

# SB1176

**Measure Title:** RELATING TO MANDATORY HEALTH COVERAGE FOR USE OF THE LIFEBED INTELLIGENT MEDICAL VIGILANCE SYSTEM.

**Report Title:** Lifebed Intelligent Medical Vigilance System; Mandatory Insurance Coverage

**Description:** Mandates health insurance coverage for use of the Lifebed Intelligent Medical Vigilance System by all health and accident insurers, mutual benefit societies, and health maintenance organizations after 12/31/11.

**Companion:**

**Package:** None

**Current Referral:** CPN, WAM



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

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TO THE SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011

Friday, February 11, 2011  
8:30 a.m.

**TESTIMONY ON SENATE BILL NO. 1176 – RELATING TO MANDATORY HEALTH  
COVERAGE FOR USE OF THE LIFE BED INTELLIGENT MEDICAL VIGILANCE  
SYSTEM.**

TO THE HONORABLE ROSAYLN H. BAKER, 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 creates a mandated benefit for the Lifebed Intelligent Medical Vigilance System. Mandated benefits help some people, but impose costs on other people. We believe this trade off is best left to the wisdom of the Legislature, following the review by the Legislative Auditor required under HRS section 23-51.

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



SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator Rosalyn H. Baker, Chair

Conference Room 229  
Feb. 11, 2011 at 8:30 a.m.

**Opposing SB 1176.**

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in opposition to SB 1176, which mandates health care insurance coverage for the Lifebed Intelligent Medical Vigilance System.

The Legislature typically considers a number of proposed health care insurance mandates during each legislative session. In order to avail the Legislature of objective information about these mandates, Section 23-51, Hawaii Revised Statutes, requires that "Before any legislative measure that mandates health insurance coverage for specific health services, specific diseases, or certain providers of health care services as part of individual or group health insurance policies, can be considered, there shall be concurrent resolutions passed requesting the auditor to prepare and submit to the legislature a report that assesses both the social and financial effects of the proposed mandated coverage."

SCR 28 and HCR 33 have been introduced for that purpose. As such, the consideration of SB 1176 at this time is premature. Furthermore, there is no existing mandated insurance benefit for any specific product that is on the market. In naming a particular product, SB 1176 prohibits health care providers from selecting a better product that may be on the market.

For the foregoing reasons the Healthcare Association opposes SB 1176.



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**Senate Committee on Commerce and Consumer Protection**  
Senator Rosalyn Baker, Chair  
Senator Brian Taniguchi, Vice Chair  
State Capitol

**Hearing on SB 1176, Relating to Mandatory Health Coverage for use of the LIFE BED Intelligent Medical Vigilance System**

8:30am, Friday, Feb 11, 2010  
Conference Room 229

**Testimony Endorsing LifeBed**

Dear Chair Baker and members of the committee,

Thank you for the opportunity to provide written testimony endorsing the LifeBed™ Intelligent Medical Vigilance System. 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 the LifeBed™ Intelligent Medical Vigilance System (LifeBed) 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.

The LifeBed™ System finds 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 LifeBed 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 the LifeBed™ System.

Aloha,

John Henry Felix  
Chairman, President and CEO



# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 11, 2011

The Honorable Rosalyn Baker, Chair  
The Honorable Brian T. Taniguchi, Vice Chair

Senate Committee on Commerce and Consumer Protection

**Re: SB 1176 – Relating to Mandatory Health Coverage for Use of the Lifebed Intelligent Medical Vigilance System**

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in opposition to SB 1176 which would require health plans provide coverage for a particular trademarked medical product known as the Lifebed. HMSA always opposes unfunded mandated benefits.

We would like to take a moment to reflect on the history of the legislation dealing with this particular product. During the 2007 legislative session language was inserted into a short form measure mandating health plans provide coverage for an intelligent medical vigilance system. As required by statute, prior to the passage of any mandated benefits, the legislature requested that the Hawaii State Auditor perform a study to examine the financial and social impacts of such a mandate through the passage of a resolution (SCR 209). In the Auditor's report issued in March 2008, the Summary of Findings section states that:

*An assessment of the social and financial impacts of requiring health insurers to offer coverage for intelligent medical vigilance services would be inappropriate as it refers to a specific, trademarked, commercial product, rather than specific health care services covered under Section 23-51, HRS.*

Despite this finding, SB 409 was still viable during the 2008 legislative session due to the biennium. Again there was a resolution introduced and passed (HCR 62) to again request the Auditor to conduct a study. The Auditor responded to this request by sending letters to the Senate President and the Speaker of the House stating that:

*Based on our preliminary review of the relevant measures, we found that the definition of "medical surveillance systems" in SB 409 SD2 HD1, is identical to the definition of "intelligence medical vigilance" reported about in our Study of the Social and Financial Impacts of Mandatory Health Insurance Coverage for Use of Intelligent Medical Vigilance Services in Acute Care Hospitals, Report No. 08-05, March 2008. As defined in SB 409 SD2 HD1, "medical surveillance system" does not refer to a specific health care service subject to an assessment under Section 23-51, HRS. For this reason, an impacts assessment by us of medical surveillance systems would result in the same finding and conclusion as our previous report. Therefore, we will undertake no further study for our part of this concurrent resolution.*

Given the fact that the Auditor has been unable to perform the type of study needed to mandate a new benefit or service, it raises questions as to the appropriateness of this type of mandate.

It is important to understand that the type of monitoring that this product performs is one which is currently covered under the existing payment structure that health plans have with hospitals. Currently hospitals are paid using Diagnosis Related Groups (DRGs) which provide a finance and patient classification system using diagnosis, type of treatment, age and other related factors as screening criteria. Under the DRG system, hospitals are already compensated for patient safety and monitoring processes through this system of reimbursement. Passage of this measure would set a precedent and could open the door for separate payments being requested for additional technologies, equipment and supplies.

We would also point out that with the passage of federal health care reform known as the Affordable Care Act (ACA), there are some additional issues which should be taken into consideration when discussing state mandated benefits. It is more than likely that the mandate of a specific product as outlined in this measure would not be included within the federal government's definition of what will be considered an "essential health benefit". Essential health benefits will be offered by qualified health plans operating within the state insurance Exchange. For services which exceed those included in the essential benefits package, states will assume financial liability for the cost of these services. States need to consider that additions to, or expansions of, mandated benefits could put the state at an unknown financial risk.

Due to the numerous concerns that we have with this measure, we would respectfully request the Committees see fit to hold this measure at this time. Thank you for the opportunity to testify today.

Sincerely,



Jennifer Diesman  
Vice President  
Government Relations



**Senate Committee on Commerce and Consumer Protection**

Senator Rosalyn Baker, Chair  
Senator Brian Taniguchi, Vice Chair  
State Capitol

**Hearing on SB 1176, Relating to Mandatory Health Coverage for use of the LIFEVED Intelligent Medical Vigilance System**

8:30am, Friday, Feb 11, 2010  
Conference Room 229

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

**Testimony in SUPPORT of SB 1176**

Dear Chair Baker and members of the committee,

Thank you for the opportunity to provide testimony in support of SB 1176 relating to mandatory health coverage for use of the LIFEVED Intelligent Medical Vigilance System. My name is Patrick Sullivan and I'm the CEO of Hoana Medical, Inc., the developer of the LIFEVED 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 technologies like the LIFEVED to enhance patient safety.

The LIFEVED Intelligent Medical Vigilance 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, the LIFEVED system helps 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.

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Requiring insurance coverage for the use of the LIFEVED system is imperative for the State of Hawai'i for several reasons:

- The LIFEVED system helps 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, LIFEVED 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. The LIFEVED improves 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 new technologies such as the LIFEVED to lower costs without compromising the quality of patient care. By providing alerts that lead to early interventions, the LIFEVED helps 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 a LIFEVED system 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, LIFEVED use provided a cost savings return on investment (ROI) of 35.6%.
- Fourth, by guaranteeing insurance coverage for use of the LIFEVED system, many more hospitals in Hawai'i will be able to implement this vigilance technology 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 1176. Considering both the clinical and economic benefits of the LIFEVED technology, we hope you will support the passage of this bill.

Aloha,

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



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Safeguarding lives... invisibly

**Senate Committee on Commerce and Consumer Protection**  
Senator Rosalyn Baker, Chair  
Senator Brian Taniguchi, Vice Chair  
State Capitol

**Hearing on SB 1176, Relating to Mandatory Health Coverage for use of the LIFEVED Intelligent Medical Vigilance System**

8:30am, Friday, Feb 11, 2010  
Conference Room 229

Dr. Larry Burgess, Medical Director  
Hoana Medical Systems, Inc.  
828 Fort Street Mall, Suite 620  
Honolulu, HI 96813

**Testimony in SUPPORT of SB 1176**

Dear Chair Baker and members of the committee,

Thank you for the opportunity to testify in support of SB 1176 relating to mandatory health coverage for use of the LIFEVED Intelligent Medical Vigilance System. My name is Larry Burgess and I am the Medical Director for Hoana Medical, Inc., the developer of the LIFEVED system. I am also a Professor of Surgery at the John A. Burns School of Medicine at the University of Hawai'i, as well as a practicing physician in the community. Additionally, I'm a retired Chief of Surgery at Tripler Army Medical Center. I address you today as Medical Director for Hoana Medical, Inc.

Each year 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. These incidents place a heavy and unnecessary burden on our healthcare system, not to mention the families of these patients and the communities where they live and work. The healthcare industry is well aware of these patient safety issues and has taken proactive measures to identify and resolve these issues more effectively. Queen's Medical Center, the largest private hospital in the State of Hawai'i and a leading medical referral center for the Pacific basin, is one example of an institution that has proactively implemented programs and technologies to enhance patient safety.

The LIFEVED Intelligent Medical Vigilance system uses a unique and innovative technology designed 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.

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Because it operates continuously, the LIFEDED system can detect many abnormalities or potential falls in their early stages, making it an invaluable safety tool for alerting nurses well before these conditions lead to more serious complications or even death. We feel that requiring insurance coverage for the use of the LIFEDED system is imperative for the State of Hawai'i for several reasons:

- First, and most important, the LIFEDED system helps 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, LIFEDED 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. The LIFEDED improves 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 new technologies such as the LIFEDED to lower costs without compromising the quality of patient care. By providing alerts that lead to early interventions, the LIFEDED helps 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 a LIFEDED system 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, LIFEDED use provided a cost savings return on investment (ROI) of 35.6%.
- Fourth, by guaranteeing insurance coverage for use of the LIFEDED system, many more hospitals in Hawai'i will be able to implement this vigilance technology 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 provide this testimony in support of SB 1176. Considering both the patient safety and cost saving benefits associated with this technology, we fully support the intent of this bill to mandate insurance coverage for the use of the LIFEDED Intelligent Medical Vigilance system.

Aloha,



Larry Burgess, M.D.  
Hoana Medical Systems, Inc.