

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON HEALTH  
ON  
SENATE BILL NO. 2529, S.D. 2

**LATE**

March 9, 2010

RELATING TO HEALTHCARE CLAIMS

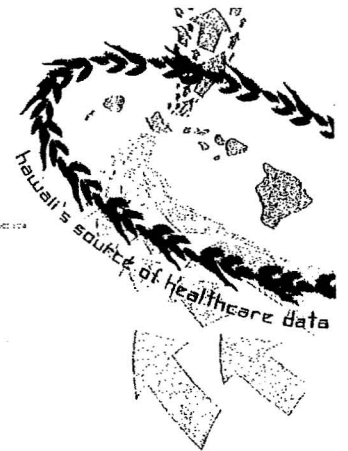
Senate Bill No. 2529, S.D. 2, establishes the Hawaii Healthcare Claims Uniform Reporting and Evaluation System under the Department of Commerce and Consumer Affairs to collect, analyze, and distribute health insurance claims information. The bill also creates the Hawaii Healthcare Claims Special Fund to collect healthcare claim fees and penalties, and other proceeds derived from the publication and use of health claims data. The special fund will pay for expenditures to operate and improve the Hawaii Healthcare Claims Uniform Reporting and Evaluation System.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-52.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the fund will be self-sustaining.



# HAWAII HEALTH INFORMATION CORPORATION

**LATE**



February 8, 2010

Chairman Yamane, Vice Chair Nishimoto and Committee Members:

Good Morning! Thank you for this opportunity to testify in favor of SB 2529, S.D. 2 with some modifications.

I am Susan Forbes, DrPH, President and Chief Executive Officer of Hawaii Health Information Corporation (HHIC). Our mission is to collect, analyze and disseminate statewide health information to support efforts to continuously improve the quality and cost-efficiency of Hawai'i's health care services.

HHIC supports SB 2529 which establishes a system under the Department of Commerce And Consumer Affairs to collect, analyze and distribute health insurance claims information.

It is widely accepted that there is a health care crisis not only in Hawaii, but throughout the U.S. The following concerns are specific to Hawaii; any one of which indicates that we must act with a sense of urgency:

- The financing of healthcare is in crisis: While Hawaii's health insurance premiums are among the lowest in the country and Medicare costs per beneficiary are the nation's lowest. Physicians are leaving Hawaii and/or quitting practice citing insufficient payment. Hospitals have reported serious financial challenges for several years. Health Plans are now reporting losses due to high utilization. Health insurance premiums paid by employers are insufficient to support the costs of the providers, and employers are not likely to be able to pay more.
- The quality of healthcare must improve: Hawaii does not consistently deliver high-quality care or recommended evidence-based care. In terms of hospital care, we rank "worse than average" for providing recommended hospital care for heart attacks, heart failure, pneumonia, obstetric and birth trauma, and prenatal care. Hospital mortality for cardiac bypass surgery, congestive heart failure and pneumonia has also been reported to be below average. Further, only 55% of adults over age 50 receive recommended colonoscopy, sigmoidoscopy or proctoscopy.<sup>1</sup>

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<sup>1</sup> 2008 State Snapshots: Derived from *2008 National Healthcare Quality Report*. March 2009. Rockville, MD: Agency for Healthcare Research and Quality. <http://statesnapshots.ahrq.gov/>.

- For employers who purchase health insurance, health care providers and consumers, information to compare quality, cost and efficiency is limited, making it hard to determine value.

As rising costs and utilization continue to burden the health care system, everyone agrees that changes need to be made to increase affordability, access to care and improve quality. But, how much will it cost? How can the delivery system be more efficient? Where are the opportunities? How will we know we are getting the best value for the \$7 Billion spent on health care each year in Hawaii?<sup>2</sup> Currently we cannot answer these questions. What is clear: Our collective ability to improve Hawaii's health care system will diminish the longer we wait. And, for us to make improvements we must be able to measure it.

An all-payer, all-claims data collection program is a necessary first step in creating a comprehensive collection of uniform information about the entire patient experience. Through this collection, analysis, and public reporting, providers can benchmark their performance, identify opportunities for quality improvement, and design effective quality improvement initiatives. With this information, purchasers can identify and reward high-performing providers who deliver high-quality, high-value care to their patients, and consumers can access information to help guide critical health care decisions. Policy makers can make better strategic decisions for the priorities of Hawaii, both by providing funding and also through the development of public-private partnerships at the local level for development of community specific initiatives.

The utility of claims information is that it can be used to assess utilization of services (answering questions such as: Is there significant variation of utilization of specific services in specific areas and, if so, why?), examine conditions or procedures (How many people in Honolulu have asthma and how many are being hospitalized with asthma compared to other areas of the state?), compare payments for specific services (What is the cost and quality variation of diabetes care in the Honolulu metropolitan area versus the Neighbor Islands?). Through the creation of a database that includes information about all claims paid across the state, the people of Hawaii will have access to comprehensive, uniform information, which will help shape successful strategies for providing consistent, high-quality health care to all people of Hawaii, and will provide the means to monitor progress toward that goal.

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<sup>2</sup> Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released September 2007; available at [http://www.cms.hhs.gov/NationalHealthExpendData/05\\_NationalHealthAccountsStateHealthAccountsResidence.asp#TopOfPage](http://www.cms.hhs.gov/NationalHealthExpendData/05_NationalHealthAccountsStateHealthAccountsResidence.asp#TopOfPage)

LATE

**National Standards**

Based on the feedback received during discussions about development of an all payer/all claims database held in November and January with stakeholders at the Capitol, we recommend the data specifications be consistent with “..the standard file layouts maintained by the National Association of Health Data Organizations. These standard file layouts describe the data elements and formats in use in many states across the country. The issue is not what data to collect, but what to do with the data once collected.

**Task Force to Address Reporting and Data Dissemination**

We believe there is a need for more discussion on the use and dissemination of the data once collected. With that in mind, we would like to expand **§431:10A-F Procedures for the approval and release of claims data** to enable further discussion of the use and dissemination of the standardized data. These discussions could take place either in the public sector or the private sector. The expansion would empower the advisory committee (or task force) to recommend data release and reporting policies related to the Hawaii Healthcare Claims Uniform Reporting and Evaluation System and reports/reporting that will support the purpose of transparent public reporting of health care information including cost and quality reporting.

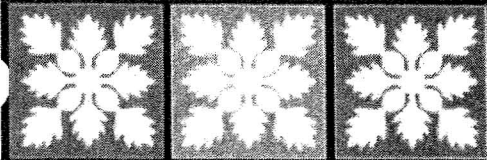
Thank you for the opportunity to support SB 2529 S.D. 2.

Sincerely,



Susan Forbes, DrPH

President and Chief Executive Officer



## Hawaii Association of Health Plans

March 9, 2010

The Honorable Ryan Yamane, Chair  
The Honorable Scott Nishimoto, Vice Chair  
House Committee on Health

**LATE**

**Re: SB 2529 SD2 – Relating to Healthcare Claims**

Dear Chair Yamane, Vice Chair Nishimoto and Members of the Committee:

My name is Howard Lee and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of seven (7) member organizations:

AlohaCare	MDX Hawai‘i
Hawaii Medical Assurance Association	University Health Alliance
HMSA	UnitedHealthcare
Hawaii-Western Management Group, Inc.	

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

HAHP appreciates the opportunity to testify on SB 2529 SD2 which would establish a system under the Department of Commerce and Consumer Affairs to collect, analyze and distribute health care information.

Transparency seems to be a buzz word this session with many bills attempting to accomplish similar goals. Many of the HAHP member plans have been meeting with other stakeholders in the health care system to begin to sort out the myriad issues and potential regulatory and privacy concerns revolving around the sharing of information. While we appreciate the intent behind the measure before you today we believe that this legislation may be premature. It is clear that while there is consensus on working towards this goal, much needs to be decided before action can be taken. Since the private sector is taking steps in this direction, we would suggest deferring the passage of this measure, allowing all stakeholders to continue working together. Thank you for the opportunity to testify today.

Sincerely,

Howard Lee  
President

# HMSA

# LATE



An Independent Licensee of the Blue Cross and Blue Shield Association

March 9, 2010

The Honorable Ryan Yamane, Chair  
The Honorable Scott Nishimoto, Vice Chair  
House Committee on Health

**Re: SB 2529 SD2 – Relating to Healthcare Claims**

Dear Chair Yamane, Vice Chair Nishimoto and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2529 SD2 which would create a database consisting of information provided by health plans' claims information. Although HMSA supports the intent of this measure, we believe that it is unnecessary at this time.

Currently we are engaged with the other stakeholders, namely the Hawaii Health Information Corporation (HHIC), to establish a working group on the initiative outlined in SB 2529 SD2. Since this effort is already underway, it would be prudent to allow the private sector to work towards the goal of creating a transparent system without legislation at this time.

With more transparency, reports could be published, widely accessible to consumers, such as an annual guide to assist consumers in selecting health care providers and health plans. The opportunities are endless when all stakeholders can come together to work towards the common goal of improving the health care system. We understand that this is a big challenge, but believe there is much that can be done to promote transparency, and we have just begun to scratch the surface.

Due to the private efforts being undertaken at this time, we would respectfully request the Committee see fit to defer action on this measure and allow the stakeholders to continue working together. Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read "JD".

Jennifer Diesman  
Vice President  
Government Relations