

HB 1371



SENATE COMMITTEE ON HEALTH

Senator David Ige, Chair

SENATE COMMITTEE ON HUMAN SERVICES

Senator Suzanne Chun Oakland, Chair

Conference Room 016

March 19, 2009 at 1:45 p.m.

**Testimony in support of HB 1371 HD 1**

The Healthcare Association of Hawaii advocates for its member organizations that span 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 testify in support of HB 1371 HD 1, which ensures that funds from the federal economic stimulus package for certain health care programs are expended for those programs. The bill also ensures that State funding for these programs shall not be reduced or replaced by the federal stimulus funds.

The economic challenges facing our state's hospitals, long term care, home care and hospice providers are well documented in the annual report prepared by Ernst and Young that details the financial challenges facing the health care industry in Hawaii. Copies of this report are available on our website at [www.hah.org](http://www.hah.org). HB 1371 HD 1 seeks to help stabilize the financial condition of the health care system.

For the foregoing reasons, the Healthcare Association of Hawaii supports HB 1371 HD 1.



## Hawai'i Primary Care Association

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

**The Senate Committee on Health**  
The Hon. David Y. Ige, Chair  
The Hon. Josh Green, MD, Vice Chair

**Testimony in Support of House Bill 1371, HD 1,  
Relating to Health Care  
Submitted by Beth Giesting, CEO  
March 19, 2009, 1:45 p.m. agenda, Room 016**

The Hawai'i Primary Care Association strongly endorses this measure. We urge your support for the items included in this bill, which will add significant support to our fragile health care system.



**HO'OLA LĀHUI HAWAI'I**  
P.O. Box 3990; Līhu'e, Hawai'i  
Phone: 808.240.0100 Fax: 808.246.9551

March 17, 2009

TO: Senate Committee on Human Services  
The Honorable Suzanne Chun Oakland, Chair  
The Honorable Les Ihara, Jr., Vice Chair

Senate Committee on Health,  
The Honorable David Y. Ige, Chair  
The Honorable Josh Green, MD Vice Chair

FROM: David Peters, Chief Executive Officer

*House Bill 1371, HD1 Relating to Health*  
*March 19, 2009 1:45 p.m. agenda Room 016*

### **Support and request an Amendment**

Ho'ola Lahui Hawai'i is in support of the HB 1371, HD1. We also recommend the following being inserted in Section 1 to add an item 4 as follows:

#### **4. Maintain the adult dental benefit at its current level of service.**

It is our understanding that the adult dental benefit will be cut from Medicaid. This is a vital program that was restored in 2007 and is important to the care of our patients here on Kaua'i.

Without proper dental care which includes preventive visits the result would be devastating. The current benefit does assist those without teeth to get dentures. This in turn helps them get employment and go back to work as well as improving overall nutrition.

The health benefit for dental care is immeasurable and an integral part of primary health care services as many disease first manifest in the oral cavity.

**We strongly urge you to maintain the existing adult dental benefit.**

**Mahalo for the opportunity to testify.**

Ho`ola Lahui Hawai`i is in support of the HB 1371, HD1. We also recommend the following being inserted in Section 1 to add an item 4 as follows:

**4. Maintain the adult dental benefit at its current level of service.**



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Health  
Committee on Human Services

Testimony by  
Hawaii Government Employees Association  
March 19, 2009

H.B. 1371, H.D. 1 – RELATING  
TO HEALTH CARE

The Hawaii Government Employees Association supports the purpose and intent of H.B. 1371, H.D. 1. As drafted, H.B. 1371, H.D. 1 requires that federal funding through the economic stimulus package is directed to finance (1) increased Medicaid reimbursements; (2) disproportionate share hospital payments; and (3) Hawaii's children's health care program. The federal economic stimulus funds are to be expended by the Department of Health (DOH).

The bill also directs the DOH to maintain the level of state general funds appropriated for these three programs during the 2008-09 fiscal year for the next two fiscal years (2009-10 and 2010-2011). The general fund appropriation is not to be either replaced by the federal funds received through the economic stimulus package, or decreased because of the availability of the federal funds appropriated under this legislation.

The effectiveness of the recent federal economic stimulus legislation will depend in large part upon how well state and local governments use these funds for their intended purposes.

Thank you for the opportunity to testify in support of H.B. 1371, H.D. 1.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director



CATHOLIC CHARITIES HAWAII

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

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

FROM: Diane M. Terada, Division Administrator

DATE: Thursday, March 19, 2009 (1:45 p.m., Room 016)

RE: **HB 1371, HD1, Relating to Health**

Chair Chun Oakland, Chair Ige, and members of both Committees on Human Services and Health, thank you for this opportunity to provide testimony in support of HB1371, HD1.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 60 years. To fulfill our mission to serve people in need, we offer programs serving families, youth, individuals with disabilities, elders and immigrants/refugees. We serve a large number of low income individuals and families and recognize that access to health care is a critical first step in helping them work toward building lives of hope and self sufficiency.

Medicaid is a government benefit that is targeted to low income individuals and families, including those who are aged, blind and disabled. CCH sees the tremendous value that Medicaid has in improving or maintaining the health of eligible individuals.

Catholic Charities Hawai'i is deeply concerned regarding the State of Hawaii's plan to utilize all of the additional Federal Medical Assistance Percentage of Medicaid (FMAP) that is available through the Stimulus Package for the State's deficit and none of it to provide actual health services for Hawaii's needy residents.

I do not believe that this planned action by the State of Hawaii is in keeping with Congressional intent "*To protect and maintain State Medicaid programs during a period of economic downturn, including by helping to avert cuts to provider payment rates and benefits or services, and to prevent constrictions of income eligibility requirements for such programs, but not to promote increases in such requirements.*"<sup>1</sup>

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<sup>1</sup> ARRA, page 382, [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1enr.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf)

We support the intent of HB1371, HD1, to ensure that Stimulus funds designated for health care services are used for its intended purpose to serve vulnerable populations who are in tremendous need of the safety net that Medicaid provides.

If additional information is needed, please feel free to contact me via phone at 595-5901 or via email at [diane.terada@catholiccharitieshawaii.org](mailto:diane.terada@catholiccharitieshawaii.org). Thank you for this opportunity to provide testimony.

Faith Action for



Community Equity

Gamaliel Foundation Affiliate

1352 Liliha Street, Room 2  
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The Rev. Alan Mark  
Statewide President

The Rev. Robert Nakata  
Oahu President

The Rev. Bill Albinger  
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Ms. Judy Ott  
Statewide Secretary

The Rev. Frances Wiebenga  
Oahu Vice President, Clergy

Dr. Clementina Ceria-Ulep  
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Dr. Kathy Jaycox  
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Ms. Emily Militoni  
Oahu Assistant Secretary

Mr. Rosario Baniaga  
Oahu Treasurer

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 1371 HD1**  
**RELATING TO HEALTH CARE**

Good Afternoon Chairs Chun-Oakland and Ige and members of these 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.**

The American Recovery and Reinvestment Act of 2009 (ARRA) temporarily increases the FMAP for the period from October 1, 2008 to December 31, 2010. In section 5001, it appears that the only restrictions for these funds are that it cannot be used for a "rainy day" accounts and there are no waivers. According to the DHS they state that: "A higher FMAP means that fewer State funds are required to maintain a certain level of total funding, and

could allow, *theoretically*, some State funds to be used to meet other budget needs”.

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 Healthcare Industry is our 4<sup>th</sup> largest industry. These increased Federal funds will serve the purposes of boosting our economy and could possibly help our employment crisis from getting worse.

Our State’s healthcare system is in horrible shape and one of its biggest problems is the State’s dreadfully inadequate reimbursement system for physicians who treat Medicaid and QUEST eligible patients. A December 2006 legislative research report clearly established the pressing need for action, detailing the huge gap between the actual costs of provided care compared to the state and federal government commitment.

These additional Medicaid funds should be used to increase access to care for our neediest people and perhaps temporarily increase the rolls of beneficiaries during these hard times. Also, our physicians, hospitals and other providers must be given a temporary reprieve from their continual business losses incurred by providing much needed care to Hawaii’s vulnerable population. It is prudent that our State Government become compassionate and realistic in its attempt to take money from those that need healthcare the most to pay for unrelated deficits in the budget. **It will be a shameful day for Hawaii if these additional Medicaid funds are used any place other than in the Healing of Hawaii.**

# Hawai'i Alliance for Retired Americans

*AFT Hawaii Retirees*

*HGEA Retirees*

*HSTA – Retired*

*ILWU Retirees*

*Kokua Council*

*Machinists Union Retirees*

*UPW Retirees*

*ADA/Hawaii*

*Hawaii Family Caregivers Coalition*

An affiliate of the Alliance for Retired Americans  
c/o AFSCME · 888 Mililani Street, Suite 101 · Honolulu, Hawaii 96813

(Submitted by email to: [HMSTestimony@capitol.hawaii.gov](mailto:HMSTestimony@capitol.hawaii.gov) March 18, 2009)

Statement of Al Hamai, President, Supporting HB 1371, HD1, on Health Care

## **Joint Hearing of the Senate Committees on Human Services and Health**

**March 19, 2009, 1:45 p.m. Conference Room 016**

Chair Suzanne Chun Oakland, and Members of the HMS Committee, and Chair David Y. Ige and Members of the HTH Committee,

HARA strongly supports HB 1371, HD1. HARA has nine affiliates, listed on this letterhead, representing 21,000 seniors and community members.

HB 1371, HD1 directs a portion of the American Recovery and Reinvestment Act and other federal stimulus acts for essential health care services in our state, including increased Medicaid reimbursements and children's health care program.

We believe that allocating funds from the federal stimulus legislation for meeting the health care needs of our people, who really need these services, is not only very appropriate but also a very prudent policy decision for our state.

HARA urges the Senate Human Services Committee and the Senate Health Committee to approve HB 1371, HD1. Mahalo.

*HARA is a strong voice for Hawaii's retirees and seniors; a diverse community-based organization with national roots; a grassroots organizer, educator, and communicator; and a trusted source of information for decision-makers.*



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 1371, HD1 RELATING TO HEALTH CARE**

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 strongly supports HB 1371, HD1** which directs funding provided by the American Recovery and Reimbursement Act (ARRA) of 2009, Pub. L. 111-5, or other federal stimulus acts for health care programs, namely, increased Medicaid reimbursements, disproportionate share hospital payments and Hawaii children's health care program.

AARP welcomes the temporary increase in federal Medicaid matching funds (FMAP). We anticipate that this infusion of Federal funds will serve the purpose of ARRA in boosting our local economy and preventing the State's economic crisis from getting worse. Hawaii will receive \$360 million for the duration of nine calendar quarters (October 1, 2008 through December 31, 2010). This would be a temporary 6.2% increase of the federal share of Medicaid program costs at \$40 million per quarter for 27 months.

Through the stimulus program, AARP believes we must make every effort to mitigate the effects of recession and financial turmoil on those who are the most vulnerable and have the greatest need in our society. While ARRA requires states to protect Medicaid eligibility standards, methodologies and procedures, it does not require the maintenance of effort (MOE) to apply to benefits. This temporary increase in matching funds should be used to forestall cuts and maximize benefits in Medicaid reimbursements and related health care programs as indicated in HB 1371.

Directing stimulus funds to Medicaid would provide relief to the needy as well as stimulate the economy. Medicaid is a powerful economic force. Medicaid expenditures

can have a very rapid effect without the need to design new programs. It would fund existing payrolls and programs and therefore provide a relatively quick economic boost. The following points support the use of Medicaid stimulus funds for Medicaid health care programs:

- The labor-intensive nature of Medicaid expenditures affects employment. Spending reductions translate into job losses; likewise, spending increases save and add jobs.
- Medicaid has a measurable impact on state business activity---jobs, aggregate labor income, as well as state and local tax revenue. The health care sector is particularly affected as Medicaid payments go to hospitals, nursing homes and other health-related businesses. It provides an opportunity to keep health care dollars circulating within the state economy. These dollars generate successive rounds of earnings and purchases that continue to circulate through the economy by creating income and jobs for individuals not necessarily associated with health care.
- Lower income individuals and those who lose their jobs are the most likely to spend any additional income they receive. Zandi (2008) estimates that each dollar spent on SNAP benefits would return \$1.73 to the economy, that increased unemployment benefits would yield \$1.64 per dollar spent, and that aid to states would return \$1.36 per dollar.

Thank you for the opportunity to testify in strong support of this bill.



**Democratic Party of Hawaii  
Kupuna Caucus**

**March 19, 2009**

Re: Testimony

From: Patrick Stanley, Co-Chair Kupuna Caucus, DPH

To: Senate Committee on Health and Senate Committee on Human Services

Hearing Date: March 19, 2009, 1:45pm

Measure: HB1371 HD1 Relating to Health Care

**SUPPORTS:** The Kupuna Caucus of the Democratic Party of Hawaii supports this measure to direct 2009 economic stimulus funds to Hawaii's health needs.

Community health and social services are a vital part of Hawaii's economy, no less than building bridges and housing.

At Convention, in 2008, delegates to the DPH State Convention passed Resolution 08-18 calling for adequate health, social, housing and transportation programs for the families of Hawaii's Kupuna, amongst other means.

HB1371 HD1 is an important part of efforts to do so. We further believe that at least 25 percent of all stimulus moneys should be directed to non-profit community human and health service providers.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 18, 2009 1:44 PM  
**To:** HTHTestimony  
**Cc:** manis@lava.net  
**Subject:** Testimony for HB1371 on 3/19/2009 1:45:00 PM  
**Attachments:** HB1371, SD1 ARRA

**Categories:** Green Category, Blue Category

Testimony for HTH/HMS 3/19/2009 1:45:00 PM HB1371

Conference room: 016  
Testifier position: support  
Testifier will be present: No  
Submitted by: Laura G.Manis  
Organization:  
Address: 1350 Ala Moana Blvd.#1511 Honolulu,HI  
Phone: 596-8838  
E-mail: [manis@lava.net](mailto:manis@lava.net)  
Submitted on: 3/18/2009

Comments:



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

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. 1371, H.D. 1 – RELATING TO HEALTH CARE**

Hearing: Thursday, March 19, 2009, 1:45 p.m.  
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to direct funding provided by the American Recovery and Reinvestment Act of 2009 for health care programs.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent but respectfully opposes this bill as its estimated \$15.6 million State general fund cost is not economically feasible at this time.

First, if the bill advances, we believe DHS should be the administering agency, not the Department of Health as stated in the bill. DHS is the single State agency in Hawaii for Medicaid. DHS is responsible for obtaining Federal matching funds, determining the

physician fee schedule, and making the Disproportionate Share Hospital (DSH) payments.

The American Recovery and Reinvestment Act of 2009 (ARRA) temporarily increases the Federal Medical Assistance Percentage (FMAP) for the period October 1, 2008 to December 31, 2010. The FMAP is the percent of allowable expenditure reimbursed by the Federal government and requires a State share.

All Federal funds received because of the increased FMAP must be used for Medicaid allowable expenditures; due to the higher FMAP, fewer State funds are required to maintain a certain level of total funding. Therefore, State funds up to the amount supplanted by the increased Federal funds could be used to meet other State budgetary needs. The ARRA specifically states that these funds cannot be placed in a reserve or rain day fund, but does not prohibit other uses.

Given Hawaii's current fiscal situation, it is imprudent and unrealistic to expect that any of the State funds saved by the ARRA's increased FMAP would allow our State to pay for anything other than closing our deficits.

Thank you for the opportunity to comment on this bill.



**TESTIMONY OF THE STATE ATTORNEY GENERAL  
TWENTY-FIFTH LEGISLATURE, 2009**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 1371, H.D. 1, RELATING TO HEALTH CARE.

**BEFORE THE:**

SENATE COMMITTEES ON HEALTH

AND ON HUMAN SERVICES

**DATE:** Thursday, March 19, 2009 **TIME:** 1:45 PM

**LOCATION:** State Capitol, Room 016

**TESTIFIER(s):** Mark J. Bennett, Attorney General,  
or Lili A. Funakoshi, Deputy Attorney General.

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Chairs Ige and Chun Oakland and Members of the Committees:

The Department of the Attorney General has two concerns regarding this measure.

First, the bill conflicts with the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 ("ARRA") because it appropriates money to fund disproportionate share hospital ("DSH") payments. Under section 5001(e)(1) of ARRA, the increased Federal Medical Assistance Percentage ("FMAP") is not available for DSH payments. Additionally, the Centers for Medicare & Medicaid Services ("CMS") have provided guidance to the states on ARRA in their report dated March 4, 2009. The CMS report specifically provides that the temporary increase in Medicaid DSH allotments for fiscal years 2008-2009 and 2009-2010 is not applicable to the State of Hawaii. In light of this, we recommend the deletion of the phrase "(2) Disproportionate share hospital payments" at page 1, line 9 of the bill.

Second, the remaining programs listed (i.e., Medicaid reimbursement and Hawaii children's health care program), which will be funded by the appropriation, are administered by the Department of Human Services, the single State agency in Hawaii authorized to draw down federal funds for Medicaid. As such, we recommend that the

expending agency at page 1, lines 11-12, of the bill be changed to "department of human services".

If this bill is passed, we respectfully request that it be passed with the requested amendments.



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

**Senate Committees on Health and Human Services**

**H.B. 1371 H.D. 1, RELATING TO HEALTH CARE**

**Testimony of Chiyome Leinaala Fukino, M.D.  
Director of Health**

**March 19, 2009, 1:45 pm**

1 **Department's Position:** The Department of Health defers testimony on this measure to the Department  
2 of Human Services.

3 **Fiscal Implications:** Not applicable.

4 **Purpose and Justification:** The programs and revenues identified in this measure are  
5 administered by the Department of Human Services, therefore testimony should be deferred to this  
6 department.

7 In addition to deferring testimony to the Department of Human Services, the Department of  
8 Health would also like to make the following correction to this measure:

9 Section 1, second paragraph: striking department of health and replacing it with department of  
10 human services.

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