

HB 1284

**Testimony to the Senate Committees on Human Services and Health
Thursday, March 19, 2009 at 1:45 p.m.
Conference Room 016, State Capitol**

RE: HOUSE BILL 1284, HD1RELATING TO HEALTH

Chairs Chun Oakland and Ige, Vice Chairs Ihara and Green, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports House Bill 1284, HD1 relating to Health.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

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 improvements to the quality of our health care system. They 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 for physician services to Medicaid-eligible persons 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 HB 1284 HD1. Thank you for the opportunity to testify.



OCCUPATIONAL THERAPY ASSOCIATION OF HAWAII

1360 S. Beretania St., Suite 301, Honolulu, Hawaii 96814

Testimony by:

Virginia Tully, OTR, MBA

HB1284hd1, Health

Senate HMS/HTH Hearing – Thurs. March 19, 2009

Room 016 – 1:45 pm

Position: Support Intent, With Recommendations

Chairs Chun Oakland and Ige, and Members of the Senate HMS/HTH Committees:

I am Virginia Tully, OTR, and past-president of the Occupational Therapy Association of Hawaii, (OTAH), which represents 507 occupational therapists (OTs) licensed in Hawaii. OT's work in many settings throughout the State, including hospitals, schools, and prisons, to private facilities and community programs. We work with very young children, ages 0-3, as well as school aged children, adults, and the elderly, seeking to restore or develop social-emotional, physical, cognitive, communication and adaptive behavior challenges.

Through understanding of the effect of the consumer's disability, illness and impairment, the occupational therapist develops a program that will promote development and establish needed skills to be independent in daily living activities. Daily living skills include self-care such a bathing, dressing, and skills required for learning, work or social interaction. Often times, OTs must design/fabricate special devices or suggest modification to the home environment.

We support and appreciate the intent of this measure. Currently, many private clinics do not accept Medicaid clients because of the low reimbursement. These consumers are then referred to another clinic, and must wait for approval for medical care. Access to care is compromised, which may escalate the intensity of care needed and preventable use of the emergency room, which is costly. Reimbursement to providers of at least 100% of Medicare may encourage more providers to accept Medicaid clients.

Recommendations:

In addition to physician care, Medicaid clients often need services provided by other health care professionals such as physical and occupational therapy services as well as speech therapy services. As such we recommend that these services also be include in this measure.

Thank you for the opportunity to submit testimony. I can be reached at 544-3336 if further information is needed.

Faith Action for



Community Equity

Gamaliel Foundation Affiliate

1352 Liliha Street, Room 2
Honolulu, HI 96817

Phone (808) 522-1304
Fax (512) 532-7448
face_office@facehawaii.org
www.facehawaii.org

The Rev. Alan Mark
Statewide President

The Rev. Robert Nakata
Oahu President

The Rev. Bill Albinger
Maui President

Ms. Judy Ott
Statewide Secretary

The Rev. Frances Wiebenga
Oahu Vice President, Clergy

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Mr. Drew Astolfi
Executive Director

Mr. Patrick Zukemura
Oahu Lead Organizer

March 19, 2009

THE SENATE
THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009

COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice Chair

DATE: Thursday, March 19, 2009
TIME: 1:45pm
PLACE: Conference Room 016
State Capitol
415 South Beretania Street

HB 1284 HD1
RELATING TO HEALTH

Good afternoon Chair Chun Oakland and Ige and members of the committees:

I am Rev Bob Nakata and I am the President of FACE. FACE is an interfaith organization with membership including 60 churches, temples, unions and civic organizations and has been active in Hawaii for 12 years. It represents over 30,000 people who reflect the cultural and socio-economic diversity of our State. FACE exists to allow its members to live out our common faith-based values by engaging in actions that challenge the systems that perpetuate poverty and injustice. **FACE supports this measure and we ask that you pass this bill.**

Act 284, SLH 2007 similarly appropriated \$8 million in general funds for a physician reimbursement increase to 100% of Medicare. Act 284 provided funds of \$8 million of state monies each year of the 2007-2008 biennium totaling \$16 million with 57% federal matching funds amounting to \$9 million for two years. The Governor refused to release these funds for 2007 much to the dismay of FACE, providers and the citizens of the State of Hawaii. In spite of the requirements of Act 284, which required that physicians be reimbursed 100% of Medicare, we are told that DHS is only providing physicians with

reimbursements of approximately 79.5% of the 2006 Medicaid rates for year 2008. Act 284 also required DHS to provide the future amounts that will be required to full fund reimbursements of 100% of Medicare to be reported to the legislature for funding discussions.

Our Governor, in her own 2007 State of the State Address, said "High costs and low reimbursements are driving hospitals out of business and physicians out of the practice of medicine." Her words have consistently been, "Increasing physician reimbursement rates to help cover their out-of-pocket expenses is essential to keeping medical services providers in Hawaii." And in May, 2008 she said to Mayor Harry Kim, "Fair and appropriate reimbursements to the medical community remain one of my highest priorities."

The Department of Human Services has said: "While this measure has merit, given the current fiscal difficulties, it would not be prudent to pursue enactment at this time". If budget priority is the reason, what could be more prudent than the health and well-being and ultimately the survival of our citizens, especially those most in need? What would be more prudent than to invest in the public interest and keep our physicians and hospitals in the practice of medicine for our most vulnerable?

Please pass this bill and allow the people of Hawaii to make certain that the Governor hear our demands and release all the appropriated funds to increase reimbursement to our physicians in spite of her past refusal to honor the law and the demands the taxpayers.



To: Senate Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

Senate Committee on Health
Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice Chair

Date: March 19, 2009 - Conference Room 016 – 1:45 p.m.

Re: HB 1284, HD1 RELATING TO HEALTH

Chairs Chun Oakland and Ige, and Committee Members:

My name is Barbara Kim Stanton, State Director of AARP Hawaii. AARP is a membership organization of people 50 and older with nearly 160,000 members in Hawaii. We are committed to championing access to affordable, quality health care for all generations, providing the tools needed to save for retirement, and serving as a reliable information source on issues critical to Americans age 50+.

AARP supports HB 1284, HD1. Its purpose is to increase the payment for physician services for Medicaid-eligible persons, including fee-for-service and QUEST-eligible individuals.

Access has been shown to be associated with levels of reimbursement. Medicaid reimbursement rates to physicians are among the lowest compared to private insurers and Medicare.

Hawaii experiences a critical shortage of physicians with the situation getting worse as doctors retire or leave the islands. We believe the situation will worsen further with the growing health care needs of Hawaii's aging population. AARP notes that the number of people age 65 and older in the state is projected to grow by about 86% in the next two decades. Our AARP members on the neighbor islands already report that they are having trouble getting care when they need it.

AARP believes that all individuals have a right to health care services and that government has the responsibility to develop a system that ensures access for all individuals. This should include physical and mental health services with special consideration to ensuring access for minorities, people with disabilities and those who reside in medically underserved communities.

AARP supports this measure in the belief that increasing physician reimbursements is an important part of health care reform and that the most needy individuals must have access to medical care.

Thank you for the opportunity to testify.

Hawaii Pacific Health

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

Thursday - March 19, 2009
Conference Room 016
1:45 pm

The Senate Committee on Human Services

To: Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr. Vice Chair

The Senate Committee on Health

To: Senator David Y. Ige, Chair
Senator Joshua Green, M.D., Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

**Re: Testimony in Strong Support of HB 1284 HD1
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 HB 1284 HD1 which will address the fundamental problem facing healthcare: inadequate reimbursement by Medicaid and Medicare for medical services. Inadequate reimbursement levels represent the primary threat to the ability of low-income pediatric and elderly patients in Hawaii to access quality healthcare. It is not our healthcare facilities, medical professionals or technology that is failing our citizens, it is the woefully inadequate reimbursement levels that are forcing physicians to make gut-wrenching choices about whom they can – or cannot – treat.

Physicians here want to treat patients regardless of their economic circumstances, but an increasing number of doctors have been forced to curtail services to vulnerable patients because of the growing reimbursement gap that dozens of other state chief executives have had the foresight to address. 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 increase the amounts appropriated in the State Budget to improve reimbursements to individual health care providers to cover the costs of providing services and increase the Medicaid Fee Schedule.

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CLINIC & HOSPITAL

 **Wilcox Health**

In 2005, Hawaii ranked 49th (out of 50) in Medicaid expenditures as a percent of total state expenditures higher only than the State of Wyoming according to the National Association of State Budget Officers, 2005 State Expenditure Report. For many services, the rates set for certain medical procedures have not been readjusted for nearly a decade. Additional funding and legislation to address this issue would allow timely adjustment of these rates and would go a long way towards stemming the current crisis.

Thank you for your time regarding this measure. We ask that you pass HB1284 HD1.



LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P.O. Box 339
Honolulu, Hawaii 96809-0330

March 19, 2009

MEMORANDUM

TO: Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

Honorable David Y. Ige, Chair
Senate Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **H. B. 1284, H.D. 1 – RELATING TO HEALTH**
Hearing: Thursday, March 19, 2009, 1:45 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to appropriate to the Department of Human Services, State general funds for each year of the 2009-2011 fiscal biennium to increase the payments for physician services for Medicaid-eligible persons, including fee-for-service and for health plans that provide QUEST physician services, not to exceed undisclosed amount of the Medicare fee schedule for Hawaii. This bill also requires the Department of Human Services to report to the amount of the baseline Medicaid and additional funds needed for fiscal year 2010-2011 and the amount of funding to continue increased payments for physicians services to Medicaid-eligible persons. Finally, the bill requires several reports to the 2010 Legislature.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) respectfully opposes this bill. While this measure has merit, given the current fiscal difficulties, it would not be prudent to pursue enactment at this time.

Although Hawaii Medicaid reimbursement rates are comparable to rates nationally, Medicaid rates are typically among the lowest compared to private insurers and even Medicare. Access has been shown to be associated with reimbursement, and we greatly appreciate those physicians who are committed to the Medicaid recipients in their communities and are accessible to them.

Act 284, SLH 2007, similarly appropriated \$8 million in general funds for a physician reimbursement increase. These funds now provide the physicians in the Medicaid Fee-For-Service program and Medicaid QUEST and Medicaid QUEST Expanded Access managed care health plans with reimbursements of approximately 79.5% of the 2006 Medicare rates. This funding expires July 1, 2009 when the rates will otherwise revert to the rates before this increase.

The \$8 million in State funds appropriated corresponded to a total of \$17.8 million total State and Federal funds that was used to actuarially calculate based on projected enrollment and utilization the fee schedule increases. However, enrollment and utilization increased more than anticipated and a total amount exceeding \$24 million was spent on physician payment increases. Maintaining the current physician fee schedule for SFY 2010 will require total funding well in excess of \$24 million as enrollment and utilization continue to increase.

DHS notes that this bill appropriates the funds to be equitably distributed between physician services in both the Medicaid fee-for-service and QUEST programs. As about 39,000 aged, blind and disabled Medicaid recipients have transitioned from the Medicaid Fee-For-Service program to the new QUEST Expanded Access (QExA) program, if this bill moves forward, it should be amended to clearly include the QExA providers, i.e. those who serve our

low-income population that is age 65 or older, blind and/or disabled, in the proposed increased rates.

Thank you for this opportunity to testify.