSH funds have been matched by the Legislature in the past, and we seek that again today.

Hospitals and other health care providers are suffering financially because of low payments by Medicare, Medicaid, and private health care insurers. DSH funding recognizes that hospitals provide care to a substantial number of patients who do not have the financial resources to pay for their care because they are poor and lack health care insurance. The \$5.8 million appropriation contained in this bill is the required match to draw down \$7.5 million in federal funds that are available. The funding would be very much appreciated. However, it should be noted that the DSH funding covers only a small part of the costs of caring for patients who cannot pay for their care.

In addition to supporting Hawaii's hospitals, the federal funds represent an infusion of money into Hawaii's economy during these times of deteriorating economic conditions and suggestions of a national recession.

For the foregoing reasons the Healthcare Association strongly supports SB 2041.



HAWAII HEALTH SYSTEMS C O R P O R A T I O N

"Touching Lives Every Day"

Written Testimony

THE SENATE

COMMITTEE ON WAYS AND MEANS

**Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair**

February 22, 2008 at 11:00 AM
Conference Room 211
Hawaii State Capitol

Testimony Supporting SB 2041 Relating to Disproportionate Share Hospital Allowance

Appropriates funds to match federal funding for the disproportionate share hospital allowance.

Thomas M. Driskill, Jr.
President and Chief Executive Officer

Thank you for the opportunity to provide testimony in strong support of SB 2041 that appropriates funds to match federal funding for the disproportionate share hospital (DSH) allowance. This measure supports hospitals that provide care for low-income patients, many of whom cannot afford to pay for their care.

Federal DSH funds have been secured through efforts of the administration, Hawaii's Congressional Delegation, and the State Legislature. The Federal DSH funds have been matched by the Legislature in the past and this measure seeks such state matching funds to support hospitals that provide care to a considerable number of patients who cannot afford healthcare.

As a state authorized public health system of safety-net facilities, HHSC clearly recognizes many challenges including escalating costs, decreasing reimbursements, increasing charity/bad debt that hospitals face in making quality healthcare accessible to all. DSH funding recognizes the care that hospitals provide to patients who are unable to pay for their healthcare.

Hawaii Health Systems Corporation strongly supports this measure. Thank you.

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[www.hhsc.org <http://www.hhsc.org>](http://www.hhsc.org)

testimony

From: Clair Jones [CJones@rehabhospital.org]
Sent: Thursday, February 21, 2008 8:40 AM
To: testimony
Subject: Testimony for Ways and Means Committee Hearing on February 22, 2008 at 11 am

This testimony is submitted to the Ways and Means Committee for a hearing on February 22, 2008 at 11:00 am.

TESTIMONY in Support of SB 2041:

I am Clair Jones, President and CEO of the Rehabilitation Hospital of the Pacific (Rehab), the only acute inpatient rehabilitation hospital in Hawaii and the Pacific region, a critical component of our healthcare system. Our mission is to Rebuild Lives, providing comprehensive in and outpatient services to individuals who have suffered a spinal cord injury, brain injury, stroke or multiple traumas, as well as other debilitating diseases. Our goal is to return our patients back to their homes and communities.

Thank you for this opportunity to submit written testimony in support of SB 2041, which appropriates State funds to match federal funding to help sustain hospitals that provide care for low income patients, many of whom cannot afford to pay for their care.

Our organization recognizes and very much appreciates the efforts of the current administration, Hawaii's Congressional Delegation, and the State Legislature in providing a series of DSH payments to our hospital. These available federal DSH funds of \$7.5 million have to be matched by \$5.8 million from the State. The Legislature has secured this match in the past, and we seek that again today.

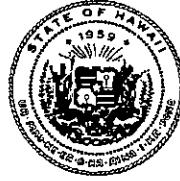
As you know, hospitals and other healthcare providers are suffering financially because of low payments by Medicare, Medicaid, and private health care insurers. Rehab Hospital is no exception to this difficult situation. We care for many persons who do not have the financial means to pay for their care. All of the individuals we treat have some degree of physical disability which often limits their employment potential. This funding will help offset part of the costs of caring for these patients with disability who cannot pay for their care.

The Rehabilitation Hospital of the Pacific strongly supports SB 2041. Thank you for considering this testimony on this very critical issue.

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DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339**

February 22, 2008

MEMORANDUM

TO: Honorable Rosalyn H. Baker, Chair
Senate Committee on Ways and Means

FROM: Lillian B. Koller, Director

SUBJECT: S.B. 2041 – RELATING TO HEALTH

Hearing: Friday, February 22, 2008 11:00 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of this bill is to appropriate funds for the State's portion of the Federal disproportionate share hospital allowance.

DEPARTMENT'S POSITION: The Department of Human Services appreciates the intent of this bill, provided that its passage does not adversely impact nor replace the priorities in the Executive Supplemental Budget.

A second Federal Medicaid disproportionate share hospital (DSH) allowance of \$7,500,000 was recently been granted by Congress for Hawaii for 2008. These Federal funds cannot be expended without a State match. This bill would provide the State match needed for a second disproportionate share hospital (DSH) allowance payment to hospitals.

Specifically, the State funds of \$5,774,340 appropriated in this bill will match the \$7,500,000 Federal funds to provide a total of \$13,274,340 in DSH payments to hospitals in Hawaii.

In as much as these options will require additional State appropriations, DHS respectfully requests that such funding not adversely impact nor replace the priorities in the Executive Supplemental Budget.

Thank you for this opportunity to testify.