

SB 417



THE QUEEN'S MEDICAL CENTER

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Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

March 3, 2009 – 9:30 a.m.
State Capitol, Conference Room 211
SENATE WAYS AND MEANS COMMITTEE

In Support of SB 417 – Relating to Health

Chair Kim, Vice Chair Tsutsui, 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.



SENATE COMMITTEE ON WAYS AND MEANS
Senator Donna Mercado Kim Chair

Conference Room 211
March 3, 2009 at 9:30 a.m.

Testimony in support of SB 417

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. 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.



HAWAII DISABILITY RIGHTS CENTER

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TESTIMONY TO THE TWENTY-FIFTH STATE LEGISLATURE, 2009 SESSION

To: Senate Committee on Ways and Means

From: Hawaii Disability Rights Center
Re: SB 417, Relating To Health

Hearing: Tuesday, March 3, 2009 9:30 AM
Conference Room 211, State Capitol

Members of the Committee on Ways and Means:

Thank you for the opportunity to provide testimony supporting Senate Bill 417.

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 testify in support of this bill.



**Testimony to the Senate Committee on Ways and Means
Tuesday, March 3, 2009 at 9:30 a.m.
Conference Room 211, State Capitol**

RE: SENATE BILL NO. 417 RELATING TO HEALTH

Chair Mercado Kim, 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 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. Thank you for the opportunity to testify.