



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
HOUSE COMMITTEE
ON
FINANCE

March 03, 2011

10:00 AM

HB 905

RELATING TO DELIVERY OF GOVERNMENT SERVICES.

Chair Oshiro, Vice-Chair Lee, and committee members, thank you for the opportunity to testify on HB 905. This bill requires the Departments of Health (DOH) and Human Services (DHS) to collaborate with contracted health and human services providers to develop and update annually a health and human services delivery plan. Developing and updating a health and human services delivery plan is a departmental programmatic matter.

The State Procurement Office recommends this delivery plan be placed with the respective department's statute under HRS chapter 321, department of health, and chapter 346, department of human services.

Thank you.

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
INTERIM DIRECTOR
PANKAJ BHANOT
DEPUTY DIRECTOR

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

March 3, 2011

MEMORANDUM

TO: The Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Patricia McManaman, Interim Director

SUBJECT: **H.B. 905 - RELATING TO DELIVERY OF GOVERNMENT
SERVICES**

Hearing: Thursday, March 3, 2011; 10:00 a.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of H.B. 905 is to require the directors of the Department of Health (DOH) and Department of Human Services (DHS) to collaborate with contracted health and human services providers to develop, and update annually, a health and human services delivery plan.

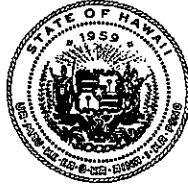
DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill but requests deferral to allow the new administrations of the Department of Health (DOH) and Department of Human Services (DHS) to confer on the development of a health and human services delivery plan.

The discussion and careful consideration between the DOH and DHS of the components of an efficient and effective delivery plan will be more likely to lead to the development of a plan that will improve the efficiency, capacity and quality of health

care services. This is critical to ensure that the provision of services to the clients of both departments is not adversely affected.

We would recommend that the effective date for this bill be changed to 2014 to allow the Department of Health and the Department of Human Services time to more effectively work together to ensure the development of a plan that will work and that will include the many changes taking place locally and nationally affecting health and human services.

Thank you for the opportunity to provide comments on this bill.



STATE OF HAWAII
DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

House Committee on Finance

March 3, 2011

**Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Acting Director of Health**

HB905, Relating to Health

1 **Department's Position:** Comments and recommendations

2 **Fiscal Implications:** Unknown start-up costs, unspecified expenses depending on outcome of plans

3 **Purpose and Justification:** The Hawaii Department of Health expects net gains for the public as a
4 result of collaborative planning with the Department of Human Services and contracted service
5 providers.

6
7 As currently drafted, the planning process will occur amidst sweeping and simultaneous healthcare
8 change: 1) ARRA HITECH's health information exchange, electronic medical records, and Medicaid
9 incentive program; and 2) ACA's health insurance exchange, payment reform, accountable care
10 organizations, and Medicaid expansion. These changes will disproportionately impact the contracted
11 providers HB905 compels to participate in the planning process.

12

13 Therefore the department respectfully recommends:

14 1) Removing or delaying the requirement for mandatory provider participation to allow them to
focus on meeting pressing federal mandates, and/or

2) Pushing back the report due date from 2012 to 2014, when the first round of medical records,
2 Medicaid expansion, and insurance exchanges are expected to come online. This will allow
3 all parties the opportunity to assess how federal mandates have addressed gaps in service
4 delivery, cost-effectiveness, and quality improvement; and permit DOH and DHS leadership
5 needed time to re-orient their agencies.

6
7 Thank you for the opportunity to comment.