

SB 785

Testimony of
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Before:
Senate Committee on Ways and Means
The Honorable David Y. Ige, Chair
The Honorable Michelle Kidani, Vice Chair

February 25, 2011
9:00 am
Conference Room 211

Re: SB 785, SD1 Relating to Health

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on SB 785, SD1 that would appropriate state funds to match federal funding for the disproportionate share hospital allowance.

Kaiser Permanente Hawaii supports this bill.

The cost of delivering health care in Hawaii and across the nation continues to mount. Kaiser Hawaii recognizes that a combined state and federal funding is imperative to help offset the increasing costs of providing continuing health care in Hawaii's communities. In an effort to ensure that health care payments are sufficient to cover the actual costs of care provided to Hawaii's most vulnerable Medicaid population, Kaiser Hawaii supports this measure to appropriate the required state funds necessary to match the federal Medicaid disproportionate share hospital (DSH) appropriation of \$10,000,000 for Hawaii.

The proposed State appropriation amount of \$9,809,826, or the amount deemed necessary for fiscal year 2011-2012 to match the federal disproportionate share hospital allowance allocated to the State, together with the federal appropriation, will help support funding of quality health care for the State of Hawaii's Medicaid population, and provide much needed assistance in covering the actual costs of the care provided.

Thank you for the opportunity to comment.



THE QUEEN'S MEDICAL CENTER

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Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
COMMITTEE ON WAYS AND MEANS

February 25, 2011 – 9:00 a.m.
State Capitol, Conference Room 211

In Strong Support of SB 785 SD1, Relating to Health

Chair Ige, Vice Chair Kidani and Members of the Committee,

My name is Rick Keene, Executive VP and Chief Financial Officer for The Queen's Health Systems. I am testifying for The Queen's Medical Center in strong support of SB 785 SD1, which appropriates State funds to match federal funding of \$10 million for the Disproportionate Share Hospital (DSH) allowance for Medicaid/Quest patients.

Medicaid/Quest is the cornerstone of health care for our most needy population. In fiscal year 2010, The Queen's Medical Center treated 6,124 inpatients and 39,411 outpatients who were covered by Medicaid/Quest. Hawaii's hospitals in particular have been detrimentally affected by the inadequacy of Medicaid/Quest reimbursements and payments, and have annually lost tens of millions of dollars because government reimbursement is far below the cost of providing medical care. In 2008 Hawaii's hospitals experienced losses totaling \$114 million in bad debt and charity care, which may be attributed largely to patients who were uninsured and unable to pay for their care.

The proposed State funding of \$9,809,826 for fiscal year 2011-2012 combined with the federal appropriation will supplement the reimbursement shortfall for Medicaid/Quest patients. Without state matching funds, the federal funding will be lost. Your support and approval of SB 785 SD1 is crucial toward enabling Hawaii's hospitals to continue to serve the needy.

Thank you for the opportunity to testify.