

**SB 1468**



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEALI S. LOPEZ  
DIRECTOR

EVERETT KANESHIGE  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011

Friday, February 25, 2011  
9 a.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE BILL NO. 1468, S.D. 1 – RELATING TO HEALTH.**

TO THE HONORABLE DAVID Y. IGE, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on this bill, which establishes the Hawaii Medicaid modernization and innovation council and directs the creation of the Hawaii patient centered health home pilot program.

We thank this Committee for the opportunity to present testimony on this matter.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 25, 2011

The Honorable David Y. Ige, Chair  
The Honorable Michelle Kidani, Vice Chair  
Senate Committee on Ways and Means

**Re: SB 1468 SD1 – Relating to Health**

Dear Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to support the intent of SB 1468 SD1 which would establish the Hawaii patient centered medical home (PCMH) pilot project within the Medicaid program and would create a Medicaid modernization and innovation council.

HMSA has taken great strides towards encouraging providers and facilities to increase the quality of care provided. One of the ways which we are doing this is by pursuing a new methodology of provider reimbursement that rewards health care providers for quality rather than volume. This is reflective of the type of program described within SB 1468 SD1. We believe that transitioning to this new payment model and away from simply paying for services based on volume is a vital part of creating an economically sustainable health care delivery system. In fact, we have already begun working towards the application of this program to our QUEST plan.

Our only concern would be to ensure that the language of SB 1468 SD1 does not impede current progress taking place within the community. For example, there may be a way to incorporate existing certification standards created by a health plan's PCMH model. Perhaps a PCMH certified physician, certified by a health plan's PCMH, would be able to utilize this credentialing for all other PCMH models in the state. Again, we are supportive and look forward to engaging the entire community on this important change to our health care system.

We also believe that the creation of the Medicaid Modernization and Innovation Council would formally establish a group to discuss potential ways to contain the cost of care for the state's neediest population.

Thank you for the opportunity to testify on SB 1468 SD1.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman  
Vice President  
Government Relations



## HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814  
Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

**Friday, February 25, 2011, 9:00am, Conference Room 211**

To: COMMITTEE ON WAYS AND MEANS  
Senator David Ige, Chair  
Senator Michelle Kidani, Vice Chair

COMMITTEE ON HEALTH  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

From: Hawaii Medical Association  
Dr. Morris Mitsunaga, MD, President  
Linda Rasmussen, MD, Legislative Co-Chair  
Dr. Joseph Zobian, MD, Legislative Co-Chair  
Dr. Christopher Flanders, DO, Executive Director  
Lauren Zirbel, Community and Government Relations

Re: SB 1468, SD 1 Relating to Health

In Support

Chairs & Committee Members:

Hawaii Medical Association supports SB 1468, SD1.

The patient centered health home model provides comprehensive person centered health. This model will transform the health care system from one that is responsive and costly to one that is proactive and efficient. A patient centered health home is not an actual structure, but a linked approach to providing health care that improves the patient experience, improves health outcomes, and reduces per capita costs. According to the Patient Centered Primary Care Collaborative, "Investing in primary care patient centered medical homes results in improved quality of care and patient experiences, and reductions in expensive hospital and emergency department utilization. There is now even stronger evidence that investments in primary care can bend the cost curve, with several major evaluations showing that patient centered medical home initiatives have produced a new savings in total health care expenditures for the patients served by these initiatives."

Nearly 40 states have implemented some form of patient-centered health care home (also known as medical home) model as a means to help improve patient outcomes but also, to help reduce the long term costs of care. All of these patient-centered models

### OFFICERS

PRESIDENT - MORRIS MITSUNAGA, MD PRESIDENT-ELECT - ROGER KIMURA, MD  
SECRETARY - THOMAS KOSASA, MD IMMEDIATE PAST PRESIDENT - DR. ROBERT C. MARVIT, MD TREASURER  
- STEPHEN KEMBLE, MD EXECUTIVE DIRECTOR - CHRISTOPHER FLANDERS, DO

showed some 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).

Under the Affordable Care Act, the Centers for Medicare & Medicaid Services (CMS) were directed to formally establish a new Center for Medicare and Medicaid Innovation (Innovation Center). The Innovation Center will explore innovations in health care delivery and payment that will enhance the quality of care for Medicare and Medicaid beneficiaries, improve the health of the population, and lower costs through quality improvement. The Innovation Center will consult stakeholders across the health care sector including hospitals, doctors, consumers, payers, taxes, employers, advocates, relevant federal agencies and others to obtain direct input on its operations and to build partnerships with those that are interested in its work. The organization will test models, establish an information clearinghouse of best practices in health care innovation, and create learning communities that help providers rapidly implement these new care models. 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 system transformation in Medicaid. Modernization of our Medicaid program cannot be done in the vacuum of government; consumer, insurer, community and provider input must occur. The Council could address numerous Medicaid modernization issues and innovation concepts including: patient centered health home, information technology, eligibility systems, the Hawai'i health insurance exchange, and health care for COFA migrants.

Thank you for the opportunity to testify.



## Hawai'i Primary Care Association

345 Queen Street | Suite 601 | Honolulu, HI 96813-4718 | Tel: 808.536.8442 | Fax: 808.524.0347  
www.hawaiipca.net

### Senate Committee on Ways and Means

The Hon. David Ige, Chair

The Hon. Michelle Kidani, Vice Chair

## Testimony in Support of Senate Bill 1468, SD 1

### Relating to Health

Submitted by **Beth Giesting, Chief Executive Officer**

February 25, 2011, 9:00 a.m., Room 211

The Hawai'i Primary Care Association represents all community health centers of Hawaii. **We strongly support Senate Bill 1468 SD1, which establishes a Medicaid Modernization and Innovation Council to create a health care home pilot program and other duties as directed by the Legislature.**

**A patient-centered health care home** is not an actual structure, but a linked approach to providing health care that **improves the patient experience, improves health outcomes, and reduces per capita costs.** This model will transform the health care system from one that is reactive and costly to one that is proactive and efficient. According to the Patient Centered Primary Care Collaborative, "Investing in primary care patient centered medical homes results in improved quality of care and patient experiences, and reductions in expensive hospital and emergency department utilization."

**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. 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.**

In Hawaii, the following organizations are involved in some form of patient-centered health care/medical home program:

- Kaiser Permanente
- HMSA
- Hawai'i Pacific Health
- Hawai'i Independent Physicians Association
- Bay Clinic
- Hāmākua Health Center
- Wai'anae Coast Comprehensive Community Health Center

- Kalihi-Palama Health Center
- Waimanalo Community Health Center
- West Hawai'i Community Health Center
- AlohaCare

As private physicians and health plans transform their health care delivery systems into health/medical homes, it makes sense for the State to work with consumers, providers, and plans to explore the same path for Medicaid. **Physicians and health care professionals will not want to implement multiple versions of health/medical homes for their patients:** one model for privately insured patients, another for Medicaid enrollees. In addition to the significant cost savings in Medicaid that could be achieved with the implementation of a health home model, the timing to look at the model now is sensible.

**The Affordable Care Act of 2010 provides financial resources for programs and states to implement patient-centered models of care:**

- Eight state demonstration projects coordinating care and payment from Medicare, Medicaid, and private health plans;
- The Advanced Primary Care Practice Demonstration for Medicare patients at community health centers;
- State demonstrations to integrate care for dual eligible (Medicare and Medicaid) individuals;
- A health home option for Medicaid enrollees that provides a 90% FMAP (federal match) for covered services during the first 8 fiscal quarters of the program.

Under the Affordable Care Act, the Centers for Medicare & Medicaid Services (CMS) were directed to formally establish a new Center for Medicare and Medicaid Innovation (Innovation Center). The Innovation Center will explore innovations in health care delivery and payment that will enhance the quality of care for Medicare and Medicaid beneficiaries, improve the health of the population, and lower costs through quality improvement.

**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.

The Council could also function as a multipurpose entity, addressing numerous Medicaid modernization issues and innovation concepts including: patient centered health home, information technology, eligibility systems, the Hawai'i health insurance exchange role in Medicaid eligibility and enrollment, and health care for COFA migrants.

In closing, 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. This kind of innovation does not come easy. In many respects, it is easier to cut benefits, reduce eligibility, and require the use of generic drugs for Medicaid enrollees. However, unless we fundamentally reform the direction of Medicaid, program costs will still rage out of control and, more importantly, the health of people could be negatively affected, driving costs higher still.

We ask you to support Senate Bill 1468 Senate Draft 1, and pass the measure out of committee. Thank you for the opportunity to testify.



Senate Ways and Means Committee  
Senator David Ige, Chair

February 23, 2011

Honorable Chairpersons and committee members;

I am writing in support of SB-1468, creating a pilot Medical Home Team; and the amendments made at the last hearing; SD-1.

Physician Assistants, long standing members of Hawaii's Primary Care health workforce, should specifically identified as a part of the overseeing Council, and included among those professionals who provide services as part of the patient centered "Medical Home" model.

The National Committee on Quality Assurance, NCQA, has included PAs, and PA-led clinics, as a part of its definition of Pt Centered Medical Home;  
Hawaii ought to have the same policy as it develops it's Medical Home Team definitions.

Thank you for the opportunity to express strong support for this bill and these amendments.

Dan Domizio PA, MPH  
Clinical Director and CEO  
Puna Community Medical Center  
Pahoa, Hawaii



## LĀNA'Ī COMMUNITY HEALTH CENTER

P. O. Box 630142  
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Phone: 808-565-6919 x114  
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dshaw@lanaicommunityhealthcenter.org

*The Community is our Patient -- men, women, children, uninsured, insured!*

February 24, 2011

RE: Support of SB 1468 SD 1; Hearing Friday, February 25, 2011, at 9:00 A.M. in room 211 at the State Capitol

### Patient-Centered Health Care Home

A **patient-centered health care home** is not an actual structure, but a linked approach to providing health care that **improves the patient experience, improves health outcomes, and reduces per capita costs**. This model will transform the health care system from one that is reactive and costly to one that is proactive and efficient.

According to the Patient Centered Primary Care Collaborative, "Investing in primary care patient centered medical homes results in improved quality of care and patient experiences, and reductions in expensive hospital and emergency department utilization."

**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. 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.**

### Health Care Home / Medical Home in Hawai'i

The following organizations are involved in some form of patient-centered health care / medical home program:

- Kaiser Permanente
- HMSA
- Hawai'i Pacific Health
- Hawai'i Independent Physicians Association
- Bay Clinic
- Lanai Community Health Center
- Wai'anae Coast Comprehensive Community Health Center

*E Ola nō Lāna'ī*

**LIFE, HEALTH, and WELL-BEING FOR LĀNA'Ī**

- Kalihi-Palama Health Center
  - Waimanalo Community Health Center
  - West Hawai'i Community Health Center
- AlohaCare

### **Patient-Centered Health and the Affordable Care Act**

The Affordable Care Act of 2010 provides financial resources for programs and states to implement patient-centered models of care:

- Eight state demonstration projects coordinating care and payment from Medicare, Medicaid, and private health plans;
- The Advanced Primary Care Practice Demonstration for Medicare patients at community health centers;
- State demonstrations to integrate care for dual eligible (Medicare and Medicaid) individuals;
- A health home option for Medicaid enrollees that provides a 90% FMAP (federal match) for covered services during the first 8 fiscal quarters of the program.

### **Why a Council?**

Under the Affordable Care Act, the Centers for Medicare & Medicaid Services (CMS) were directed to formally establish a new Center for Medicare and Medicaid Innovation (Innovation Center). The Innovation Center will explore innovations in health care delivery and payment that will enhance the quality of care for Medicare and Medicaid beneficiaries, improve the health of the population, and lower costs through quality improvement.

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 the vacuum of government: consumer, insurer, community and provider input must occur, and the Council provides a comprehensive, fact-based forum for that input.

The Council could also function as a multipurpose entity, addressing numerous Medicaid modernization issues and innovation concepts including: patient centered health home, information technology, eligibility systems, the Hawai'i health insurance exchange, and health care for COFA migrants.

Sincerely,



Diana V. Shaw, PhD, MPH, MBA, FACMPE  
Executive Director

---

**From:** Barbara Kualii [bkualii@bayclinic.org]  
**Sent:** Wednesday, February 23, 2011 9:25 AM  
**To:** WAM Testimony  
**Subject:** Support for Senate Bill 1468 S.D. 1 on Friday, February 25, 2011, at 9:00 A.M.

To the Capitol,

Senate Bill 1468 S.D. 1 creates the Medicaid Modernization and Innovation Council and empowers the Council to develop a patient-centered health care home pilot program for Medicaid enrollees.

I believe this bill is going in the right direction toward improving access and reducing the skyrocketing cost of health care in the United States.

We will be having a massive increase in people who are aging.

As people age, they have less access to financial resources (due to retirement or loss of employment).

This causes an impact on their abilities to live a healthy life (examples: homelessness, abuse of alcohol due to depression and boredom).

The citizens of our country deserve access to safe and effective health care regardless of age and social stature.

I work at a Federally Qualified Health Care Center and see the effects of aging, poverty, and lack of health care access on many people.

Please support this very worthy endeavor of our government to care for people who are at risk.

Thank you,

Barbara Kualii, RN, BSN  
Clinical Case Manager  
Clinical Quality Improvement Coordinator

Bay Clinic, Inc.  
Hilo Family Health Center  
1178 Kinole St., Bldg B  
Hilo, HI 96720  
PHONE 808-934-3209  
FAX 808-961-4795

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## **Testimony in support of Senate Bill 1468**

Feb 25, 2011

**Aloha WAM Committee chair and committee members:**

**I support Senate bill 1468 in designating a group to develop Health Center Medical, Health care homes to better serve the patients in Hawaii. Hawaii's Health Care system through community health centers have served 125,000 Hawaii citizens in the last year. Most of these patients were uninsured or underinsured and come from rural communities. Community Health centers are consumer driven and governed.**

**Thank you for allowing me to submit testimony in support of Senate Bill 1468. Mahalo for your support of community health centers.**

**KaUILa Clark, Chair elect for the National Association of Community Health Centers**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 23, 2011 10:37 AM  
**To:** WAM Testimony  
**Cc:** clee@waimanalohc.org  
**Subject:** Testimony for SB1468 on 2/25/2011 9:00:00 AM

Testimony for WAM 2/25/2011 9:00:00 AM SB1468

Conference room: 211  
Testifier position: support  
Testifier will be present: No  
Submitted by: Christina Lee  
Organization: Individual  
Address:  
Phone:  
E-mail: [clee@waimanalohc.org](mailto:clee@waimanalohc.org)  
Submitted on: 2/23/2011

**Comments:**

A patient-centered health care home is not an actual structure, but a linked approach to providing health care that improves the patient experience, improves health outcomes, and reduces per capita costs. This model will transform the health care system from one that is reactive and costly to one that is proactive and efficient.

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