



**Testimony to the House Committees on Human Services and Health
Thursday, March 19, 2009
9:30 a.m.
Conference Room 329, State Capitol**

RE: SENATE BILL NO. 417 SD1 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 Senate Bill 417 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 improvements that will improve 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 SB 417 SD1. Thank you for the opportunity to testify.



THE QUEEN'S MEDICAL CENTER

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Representative John Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

Representative Ryan Yamane, Chair
Representative Scott Nishimoto, Vice Chair
Committee on Health

March 19, 2009 – 9:30 a.m.
State Capitol, Conference Room 329
In Support of SB 417, SD1 – Relating to Health

Chairs Mizuno and Yamane, Vice Chairs Brower and Nishimoto, and Members of the Committee:

My name is Christina Donkervoet. I am the Director of Care Coordination and Patient Flow at The Queen's Medical Center (QMC). My position requires that I regularly monitor, strategize and manage the complex challenges involved with timely and appropriate discharges of acute inpatients. As a representative of QMC, I actively participated in the task force that was convened by the Healthcare Association of Hawaii (HAH) to strategize and manage issues regarding waitlisted patients. Thank you for this opportunity to submit written testimony in strong support of this bill.

QMC is greatly impacted by the limited community resources that are available to serve people in need of community-based care, rather than acute hospitalization. Patients on the waitlist for community based care often have a less-than-optimal quality of life, and their general health may be negatively impacted by a prolonged stay in the acute care hospital. Additionally, when we treat these non-acute patients in the acute hospital bed, we are less able to respond to our community's needs for acute care services. Too often it happens that our Emergency Department has to go on divert status because we simply do not have the bed capacity to admit patients needing hospitalization. As of December of 2008, for example, there was an average of 56 patients on the waitlist each day. The inability to admit patients impacts the health care system statewide, as we often serve as a higher level of care, transfer center for many of the hospitals in the state and throughout the Pacific.

We support the language in this bill that provides for reimbursement rates for waitlisted patients to be at the level of the acute care bed rate. Since these patients reside in the acute hospital bed while waiting for community placement, the cost of patient care remains the same and the loss of the inpatient capacity continues. As indicated in the bill, the payment currently received for these patients is only 20%-30% of the actual cost. The increase to the payment rate for these waitlisted patients is a necessary action in order to sustain our health care system. In FY 2008, QMC lost approximately \$23.6 million due to uninsured/under insured waitlisted patients. This type of

financial shortfall, at Queen's and other hospitals, significantly weakens our health care system as a whole.

We support the language in this bill that would ensure that long term care facilities are compensated at a higher rate when they provide services to these non-acute, yet complex, patients. Appropriate compensation to the long term care facilities would assist the acute care hospitals by increasing the discharge options for the patient care team.

In closing, we respectfully request that you adjust the reimbursement rates for waitlisted patients remaining in hospitals and develop sub-acute rates for complex and challenging patients to be served by the community program. The fragility of the health care system across the state requires your prompt attention. The longer it takes for action, the more our system is weakened, and the greater the impact to the overall quality of life of our patients.

The Queen's Medical Center continues to value and embrace our role within the community. We understand the need for collaboration and will continue to work with state agencies and community facilities and programs to serve these waitlisted patients. We recognize that the challenges presented to our state are complex and require multiple actions. The actions in this bill are a few that will help assure quality health care while we build more community options for our aging population. Your favorable review of this bill is appreciated.

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

March 19, 2009
9:30 am
Conference Room 329

SB 417, SD1 RELATING TO HEALTH (Medicaid Reimbursements)

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on SB417, SD1 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.

March 18, 2009

To: Committee on Health Committee on Human Services
 Rep. Ryan I. Yamane, Chair Rep. John M. Mizuno, Chair
 Rep. Scott Y. Nishimoto, Vice Chair Rep. Tom Brower, Vice Chair

RE: **Testimony Requesting Amendment of SB 417 to Include an
 Emergency Room Appropriation for the Waianae Coast
 Comprehensive Health Center**

Submitted by: Richard P. Bettini, MPH, MS, Chief Executive Officer
 Waianae Coast Comprehensive Health Center
 Contact – wcchc@wcchc.com

The Waianae Coast Comprehensive Health Center must budget at least \$1.8 million to operate its emergency services between the hours of midnight to 8:00 am, 365 days a year. With recent budget cuts and other economic downturns, the Health Center is unable to support the cost to make up for its financial losses. **The financial loss for 2009-2010 is expected to be at least \$332,000.**

The Health Center is requesting support from the Legislature to enable the emergency room to be available 24 hours a day to service the community. **To address this important appropriation, the Health Center would like to recommend an amendment to SB 417 to add an allocation of \$332,000 to support emergency services at the Waianae Coast Comprehensive Health Center.**

As the primary medical provider on the Waianae Coast, the Health Center fills a major role in providing health services to the community, which allows the State to focus its limited resources in other areas.

Background on the Health Center's Emergency Services:

The State has provided subsidy funding for the Health Center's emergency medical services since 1976, and from 1986, through an increase in State funding, the emergency room has been able to provide services 24-hours a day, 365 days a year. The ongoing support from the State is testament to their recognition of the value of emergency services to residents on the isolated Waianae Coast.

Without the subsidy, the emergency room operates at a substantial loss. Other rural communities receive a large State subsidy for such services through the State Hospital System. Our emergency room does not get proportionate support.

The necessity for 24-hour emergency medical services on the Waianae Coast has never diminished. Tragic and crisis episodes in the past few years, in particular those that close off access into and out of Waianae and the loss of the MAST helicopter medivac assistance demonstrate how crucial a role the Health Center plays by having 24-hour emergency medical services available in Waianae.

The Health Center's participation and role in the statewide Emergency Medical System is substantial. We are connected to the Emergency Management computer, which connects all the hospitals and the EMS system. The Health Center's emergency room is known as the Trauma Support Clinic for the entire Waianae Coast. The emergency room is also rated as a Type II facility (out of 3 types) for Hospital Capability for Readiness.

The Health Center's emergency room is one of the most heavily utilized on Oahu, serving 14,334 patients through a total of 21,036 visits annually.

The majority of emergency room visits are for conditions related to asthma, upper respiratory infection, complications from insulin-dependent diabetes, cardiovascular conditions such as chest pains and heart attacks, threatened labor, and injuries and wounds, many which are violence related. Time is crucial in many of these situations.

The Health Center's emergency room is also used by the Honolulu Police Department and Child Protective Services. The Honolulu Police Department brings individuals in custody to the emergency room for medical care. If HPD had to take the individual to Hawaii Medical Center East, or another emergency facility, that would decrease police protection in the community. Child Protective Services uses the emergency room for pre-placement physical exams when children are removed from their parents/guardians.

Subsidy funding allows the Health Center to support the difference between fees collected from services rendered and the actual cost of providing the services. Funding supports uninsured visits, staffing of the emergency room, lab, radiology and security services, as well as other operational costs related to providing services during the hours of midnight to 8:00 am Monday through Saturday and all day on Sundays and holidays.

Without additional funding, and with continued financial losses, the Health Center faces closure of the emergency room during midnight to 8:00 am.

Mahalo for considering our request to amend SB 417 and add an allocation of \$332,000 to support emergency services at the Waianae Coast Comprehensive Health Center.

**Testimony Presented Before
The House Committee on Health
The House Committee on Human Services & Housing
Thursday, March 19, 2009 – 9:30am
Conference Room 329**

SB417, SD1 RELATING TO HEALTH

Chairs Mizuno and Yamane, Vice-Chairs Brower and Nishimoto, and Members of the Committees:

My name is Kathryn Matayoshi, Executive Director of the Hawai'i Business Roundtable. I am testifying in support of Senate Bill 417, SD 1 which seeks to address 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.

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 since prepared another report to the 2009 Legislature which includes recommendations designed to (1) promote movement of waitlisted patients out of acute care; (2) reduce unpaid costs incurred by hospitals and free up hospital resources so they can be used to treat those who need that high level care; and (3) enable long term care facilities to accept waitlisted Medicaid patients with complex medical conditions while addressing the additional costs related to their care.

The Roundtable sees the wait list issues as impacting our employees, our families and our communities, in terms of quality of life and access to appropriate quality care, as well as a financial burden on healthcare providers. Complex issues require multifaceted solutions, and certain recommendations from the 2009 report are contained in this bill, which represents a critical step toward solving the waitlist problem. Hopefully, these recommendations will move us towards better options for our employees and their family members with medically complex conditions who need long term facilities. As our population ages, these issues will become more and more pressing. The time to start solving them is now.

In summary, the Hawaii Business Roundtable supports passage of SB417, SD1. Thank you for your consideration.



HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John Mizuno, Chair

HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
March 19, 2009 at 9:30 a.m.

Testimony in support of SB 417 SD 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 strong support of SB 417 SD 1. This bill 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 are 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 are designed to:

- (1) Promote the movement 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) 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 SB 417 SD 1.