



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**SENATE COMMITTEE ON HEALTH**  
**The Hon. Josh Green, MD, Chair**  
**The Hon. Clarence K. Nishihara, Vice Chair**

**April 19, 2012**  
**1:30 p.m. Room 229**

**Support for HCR 32, HD 1**  
**Study on the Efficacy of Combining State Government Policy,**  
**Planning and Purchasing**

**Beth Giesting, Healthcare Transformation Coordinator**

Chair Green, Vice-Chair Nishihara, members of the Committee, the Office of the Governor strongly supports House Concurrent Resolution 32, HD 1. As noted in this resolution, the healthcare system matters to all of us as consumers and as payers. The State's stake in improving the healthcare systems rests both on its responsibility to all residents of the state and on its role as payer for health insurance for one-third of the population through Med-QUEST, the Employer-Union Health Benefits Trust Fund, and the Department of Health.

This Committee is well aware of the short-comings of the U.S. healthcare system (Hawai'i performs slightly better in some respects because of our unique prepaid health care act).

- We do well in catastrophic conditions but fail to encourage regular use of primary and preventive care.
- Our models of care result in fragmentation, leaving patients and their loved ones to coordinate services and medications with limited information.
- Health information technology, with its promise to improve quality, reduce errors, and slash waste, is unevenly used.
- Our system is inconvenient to many patients where seeing a provider often requires a long wait, taking time off work, or falling-back on the emergency room.
- We perpetuate inequities in quality and access for disadvantaged populations and rural communities.

Fortunately, we can use a decade of innovation in healthcare delivery, payment strategies, and health IT plus opportunities in the federal Affordable Care Act to guide us in transforming healthcare.

This resolution proposes to study the feasibility of reorganizing public policy and purchasing that results in a better healthcare system. Such restructuring would be intended primarily to ensure that the State takes advantage of best practices for healthcare delivery and purchasing, and it would act as a catalyst to promote transformation across all sectors. Medicaid, the Employer-Union Health Benefits

Trust Fund, and the Department of Health are likely to each fill their respective roles more effectively in a structure that ensures consistency between healthcare policy and purchasing. Some examples:

- 1) Patient-centered medical homes (PCMH). If the State's policy is to support PCMH, under the guidance of a single authority for policy and purchasing there would be agreement on the definition of PCMH services, target populations, and reimbursement. This consistency would influence commercial plans as well.
- 2) Health information technology. Since health IT is essential to health transformation, consistent policy and purchasing would be a lever to support quicker adoption and use of electronic health records, information exchange, and reporting across all healthcare providers.
- 3) Outcome measures. Measuring and rewarding performance requires working toward clearly articulated goals. Policy and purchasing consistency can serve to standardize metrics for priority goals.

As we study the best approaches to healthcare transformation we will be consulting other forward-thinking states like Oregon and Vermont. Of course, we will also look to other states and experts here in Hawai'i for best practices. We have launched a statewide campaign to engage stakeholders in identifying priorities and planning for healthcare transformation. In the months to come, we will be providing you with more information and hope you'll join us in this crucial endeavor.

Thank you for the opportunity to offer our support.