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**KONA
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**Senate Committee on Human Services
Senator Chair Suzanne Chun Oakland, Chair
Senator Les Ihara, Jr., Vice Chair**

Tuesday, March 22, 2011

1:45 p.m.

Conference Room 016

HB 326, HD1 SD2 -RELATING TO HEALTH. Provides for tele-health services coverage for Medicaid and QUEST patients using Kona Hospital's medical van program. (HB 326 HD1)

**Testimony of Dean Herzog
Chief Financial Officer
HHSC West Hawaii Region**

Chair Suzanne Chun Oakland, Kona Community Hospital appreciates the opportunity to testify in strong support of HB 326, HD1, which would provide for coverage of tele-health services for Medicaid and QUEST members receiving services using Kona Community Hospital's mobile medical van.

The HHSC West Hawaii region is currently undergoing a leadership transition. With that said, we have reviewed the program and understand its importance to our community. We have concluded that we should continue to be fully supportive of tele-health services coverage for Medicaid and QUEST patients due to the extreme challenges our rural communities face.

We believe that although the mobile van will significantly improve physical access to rural areas of the Big Island, incorporating tele-health services will increase timely and efficient virtual access to information that can be incorporated into the medical van's delivery of services. In addition, confidential exchange of information would be ensured.

A large population of our community receives health care coverage through Medicaid and QUEST. If tele-health services were denied to these patients, access to tele-health services will likely lessen the impact to these patients.

As we move forward with the mobile medical van program, we will continue to keep you updated on its status and keep you informed.

We appreciate the Committee hearing this measure today and would respectfully request you see fit to pass it. Thank you for the opportunity to testify.

**KONA COMMUNITY HOSPITAL
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WAIKIKI HEALTH CENTER

REACHING OUT FROM THE HEART OF WAIKIKI

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TO: The Honorable Suzanne Chun-Oakland
Chair Human Services Committee

FROM: Sheila Beckham, RD, MPH
Executive Director
Waikiki Health Center

RE: Testimony in Support of HB326 HD1
Relating to Health

DATE: March 21, 2011

Waikiki Health Center supports the patient-centered health care home (PCMH) model as a viable means of increasing access to high quality health care while reducing costs. We urge the committee to preserve the current language and add a Part II that adopts Senate Bill 1468 SD 1.

The original language establishes a Medicaid Modernization and Innovation Council to create a health care home pilot program within existing state Medicaid programs. Nearly 40 states have implemented the PCMH and have demonstrated a dramatic reduction in per capita health expenditures.

Creating a Hawaii council to focus on innovation within Medicaid is a key to fiscal responsibility and in line with Governor Abercrombie's goal of reducing the budget deficit.

Thank you for the opportunity to submit this testimony and we urge you to support HB 326 HD1 with our proposed amendments.

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Testimony in support of HB 326.

The creation of a council will enable the many interested stakeholders in the improvement of healthcare in Hawaii to have a voice.

The concept of the PCHCH fits well with the Medical Van program, as it promotes continuity of care, collaboration between primary care providers, and enhanced access for patients.

It is the nature of the Patient-Centered Healthcare Home to be team-based, to share responsibilities, to achieve better results through collaboration than can be had in isolation. That's the micro-level approach taken to the care of patients, and it is the same approach that needs to be taken, at a macro-level, to guide the process of healthcare improvement. The task at hand requires inclusiveness, seeking guidance from many, opening up the process to those affected by it. It is entirely in keeping with this improved way of providing care to have multiple stakeholders at the table to discuss and to guide progress. The council proposed is large because there is tremendous interest. It is for precisely this reason that the council needs to be created, so that all the concerned voices may be heard. How else is it representative?

Thank you for the opportunity to testify in favor of HB 36, with the proposed amendments.

Senate Committee on Human Services
The Hon. Suzanne Chun Oakland, Chair
The Hon. Les Ihara Jr., Vice Chair

Testimony in Support of House Bill 326, HD 1
Relating to Health
Submitted by Richard J. Taaffe, Executive Director
West Hawaii Community Health Center
March 22, 2011, 1:45 p.m., Room 016

We respectfully request that the committee amend House Bill 326 HD1 to preserve its current language and add a Part II that adopts Senate Bill 1468 SD 1, previously heard and approved by this committee.

The language we propose establishes a Medicaid Modernization and Innovation Council to create a health care home pilot program within existing state Medicaid programs and perform other duties as directed by the Legislature.

The importance of this amendment to establish a **Medicaid Modernization and Innovation Council** cannot be overstated. The State of Hawaii is currently facing a huge budgetary shortfall and we must look for innovative ways to save money while maintaining essential services for those citizens who are at greatest risk. Medicaid is over a billion dollar programs and is critical for delivering health care to our low income citizens. The proposed **Medicaid Modernization and Innovation Council** is one vehicle for seeking solutions to the financial crisis we face as a State. The core effort of this Council will be to design a patient-centered model of care that reduces the Medicaid cost curve while improving patient health outcomes.

Nearly 40 states have implemented some form of patient-centered health care home model (also known as medical home). All of these efforts resulted in a level of improvement in care, cost, or both. Some of the notable examples include:

- Group Health Cooperative of Puget Sound reduced costs by \$10 per person per month. **Potential Hawai'i savings for Medicaid: \$32 million per year.**
- Intermountain Healthcare Medical Group Care Management reduced costs by \$640 per patient per year. **Potential Hawai'i savings for Medicaid: \$169 million per year.**
- Colorado Medicaid and SCHIP reduced costs by \$215 per child per year. **Potential savings in Hawai'i Medicaid/SCHIP: \$28 million per year.**

Evidence exists that these are real savings and that health outcomes were improved. What was required in each of these projects was the courage to look at new ways of doing things!

The proposed **Medicaid Modernization and Innovation Council** will bring together the talent and experience of Hawaii's best minds to use evidence-based research to re-design our health care delivery system around a health care home (medical home) model. This community input is vital because unfortunately, the current leadership of the MedQuest Division and the Human Services Department is locked into the old paradigm of reducing services and/or eligibility in order to find savings claiming they do not have the staff to do anything else. However, the impact of their recent cost cutting measures (most notably the cuts for COFA) have resulted in law suits and court orders against the HSD, not to mention increased cost because when MedQuest limited health care to some of these critically ill people, care was delay and resulted in these individuals requiring more expensive care such as hospitalization and emergency room visits.

Bottomline, community input is vital if we are to solve a community problem and explore innovative approaches to a complex problem. The Medicaid Modernization and Innovation Council (House Bill 326 House Draft 1 with our proposed amendments) is a proposal that deserves your support.

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Waianae Coast Comprehensive Health Center



**Testimony in Support of HB 326, HD1: Relating to Health
Submitted to Committee on Human Services
March 22, 2011, 1:45 p.m., Room 016
Submitted by Richard P. Bettini, President and Chief Executive Officer**

The Waianae Coast Comprehensive Health Center would like to state its support for HB 326 HD1, which provides telehealth services coverage for Medicaid and QUEST patients using Kona Hospital's medical van program. Access to healthcare, such as through the medical van program, is a priority for underserved patients served by community health centers.

We would like to also propose that the committee amend **HB 326 HD1** to preserve its current language and to add a Part II that adopts **SB 1468 SD 1**, previously heard and approved by this committee.

The language we propose establishes a Medicaid Modernization and Innovation Council to create a health care home pilot program within existing state Medicaid programs and perform other duties as directed by the Legislature.

Nearly 40 states have implemented some form of patient-centered health care home model (also known as medical home). All of these showed a level of improvement in care, cost, or both. Many organizations throughout Hawaii are involved in some form of patient-centered health care/medical home program. For example, along with the Waimanalo Health Center and the Koolauloa Health and Wellness Center, the Waianae Coast Comprehensive Health Center has formed the Accountable Healthcare Alliance of Rural Oahu. Formed by the consumer governing boards from each community health center, the centers' are involved in a number of innovative projects associated with Medicaid transformation, from visit-based to value-based. Development of the medical home offers a unique approach to the active engagement of patients in setting performance metrics and standards for the services designed by and for them.

Creating a Hawai'i council to focus on innovation in our local Medicaid issues is a natural complement to the national efforts of the Innovation Center, and key to transformation of the Medicaid system. Modernization of our Medicaid program cannot be done in a vacuum by government: **consumer, insurer, community and provider input must be incorporated**, and the Council provides a comprehensive, fact-based forum for that input.

We stress the need for a comprehensive transformation of Hawai'i's Medicaid system that improves quality health care, supports living well, and is cost effective. Unless we fundamentally reform the direction of Medicaid, program costs will continue out of control and the health of our poor and vulnerable could be negatively affected, driving costs higher still.

We ask for your support of HB 326 HD 1 with the proposed amendments.

Thank you.

NEIL ABERCROMBIE
GOVERNOR



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PATRICIA McMANAMAN
INTERIM DIRECTOR

PANKAJ BHANOT
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES**
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 22, 2011

MEMORANDUM

TO: Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: H.B. 326, H.D. 1 – RELATING TO HEALTH

Hearing: Tuesday, March 22, 2011, 1:45 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to provide telehealth services coverage for Medicaid and QUEST patients using Kona hospital's medical van program.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill but opposes it for potentially jeopardizing patient safety and exploiting a low-income vulnerable population. We support continued discussion with the Senate version, but request that this version be held. We are also communicating with HMSA and have exchanged a draft MOU.

The DHS understand the need to improve access, but increasing access to further fragmented care can result in poor disease management from lack of continuity of care and prescribing harm such as over-prescribing, drug-drug interactions, and antibiotic resistance. We should not be experimenting on low-income individuals the return of a proprietary investment. However, it is important to pilot innovative ideas and technologies

with potential for improving quality and efficiency of care in a manner in which the potential benefit exceeds the potential harm.

S.B. 285 S.D. 2, the companion bill, incorporates changes to foster a safer use of telehealth while facilitating increase in appropriate utilization by allowing unlimited access to one's primary care provider and access to specialist consult with a referral from the primary care provider. These are the same managed care principles and consistent with the health home model that are applied throughout our programs.

Any service provided by a contracted health plan that has not been authorized by DHS will not be reimbursed. Any service not approved by the federal Centers for Medicare and Medicaid Services will not be eligible for federal funding. This bill would mandate a new service and preclude the DHS from having oversight of any telehealth related service.

The provisions for telehealth in this bill eliminate DHS authority for oversight of an emerging technology. As with any new technology there are risks and benefits, and DHS has the responsibility to ensure the safety of its recipients. It is critical for DHS to be able to review scientific evidence in order to make informed decisions about patient safety.

Telemedicine does have an important and growing role, when done in a safe and coordinated manner. A report by the federal Agency for Healthcare Research and Quality found that "studies of office/hospital-based telemedicine suggest that telemedicine is most effective for verbal interactions, e.g., videoconferencing for diagnosis and treatment in specialties like neurology and psychiatry." DHS has an on-going telepsychiatry program through the University of Hawaii's John A. Burns School of Medicine Department of Psychiatry.

DHS supports the use of telemedicine that has been demonstrated to be safe and effective, and we are quite willing to review data on safety, effectiveness, and cost-

effectiveness for any new telemedicine technology. To date no data that demonstrate the safety, effectiveness, and efficiency of a new telemedicine technology have been shared with DHS.

The quality of healthcare that can be provided is substantially limited in the absence of an established patient-provider relationship and without having clinical information including progress notes, laboratory data, and the ability to perform a physical examination. Unmanaged telemedicine could also increase inappropriate utilization and increase costs without improving outcomes. Removing DHS' responsibility for ensuring patient safety as would occur under this bill is dangerous.

Thank you for this opportunity to provide testimony.