

**Testimony to the House Committees on Human Services and Health
Thursday, February 5, 2009 at 10:30 a.m.
Conference Room 329, State Capitol**

RE: HOUSE BILL NO. 706 RELATING TO HEALTH

Chairs Mizuno and Yamane, Vice Chairs Brower and Nishimoto, 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 706 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.

This measure establishes reimbursement guidelines for Medicaid to hospitals and facilities with long-term care beds..

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 establish reimbursement guidelines for Medicaid to hospitals and facilities with long-term care beds. This will help increase long term care capacity and access statewide.

In light of the above, The Chamber of Commerce of Hawaii supports HB 706. Thank you for the opportunity to testify.

Testimony of
Frank P. Richardson
Vice President and Regional Counsel

Before:
House Committee on Human Services
The Honorable John M. Mizuno, Chair
The Honorable Tom Brower, Vice Chair
and
House Committee on Health
The Honorable Ryan I. Yamane, Chair
The Honorable Scott Y. Nishimoto, Vice Chair

February 5, 2009
10:30 am
Conference Room 329

HB 706 RELATING TO HEALTH (Medicaid Reimbursements)

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on HB706 that establishes reimbursement guidelines and provides appropriations for Medicaid to hospitals and facilities with long term care beds.

Kaiser Permanente Hawaii supports this bill.

It has been estimated that Hawaii hospitals lost approximately \$73 Million last year due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii in January of last year, there were on average 200, and sometimes as many as 275, patients waitlisted daily in acute care hospitals statewide awaiting placement to long term care beds. Duration of these delays ranged from days or weeks, to months and sometimes years.

Because Medicaid reimburses acute care hospitals at a rate based upon the level of care needed by the patient, when a patient is well enough to be transferred to long term care, Medicaid payments to the hospital are reduced to a fraction of the actual cost of care in the hospital acute care setting. This results in an unfair financial burden on the hospitals, which must continue to provide care at a much higher cost to patients who remain waitlisted in acute care hospital beds due to the unavailability of long term care beds.

Kaiser Foundation Hospital's finances are negatively impacted by this waitlist situation, just as are all the other acute care hospitals in the State. Accordingly, Kaiser Permanente Hawaii strongly supports this bill to provide compensation that would fairly cover the costs of care for Medicaid patients waitlisted in acute care hospital settings while transfer to long term care is sought, by providing Medicaid reimbursements at the acute medical services payment rate.

Thank you for the opportunity to comment.



February 5, 2009

To: Chairs John Mizuno and Ryan Yamane, Members of the House
Committees on Human Services and Health
From: Bob Ogawa, President
Hawaii Long Term Care Association
Re: H.B. 706 - Relating to Medicaid Hospital and Long Term Care
Reimbursements

The Hawaii Long Term Care Association (HLTCA) supports H.B. 706 as an essential step toward addressing Hawaii's current hospital waitlist problem.

The HLTCA fully understands, sympathizes with and wishes to find a remedy for the financial "bleeding" waitlisted patients cause our hospitals. Enhanced reimbursement would certainly serve to mitigate that situation.

At the same time, in order to work toward a broader solution, we must find ways to encourage *targeted* expansion and development in the long term care provider community specifically aimed at ministering to the medically-complex needs of waitlisted patients. Appropriate reimbursement for the much-more-costly care of these individuals is an important beginning.

We must recognize, however, that dealing with the waitlist problem from the "big-picture" perspective requires a multi-faceted strategy, which also includes such elements as greater waitlist patient information transfer efficiency and transparency, capital cost assistance and critical initiatives in workforce development. Every aspect is vital and interdependent upon every other.

This measure represents a significant cornerstone in our starting to lay the foundation we require, and we urge its passage. Thank you.



HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John M. Mizuno, Chair

HOUSE COMMITTEE ON HEALTH
Rep. Ryan I. Yamane, Chair

Conference Room 329
February 5, 2009 at 10:30 a.m.

Testimony in support of HB 706.

I am Coral Andrews, Vice President 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 testify in strong support of support of HB 706, which takes steps to solve the hospital waitlist problem by setting more appropriate Medicaid reimbursement rates to hospitals for patients who are waitlisted for long term care and also to long term care facilities so they accept patients with complex medical conditions who are waitlisted in hospitals.

On any given day there is an average of 200 patients in hospitals who have been treated so they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient and creates a serious financial drain on hospitals. Patients may be waitlisted from several days to over a year.

The waitlist dilemma is unique to Hawaii, largely because Hawaii has one of the lowest ratios of long term care beds for its population in the United States. Whereas the US average is 47 beds per 1000 people over age 65, Hawaii averages 23 (half of the US average). The shortage of long term care beds is the result of high costs of construction and operation that are mismatched with low payments for services.

Recognizing the waitlist problem, the Legislature in 2007 adopted SCR 198, which requested the Healthcare Association of Hawaii (HAH) to study the problem and propose solutions. HAH subsequently created a task force for that purpose. The task force requested HAH to contract with a consultant to gather needed information. The information was not fully available in time for the 2008 session, so an interim report was submitted last year. In addition, the Legislature adopted HCR 53 in 2008 requesting the Healthcare Association to continue to study the waitlist problem.

The task force has prepared another report to the 2009 Legislature. Certain recommendations of that report are contained in this bill, which represents a critical step toward solving the waitlist problem. The adoption of these recommendations will result in more equitable Medicaid reimbursement to hospitals for the care of waitlisted patients and will:

- 1) promote the movement or "flow" of waitlisted patients out of acute care,
- 2) reduce unpaid costs incurred by hospitals and free up hospital resources so that they can be used to treat those who need that high level of care, and
- 3) expand the sub-acute care rate, which will enable long term care facilities to accept waitlisted Medicaid patients with complex medical conditions while addressing the additional costs related to their care.

For the foregoing reasons the Healthcare Association strongly supports HB 706.

TESTIMONY TO THE TWENTY-FIFTH STATE LEGISLATURE, 2009 SESSION

To: House Committee on Human Services
House Committee on Health:

From: Hawaii Disability Rights Center
Re: HB 706, Relating To Health

Hearing: Thursday, February 5, 2009 10:30 AM
Conference Room 329, State Capitol

Members of the Committee on Human Services:
Members of the Committee on Health:

Thank you for the opportunity to provide testimony supporting House Bill 706.

We are the agency mandated by federal law and designated by Executive Order to protect and advocate for the human, civil and legal rights of Hawaii's estimated 180,000 people with disabilities.

We support this bill because it offers potential to assist individuals awaiting placement in community settings. The legislature has seen many examples in the past year or two of the long waitlist for community housing experienced by patients in acute facilities. In addition, briefings were provided by the Healthcare Association on the problems of placing "challenging" patients into community settings. Regarding the payment to hospitals of long term care based reimbursement rates, we are certainly sympathetic to the economic plight faced by the hospitals who are not receiving adequate reimbursement for these patients who really do not need to even be in the hospital after a point. They are often torn between the financial realities they face and the general ethic they do possess which directs them to want to treat and care for these individuals. Any assistance the legislature can render will not only help these facilities; it will also make it more likely that these patients will continue to receive adequate care while they are developing an appropriate community placement discharge plan. It will alleviate the pressure hospitals may feel to attempt a premature, potentially inappropriate discharge.

Thank you for the opportunity to provide testimony in support of this bill.

HB706

CONTEXT: acute care hospitals are on the verge of financial failure. For example, Kahuku hospital would have ceased operations due to bankruptcy if it were

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TESTIMONY AT LEGISLATURE HB706

Hello, my name is Williams Falevai and I am a student at the University of Hawaii-Manoa Masters program in Social work and I strongly support this bill. I was born at the Kahuku Hospital and was raised in Kahuku and Laie all my life. That medical facility is essential to our life and the sense of security over there on the North Shore. It is so important that we don't shut down these acute care hospitals, especially in places that don't have any other medical facilities close around. That is all we have. I remember when the Kahuku hospital was closing down due to financial troubles. It was a very scary time for our community. The entire community was panicking but there was nothing that we could do. The next closest hospital or medical facility to us is either Castle Medical Center or Wahiawa Hospital. Either way, it would take 30-45 minutes each way to get there. If Kahuku hospital was shut down, many people that are still here today in my community would not be. That place saves lives. And One of the main reasons for Kahuku hospital closing down was because of the underpayment by medicaid. I just don't want this to happen to anyone else. We the people of Kahuku are lucky that the state took over it. It is now called the Kahuku Medical Center and we are grateful. We also have a lot of family members in that hospital that is in need of hospitalization and that have been patients for many years. One of my really good friends father has been hospitalized there for many years now due to a medically complex condition. If you have an acute care hospital in your community that is on the verge of closing down due to financial problems, we need to be worried about that community. It is only fair that you provide fair amount of reimbursement to these acute care hospitals for the services they provide. I don't want to see what almost happened to Kahuku, happen anywhere else. If that means that we need to put more money into the health system, then so be it. But these medical facilities must not be closed. Thank you for you time.