



State Bills would add cash flow to hospitals

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By Kristen Consillio

Lawmakers will push measures to inject new money into Hawaii's health care system when the Legislature convenes on Wednesday to help avert future closures of medical providers.

Health committee leaders said their top priorities are to strengthen the system in the wake of the largest hospital closure the state has ever seen. Hawaii Medical Centers closed its Liliha and Ewa hospitals over the past few weeks, illustrating the critical situation providers face in staying afloat amid declining payments and increasing demand.

"We've been looking at not only the HMC situation, but we're trying to look at how to ensure that all our hospitals can stay open," said Ryan Yamane, House Health Committee chairman. "HMC made everyone realize that it's going to take a collaborative effort."

GETTING INVOLVED

Legislative proposals for the 2012 session will be assigned bill numbers within the first week of session. Bills that were carried over from last year's session can be found at the state Legislature's website at www.capitol.hawaii.gov; or for more information, call the health committee chairmen, Sen. Josh Green, 586-9385, and Rep. Ryan Yamane, 586-6150.

Among the measures aimed at increasing cash flow for health providers is HB 594, which would require the state match \$10 million in federal funds to cover hospital losses largely attributed to uninsured patients unable to pay for their care. The so-called DSH, or disproportionate share hospital, program to help facilities that care for a high number of uninsured would potentially distribute \$20 million to hospitals this year.

Hospital losses due to bad debt and charity care totaled \$115 million in 2010, according to the Healthcare Association of Hawaii, representing hospitals and care agencies statewide.

Another pair of bills aims to increase Medicaid payments to acute and long-term care facilities without additional state funding. The bills would require hospitals and long-term care providers

to pay a 3 percent fee on net revenue into a special fund. In turn, total collections would be matched by the federal Centers for Medicare and Medicaid Services and subsequently redistributed to Hawaii providers based on the number of Medicaid patients served.

"It's an all-or-nothing provision in Medicaid. All private hospitals will need to participate for the program to work," said Bruce Anderson, president and CEO of the state community hospital system, Hawaii Health Systems Corp. "The more Medicaid patients you serve, the more you receive. There isn't any impact on the cost of medical care for patients or insurance companies. It's basically the hospital system taxing itself. It really is one more way of getting reimbursed for uncompensated care."

Hawaii's Medicaid reimbursement rate is roughly 70 cents on the dollar, according to the Healthcare Association of Hawaii. The program would boost reimbursements to between 85 and 87 cents on the dollar, closer to the national average of 89 cents.

Participating in the federal program could generate another \$25 million to \$50 million for local Medicaid providers, the Healthcare Association of Hawaii said.

"These bills are the most significant pieces of legislation that I have seen in recent history that would go to support the sustainability of our entire health care system," said George Greene, CEO of Healthcare Association of Hawaii.

Greene said hospitals and providers of long-term care would be taking "a significant risk" in first putting up the money to draw down federal funds and waiting on the return.

"This will cause cash-flow issues," he said. "(However) the situation is so bad they realize this is the only way to increase Medicaid reimbursements. At the end of the day, if done correctly it is one of if not the only way to make sure the care needed by our Medicaid population will still be available in this state."

Also of urgency in the aftermath of the closure of HMC-West, the only emergency hospital in West Oahu, is boosting ambulance service for Leeward residents.

With HMC-West closed, ambulances in West Oahu have to drive farther to deliver patients. As each ambulance spends more time on the road, it reduces the number of ambulances available for new emergencies.

The issue has prompted lawmakers to seek \$1.2 million in a separate measure to add another full-time ambulance to the Ewa area and temporarily increase Nanakuli ambulance hours to full from part time, Yamane said.

"We're asking for \$1.2 million for one year in hopes that ... whoever takes over (HMC) would be able to open as an emergency room hospital," Yamane said.

Lawmakers intend to fast-track HB608, carried over from the 2011 session, authorizing \$1.5 million in state money to help the Queen's Medical Center establish an organ transplant center to

replace the only facility in the Pacific that was shuttered along with HMC.

"I want to make sure that people in Hawaii can get the care they need here at home, without having to go to the mainland to see a specialist or get a certain procedure," said Josh Green, Senate Health Committee chairman. "It's a direct approach to addressing problems like we saw with Hawaii Medical Center closing. We need to make health care a priority."

Also on the fast track is SB 239, a bill that would extend a portion of the University of Hawaii John A. Burns School of Medicine's allotment from the tobacco settlement.

The school had used on average between \$3 million and \$4 million annually for operations from the tobacco settlement. But the funding expired in June after lawmakers failed to take action before a procedural deadline.

Other legislative priorities include bills that aim to help physicians repay loans if they serve in rural communities; establishing a limit on chromium-6, a known carcinogen, in drinking water; and adopting California's U.S. Environmental Protection Agency standards for greenhouse gas emissions to reduce toxins that cause asthma, liver and lung disease and cancer.

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