



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N  
*"Touching Lives Every Day"*

Written Testimony

**The House Committee on Health  
Representative Ryan I. Yamane, Chair  
Representative Scott Y. Nishimoto, Vice Chair**

**The House Committee on Human Services  
Representative John M. Mizuno, Chair  
Representative Jim Bower, Vice Chair**

**Tuesday, February 2, 2010  
10:30 a.m.  
Conference Room 329**

**HB 2090 RELATING TO MEDICAID REIMBURSEMENTS**

**Requires Medicaid reimbursement to hospitals for patients occupying acute-licensed beds who are on a waitlist for long-term care to be at least equal to the rate paid for acute care services; requires Medicaid reimbursement to long-term care facilities for patients with medically complex conditions to be at least equal to the rate paid for sub-acute care; appropriates funds for increased reimbursements.**

**Testimony of Alice M. Hall, Esq.  
Interim President and Chief Executive Officer**

Thank you for the opportunity to provide testimony in support of HB 2090. We support this bill because it addresses an important issue of patients who are waitlisted for an appropriate level of long term care but occupy acute care licensed beds and result in both an inappropriate level of care and an inadequate reimbursement to the healthcare facility.

This situation is recognized as a significant problem acute hospitals in Hawaii are facing throughout the state of Hawaii in caring for patients that deserve long-term care service, but who are unable to transfer in light of no other options. Instead, wait-listed patients continue to occupy acute hospital beds where the cost of care far exceeds the level of reimbursement. This situation has a serious impact on hospitals because their acute bed availability is significantly reduced for patients with serious illness or injury. At Maui Memorial Medical Center alone, there is a daily average of 42 waitlisted patients, and over 60 waitlisted patients during peak periods.

This waitlist problem of Hawaii's hospitals has been the subject of concern and study, with recommendations by a task force created as a result of a Legislative Resolution and led by the Healthcare Association of Hawaii. We urge passage of this bill to address issues of quality of care and the high cost of uncompensated care in Hawaii.

The HHSC corporate and regional boards are committed to efforts supporting quality of healthcare and addressing the high cost of uncompensated care that affects Hawaii's hospitals and everyone they serve.

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LATE



HOUSE COMMITTEE ON HEALTH  
Rep. Ryan Yamane, Chair

HOUSE COMMITTEE ON HUMAN SERVICES  
Rep. John Mizuno, Chair

Conference Room 329  
Feb. 2, 2010 at 10:30 a.m.

**Supporting HB 2090.**

The Healthcare Association of Hawaii represents its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in support of HB 2090, 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 are an average of 200 patients in Hawaii's hospitals who have been treated so that 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. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. Patients may be waitlisted for a matter of days, weeks, or months, and in some cases 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 long term care 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, along 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 study required information that was not fully available in time for the 2008 session, so an interim report was submitted. Meanwhile, the Legislature adopted HCR 53, which requested HAH to continue to study the waitlist problem.

The task force submitted a final report to the 2009 Legislature. In addition, HAH sponsored SB 417, which contained certain recommendations made in the report as the first step toward solving the waitlist problem. The adoption of these recommendations were 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.

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Affiliated with the American Hospital Association, the American Health Care Association,  
the National Association for Home Care and the National Hospice & Palliative Care Organization

HAH also sponsored HB 705 and companion bill SB 419, which would have created a Medicaid presumptive eligibility process designed to reduce the length of time taken to transfer patients waitlisted in hospitals to long term care.

Unfortunately, at about this time Hawaii began to feel the impacts of the recession, and the 2009 Legislature was faced with severe shortfalls in State revenues. The financial situation became so severe that the State was forced to cut back on existing programs. As a result, SB 417 and HB 705 / SB 419 were not passed. The bill being considered today, HB 2090, is a duplicate of SB 417.

Hospitals continue to lose money because of waitlisted patients. A report issued by Ernst & Young in late 2009 reported that Medicaid pays for only 20% to 30% of the actual costs of care for waitlisted patients, representing uncompensated hospital costs of approximately \$72.5 million in 2008.

For the foregoing reasons, the Healthcare Association supports HB 2090.

LATE



Government Relations

Testimony of  
Frank P. Richardson  
Vice President and Regional Counsel

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

February 2, 2010  
10:30 am  
Conference Room 329

#### **HB 2090 RELATING TO MEDICAID REIMBURSEMENTS**

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on HB2090 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 \$72.5 Million in 2008 due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii, 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.

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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.