

SB 2529

HTH/CPN

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HEALTH AND
COMMERCE AND CONSUMER PROTECTION
ON
SENATE BILL NO. 2529

February 9, 2010

RELATING TO HEALTHCARE CLAIMS

Senate Bill No. 2529 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.

Measures: SB 2529 and SB 2530

Date and Time of Hearing: February 9, 2010, 9:00 a.m.

February 8, 2010

Chairman Ige and Chairman Baker and Members of the Senate Health and Consumer Protection Committees:

Good Morning! Thank you for this opportunity to testify in favor of SB 2529--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. We do not support SB 2530 because we prefer the version presented in SB 2529.

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.¹

¹ 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 Hawai'i?² Currently we cannot answer these questions. What is clear: Our collective ability to improve Hawai'i'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.

National Standards

² 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

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. 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.

Sincerely,

Susan Forbes, DrPH
President and Chief Executive Officer



HAWAII MEDICAL ASSOCIATION

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Tuesday, February 09, 2010, 9:00 a.m., Conference Room 229

To: Senate Committee on Health
Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice Chair

Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator David Y. Ige, Vice Chair

From: Hawaii Medical Association
Gary A. Okamoto, MD, Legislative Co-Chair
Linda Rasmussen, MD, Legislative Co-Chair
April Donahue, Executive Director
Lauren Zirbel, Government Affairs
Dick Botti, Government Affairs

RE: SB2529 RELATING TO HEALTHCARE CLAIMS

In support

Chairs & Committee Members:

Hawaii Medical Association supports SB2529 as a measure to help provide comprehensive, accurate health insurance claims data collection for Hawaii. This data can allow greater public awareness of the costs of health care, allow insurers and providers the ability to compare claims data across the state, and eventually help identify ways to stem the continued rise of health care expenses.

The bill provides for a thorough, clear, nearly budget-neutral method of collecting the data. This data collection is critical to allowing stakeholders to develop plans for improving the quality and cost-efficiency of health care in Hawaii.

We would also like to point out that HMA prefers the language of SB2529 over SB2530, a similar bill.

Thank you for the opportunity to testify.

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