LATE

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Thursday - February 10, 2011 – 1:15pm
Conference Room 016

The Senate Committee on Human Services

To: Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair

The Senate Committee on Health

To: Senator Josh Green, MD, Chair
Senator Clarence K. Nishimura, Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: SB 787 RELATING TO HEALTH - Testimony in Support

My name is Ginny Pressler, MD Executive Vice President at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a nonprofit health care system and the state's largest health care provider, committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four affiliated hospitals, 44 outpatient clinics and more than 2,200 physicians and clinicians. The network is anchored by its four nonprofit hospitals: Kapi'olani Medical Center for Women & Children, Kapi'olani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital. Collectively, they lead the state in the areas of women's health, pediatric care, cardiovascular services, bone and joint services and cancer care.

Hawaii Pacific Health is writing in strong support of SB 787 which takes steps to solve the hospital waitlist problem by increasing certain Medicaid payments to hospitals and long term care facilities. On any given day there are as many as 275 patients in hospitals across Hawaii who have been treated and are now waiting to be transferred to a long term care facility but who must remain "waitlisted" in a hospital because long term care is not available. Discharge timeframes for waitlisted patients range from days to over a year. This represents a poor quality of life option for the patient, presents an often insurmountable dilemma for providers and patients, and creates a serious financial drain on acute care hospitals with ripple effects felt throughout other healthcare service sectors.

SB 787 would adjust Medicaid payments to improve the flow of patients from acute care hospitals to long term care facilities. Payments to long term care facilities would be increased for patients with medically complex conditions that require increased care, as current payments do not cover the actual costs of care. In addition, payments to hospitals for waitlisted patients, although still not covering costs, would be increased so that payments are closer to 60% rather than 20% of the actual costs of care incurred by hospitals. We ask that you pass SB 787. Thank you for your time regarding this measure.

LATE

NEIL ABERCROMBIE
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February 10, 2011

MEMORANDUM

TO: Honorable Josh Green, M.D., Chair
Senate Committee on Health

Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Patricia McManaman, Interim Director

SUBJECT: **S.B. 787– RELATING TO HEALTH**

Hearing: Thursday, February 10, 2011, 1:15 p.m.
Conference Room 016, State Capitol

PURPOSE: The purposes of this bill are to 1) change the way that hospitals are reimbursed for Medicaid waitlist long-term care patients to the acute payment rate, and 2) reimburse facilities with long -term care beds for patients with medically complex conditions who had received acute care services in an acute care hospital in a prior stay, at the subacute care rate.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill as it would result in a significant increase in State expenditures.

In addition, State law currently requires that there be no distinction between hospital-based and non-hospital based Medicaid reimbursement rates for institutionalized long-term care. These reimbursements are equitably based on the level of care provided pursuant to section 346D-1.5, HRS.

In FY 2008, there were 17,000 waitlisted days which would have meant an extra $10,000,000 per year in payments to hospitals. The number of waitlisted days and estimated costs for FY 2009 are currently being calculated and will be transmitted to the Committee when finalized. DHS already provides hospitals with more than $20,000,000 in supplement payments per year.

This increased payment to hospitals does not include the cost of effectively rebasing long-term care facility rates. Using the definition of "medically complex condition" for paying the subacute rate means that any patient with a chronic illness taking medications would qualify for the subacute rate. This is essentially everyone in a nursing facility and would cost additional tens of millions. The difference between the average nursing facility rate ($234.62) and average subacute rate ($536.96) is an additional $302.34 per day.

Paying inpatient acute care rates to a patient not requiring, by definition, acute level care, because he or she is awaiting discharge, would be paying for services not needed nor provided.

DHS believes the problem of long-term care patients occupying acute care beds will not be solved by this measure. The Department has already moved to address the waitlist problem through its QUEST Expanded Access (QExA) managed care program that started on February 1, 2009. Waitlisted patients will now have access to a service coordinator as well as increased access to expanded home and community based services. DHS also continues the Going Home Plus program which increases reimbursement to care for complex clients in the community. The future of long-term care is the expansion of home and community based services.

Thank you for the opportunity to provide this testimony.