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GOVERNOR OF HAWAII



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CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

Senate/House Committee on Health

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S.B. 2099, S.D. 2, Proposed H.D. 1, Relating to Health

Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health

March 16, 2010; 11:15 a.m.

1 **Department's Position:** The Department of Health is opposed to the bill as written.

2 **Fiscal Implications:** None.

3 **Purpose and Justification:** The proposed bill is technically flawed as the adoption of this bill would
4 result two sets of dialysis thresholds existing simultaneously. One set of thresholds would be contained
5 in Chapter 323D and another set in the State Health Services and Facilities Plan (HSFP). The statute, as
6 currently written in 323D-43(c), requires all certificate of need decisions to be consistent with the HSFP.
7 Therefore, as the two sets of thresholds are not identical, there would be situations where it would be
8 impossible for a decision to meet the thresholds in Chapter 323D and in the HSFP at the same time.

9 There are currently no health service thresholds or utilization rates set in statute. The HSFP
10 currently contains all such thresholds and utilization rates. The Statewide Health Coordinating Council
11 (SHCC) is able to establish and modify such thresholds as necessary after deliberation and holding
12 public hearings. The Department of Health believes that from a health planning perspective, it is more
13 prudent to maintain such standards in the HSFP. Once such thresholds and rates are placed in statute, it
14 will be more difficult and less timely to make modifications as conditions warrant.

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1 The Act is to be repealed on June 30, 2013 without identifying what utilization thresholds would
2 take effect after the date of repeal.

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3 Thank you for the opportunity to testify regarding SB 2381.

Testimony of
Joan Danieley
Health Plan Vice President

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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

March 16, 2010
11:15 am
Conference Room 329

Re: SB 2099 SD2 Proposed HD1 REALTING TO HEALTH

Chairs, Vice Chairs and committee members, thank you for this opportunity to provide testimony on SB 2009 SD2 Proposed HD1 relating to health.

Kaiser Permanente Hawaii opposes this bill.

Kaiser opposes this legislation as SB 2009 SD2 Proposed HD1, if adopted, would provide existing dialysis providers with a near monopoly for this essential life giving service, which is especially prevalent on the neighbor islands where a single provider is allowed unfettered discretion in setting the cost for treatments and ancillary services on the islands of Maui, Kauai, Molokai and Hawaii. The lack of a second dialysis provider or any competition is reflected in the rates charged by the sole provider. For example, Kaiser is charged nearly 3 times the rate for dialysis services for our patients on Maui than what is pays for the same services on Oahu where there are two dialysis providers. For many of our island residents who suffer from end stage renal disease (ESRD) there is no alternative, other than a kidney transplant, to hemodialysis treatments, three times a week. Given the prevalence and high incidence of diabetes in Hawaii's population, there has been an alarming increase in chronic kidney disease with a need for dialysis services in this State that is projected to double in the next decade. Rather than following the national trend and federal policy that encourages competition in keeping health costs affordable, the purpose of this legislation is to make market entry for any new provider even more difficult. In fact, the utilization thresholds set out in SB 2099 SD2 Proposed HD1 would revive archaic standards adopted in the 1990's, which were replaced with SHPDA adoption of the current thresholds for health care services in the 2009 revision of the Hawaii State Health Services and Facilities (HSFP) that is mandated by HRS §323D-12. Responsibility for setting capacity thresholds in health care planning has been delegated to SHPDA. This legislation would deny and reject nearly 5 years of effort spent by the agency, its advisory panels and its subcommittees conducting the needs studies and community meeting culminating in the 2009 update of the HSFP. Kaiser has been working with SHPDA and its advisory panels over the past 18 months under the current standards to incorporate dialysis services on the island of Maui in its management of chronic kidney disease. This legislation would put that project in jeopardy and would allow the sole dialysis provider on Maui to maintain its monopoly and its outrageous rates for dialysis services. Thank you for this opportunity to comment.