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LORETTA J. FUDDY, A.C.S.W., M.P.H.
INTERIM DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
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HOUSE COMMITTEE ON HEALTH

SB1106SD1, RELATING TO WELLNESS

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

March 22, 2011; 9:00AM

1 **Department's Position:** The Department of Health (DOH) supports the intent of this bill but is
2 concerned about the fiscal implications due to the revenue shortfalls.

3 **Fiscal Implications:** Would designate general funds to DOH, amount not determined. Currently no
4 general revenues are budgeted for workplace wellness programming for state employees. A
5 comprehensive worksite wellness program that costs approximately \$100 per employee with an initial
6 10% participation rate of 45,000 government employees could cost approximately \$450,000 a year.

7 **Purpose and Justification:** The purpose of Senate Bill 1106SD1 is to establish a workplace wellness
8 pilot program with funding appropriated out of the general fund to be expended by the DOH. Most
9 adults spend most of their waking hours at work, making it a prime venue for promoting healthful
10 habits. Creating healthy workplaces can enhance quality of life of employees, increase productivity and
11 lower healthcare costs. Over the next 30 years, Hawaii's state and county governments will need to
12 come up with as much as 11.1 billion dollars to pay for the state retiree healthcare benefits. A review of
13 72 articles conducted in 2001 in the American Journal of Health Promotion concluded that health
14 promotion programs achieve an average return on investment of \$3.48 per \$1 when considering health
15 care costs alone, \$5.82 per \$1 when examining absenteeism, and \$4.30 per \$1 when both outcomes are

1 considered. In 2009, the Tobacco Settlement Project, Healthy Hawaii Initiative (HHI) in partnership
2 with the Employer-Union Benefits Trust Fund (EUTF) conducted a survey with a random sample of
3 1,210 members. The survey found that 61.3% of employees are interested in worksite wellness and
4 73.8% think that people who live healthy lifestyles should pay lower premiums.

5 The DOH HHI has been working to encourage and support worksite wellness programming in
6 both state and county agencies. Since 2009, HHI has convened the Government Agency Worksite
7 Wellness Task Force with representation from state and county agencies, public unions, healthcare
8 providers and the EUTF. The task force collaboratively developed the Hawaii Government Agency
9 Worksite Wellness Plan (WSW Plan) which outlines objectives, strategies, and recommended activities
10 that will lead towards a comprehensive worksite wellness program for government employees. The
11 Hawaii County as a member of the task force volunteered to pilot the first worksite wellness
12 communications campaign with Hawaii County employees in 2010. Employees were encouraged to
13 participate in health risk assessments (HRAs) offered by HMSA, Kaiser Permanente, and HMA since
14 research has shown that employees who take HRAs within the context of a comprehensive health
15 promotion program have lower medical claims costs. There was a significant increase in completion of
16 HRAs for Hawaii County HMSA EUTF members; over 400% increase during the time period of the
17 campaign. The lessons learned will be applied by the task force to present this campaign to all state and
18 county employees. Currently HHI is working with the Department of Human Resources Development
19 to create a policy for worksite wellness programs in state agencies. The support of the task force and
20 WSW Plan implementation is part of the HHI priority objective for health promotion and prevention
21 since government employees represent a large segment of Hawaii's population. Should the measure
22 pass, the DOH will work with the task force to support, expand, pilot, and develop the worksite wellness
23 programming in state agencies.

24 Thank you for the opportunity to provide testimony.

House Committee on Health
Rep. Ryan Yamane, Chair
Rep. Dee Morikawa, Vice Chair
State Capitol

Hearing on SB 1106, Relating to Wellness

9:00am, Monday, March 21, 2011
Conference Room 329

Dr. Patrick Sullivan, CEO
Hoana Medical Systems, Inc.
828 Fort Street Mall, Suite 620
Honolulu, HI 96813

Testimony in SUPPORT of SB 1106

Dear Chair Yamane and members of the committee,

Thank you for the opportunity to provide testimony in support of SB 1106 Relating to Wellness. My name is Patrick Sullivan and I'm the CEO of Hoana Medical, Inc., the developer of the LIFE BED system. I'm also the inventor of the technology, which was spun-out of Oceanit, after about five years of research & development with the U.S. military.

Thousands of preventable deaths and injuries occur in hospitals throughout the United States as the result of inadequate safeguards for alerting hospital staff in time to avoid these occurrences. The healthcare industry is well aware of these patient safety issues and is taking steps to identify and resolve these issues. Queen's Medical Center for example has been proactively implementing programs and intelligent medical vigilance systems such as the LIFE BED to enhance patient safety.

The LIFE BED system uses a unique and innovative technology to alert hospital nursing staffs of any abnormalities or changes in a patient's heart rate or respiration rate without the need to connect the patient to sensors or monitors. It also alerts nurses whenever a patient is attempting an unattended bed exit, thus allowing them to prevent patient falls that often lead to additional injuries and extended hospital stays. Given that periodic nursing surveillance is anywhere from every two to six hours, medical vigilance systems help find patients in distress during these windows, making it an invaluable safety tool for alerting nurses well before these conditions lead to more serious complications or even death.

HOANA

Safeguarding lives... invisibly

Insurance coverage for a pilot of intelligent medical vigilance systems is imperative for the State of Hawai'i for several reasons:

- First, intelligent medical vigilance systems help to save lives and prevent injuries. This has been proven in clinical trials as well as standard installations in hospitals such as Queen's Medical Center. In a 2010 utilization study at Queen's Medical Center, LIFE BED use reduced the patient fall rate by 40% over the initial baseline and continued ICU transfer rate reduction of 18%.
- Second, the current shortage of hospital nurses in the State continues to grow, adding to the stress and workload of our already overburdened healthcare workforce. Intelligent medical vigilance systems improve working conditions and morale for nurses by providing constant automated vigilance and enabling nurses to intervene early and successfully to save lives.
- Third, rising healthcare costs are a huge burden to society, and hospitals need intelligent medical vigilance technologies to lower costs without compromising the quality of patient care. By providing alerts that lead to early interventions, these systems help hospitals prevent many costly medical complications and injuries that lead to extended hospital stays. Considering that the cost for just one extra day in a hospital can exceed the cost of equipping a hospital bed with an intelligent medical vigilance system like the LIFE BED for an entire year, the savings for both the hospitals and insurance companies easily justify its use. In a 2010 utilization study conducted at Queen's Medical Center, LIFE BED use provided a cost savings return on investment (ROI) of 35.6%.
- Fourth, by guaranteeing insurance coverage for use of intelligent medical vigilance systems in a state-wide pilot, many more hospitals in Hawai'i will be able to implement these systems for their patients, providing a much greater scale of cost savings and health benefits for the state as a whole.

Thank you for the opportunity to testify in support of SB 1106. Considering both the clinical and economic benefits of medical vigilance systems, we hope you will support the passage of this bill.

Aloha,

Patrick Sullivan, Ph.D
Chief Executive Officer
Hoana Medical Systems, Inc.



American Heart Association | American Stroke Association

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LATE TESTIMONY

Testimony In SUPPORT of SB 1106, SD1, "Relating to Wellness"

The American Heart Association supports the implementation of a comprehensive set of wellness initiatives implemented at the workplace. Such programs can be an important means of addressing the nation's rising obesity rates, sedentary behavior, and increasing prevalence of chronic disease. Successful programs will quickly engage employees in activities that maximize their own health and well being, grow rapidly in response to their perceived value and prove sustainable as they establish the 'business case' for their existence. Although programs will vary, a comprehensive program should encompass tobacco cessation and prevention, physical activity, stress management/reduction, early detection/screening, nutrition education, weight management, and cardiovascular disease prevention. Other components of an effective program include back pain prevention and management, adult vaccination, alcohol and substance abuse assessment, maternal and infant health education and guidance regarding effective use of the health care system. All interventions should incorporate motivational interviewing and assessment of readiness to change. Programs must address the needs of all employees at a given workplace, regardless of gender, age, ethnicity, culture or physical or intellectual capacity. In addition, such programs should include modifications of the worksite environment that facilitate healthy behaviors and decision-making that promotes wellness. Each program should be an active learning system where outcome evaluation is an integral component.

Over 130 million Americans are employed across the United States and since a significant part of their day is spent at work, comprehensive, culturally sensitive health promotion within the workplace is essential to maintain and improve the nation's health. Additionally, time spent at work has increased over the last two decades. The workplace environment is a significant target for obesity prevention efforts in particular.

Health care costs in the United States doubled from 1990 to 2001 and are expected to double again by 2012. Chronic illnesses affect more than a third of working-age Americans and the costs associated with chronic diseases account for approximately 75 percent of the nation's annual health care costs.

Rising health care costs have a huge financial impact on employers. Nearly 60 percent of employers' after-tax profits are spent on corporate health benefits. An estimated 25-30 percent of companies' medical costs per year are spent on employees with excess health risk. That contrasts to three decades ago when only 7 percent of corporate profits paid for health costs.

Employers are bearing the costs of chronic disease and obesity directly through employer-provided health care plans and indirectly through higher rates of absenteeism, presenteeism, disability, and injury. Just three chronic conditions related to obesity, asthma, diabetes, and hypertension, are associated with 164 million lost work days per year in the United States at a cost to employers of \$30 billion. These common chronic conditions cause U.S. employees to miss an average of 10 work days per year.

Research suggests that migration to lower risk status is estimated to save \$53 per employee and these savings recur each year that the employee remains in a low-risk tier. Addressing

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Oahu:
677 Ala Moana Blvd., Ste. 600
Honolulu, HI 96813-5485
Phone: 808-538-7021
Fax: 808-538-3443

Maui County:
J. Walter Cameron Center
95 Mahalani Street, No. 13
Wailuku, HI 96793-2598
Phone: 808-224-7185
Fax: 808-224-7220

Hawaii:
400 Hualani Street, Ste. 15
Hilo, HI 96720-4333
Phone: 808-961-2825
Fax: 808-961-2827

Kauai:
(Served by Oahu office)
Phone: 808-538-7021
Fax: 808-538-3443

*"Building healthier lives,
free of cardiovascular
diseases and stroke."*

risk factors early can make a difference. For example, \$5.6 billion in heart disease costs could be saved if one-tenth of Americans began a regular walking program.

An effective worksite wellness program can attract exceptional employees, improve on-the-job decision-making and time utilization, enhance employee morale and organizational commitment, reduce turnover, and reduce organizational conflict.

Employer spending on health promotion and chronic disease prevention is a good business investment. Programs have achieved a rate of return on investment ranging from \$3 to \$15 for each dollar invested with savings realized within 12 to 18 months. Meta-analyses have shown a 28% average reduction in sick leave absenteeism, an average 26% reduction in health care costs, and a 30% average reduction in workers' compensation and disability management claims costs. Other benefits include recruitment, retention, and improved corporate image. Benefits to society from healthier employees extend well beyond the workplace.

Even though there is a benefit to addressing each individual aspect of a worksite health promotion program, the sum of all the elements together makes the greatest impact on employee well-being. Primary prevention in employees with multiple risk factors is a priority. Addressing health and wellness in the workplace is the right thing to do. It is imperative for helping reduce Hawaii's health care bill, promoting health and wellness, and reducing chronic disease. Employers have a prominent, influential position to address a key environment that holds health plans accountable for the delivery of covered services and impacts health and chronic disease for all employees and their communities.

Hawaii government agencies should model effective worksite wellness programs and serve as laboratories for testing effective interventions with special attention to improved productivity. The effect on high risk and health disparities populations should be particularly scrutinized.

Hawaii Government and employers should work together to create incentives for employees to participate in worksite wellness programs, especially those that focus on long-term behavior change to reduce health risks.

A variety of financial incentives or other incentives to participate in worksite wellness programs should be considered, including state tax incentives to employers and health insurance premium reductions to employees.

Components of an Effective Program

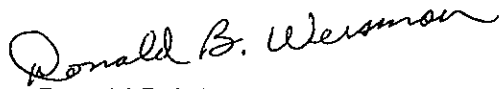
Programs should be structured around specific Healthy People 2010 objectives and guidelines established by the U.S. Preventive Task Force. Ultimately, a comprehensive worksite health promotion program contains the following elements:

1. Health education and programming which focuses on skill development, lifestyle behavior change, information dissemination, and awareness building, preferably tailored to employees' interests and needs.
2. Supportive social and physical environments.
3. Integration of the worksite program into the organization's structure.
4. Linkage to related programs like employee assistance programs and programs to help employees balance family and work.
5. Cardiovascular screening and risk assessment ideally linked to medical care to ensure follow-up and appropriate treatment as necessary.
6. Some process for supporting individual behavior change with follow-up interventions. Educating employees about basic cardiovascular disease protective modifications to discuss with their physicians.

7. An evaluation and improvement process to enhance effectiveness and efficiency.

The American Heart Association recognizes the value of employee wellness programs and encourages Hawaii's government entities to support quality programs in Hawaii businesses and government agencies. Please support SB 1106, SD1.

Respectfully submitted by,

A handwritten signature in cursive script that reads "Donald B. Weisman". The signature is written in black ink and is positioned above the printed name and title.

Donald B. Weisman
Hawaii Government Relations Director



HAWAII MEDICAL ASSURANCE ASSOCIATION

733 BISHOP STREET, SUITE 1800
HONOLULU, HAWAII 96813

LATE TESTIMONY

House Committee on Health
Representative Ryan Yamane, Chair
Representative Dee Morikawa, Vice Chair
State Capitol

Hearing on SB 1106, Relating to Wellness

9:00 a.m., Tuesday, March 22, 2011
Conference Room 329

Testimony Endorsing Intelligent Medical Vigilance Systems

Dear Chair Baker and Members of the Committee,

Thank you for the opportunity to provide written testimony endorsing the pilot for intelligent medical vigilance systems. My name is John Henry Felix and I am the Chairman, President and CEO of the Hawaii Medical Assurance Association (HMAA). We currently reimburse our members for use of intelligent medical vigilance systems because we believe it reduces the risk of injury and death from “failure to rescue” of acute-care hospital patients, while reducing the cost of hospitalization and associated care delivery.

Intelligent medical vigilance systems find patients in distress that might otherwise “fall between the cracks,” since most medical-surgical (general care) hospital wards only provide periodic nursing surveillance – the nurse checks on the patient every 2 to 6 hours. By finding a hospital patient early the medical team has more time to effectively treat the patient. HMAA reimburses for intelligent medical vigilance systems to make this technology more affordable to patients throughout Hawaii. Additionally, better care reduces the overall cost of care delivery for the State of Hawaii, eventually reducing our costs at HMAA.

Thank you for the opportunity to provide this testimony. Considering both the clinical and economic benefits associated with this technology, we fully support use of intelligent medical vigilance systems.

Aloha,

John Henry Felix
Chairman, President and CEO

