



## 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

# LATE Testimony

### House Committee on Human Services

The Hon. John M. Mizuno, Chair

The Hon. Jo Jordan, Vice Chair

### House Committee on Health

The Hon. Ryan I. Yamane, Chair

The Hon. Dee Morikawa, Vice Chair

## Testimony in Support of Senate Bill 1468, SD 2 Relating to Health

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

March 21, 2011, 9:00 a.m., Room 329

The Hawai'i Primary Care Association represents all community health centers of Hawaii. **We strongly support Senate Bill 1468 SD2, which establishes a Medicaid Modernization and Innovation Council to create a health care home pilot program within existing state Medicaid programs 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 2, and pass the measure out of committee. Thank you for the opportunity to testify.

March 21, 2011  
9:00am  
Conference Room 329

To: The Honorable Rep. John M. Mizuno, Chair  
The Honorable Rep. Jo Jordan, Vice Chair  
House Committee on Health

The Honorable Rep. Ryan I. Yamane, Chair  
The Honorable Rep. Dee Morikawa, Vice Chair

From: Paula Arcena, Director of Public Policy  
Robert Toyofuku, Government Affairs

Re: SB1468, SD2 Relating to Health

Thank you for the opportunity to testify on SB1468, SD2 which establishes the Hawaii patient centered health home pilot program and the Hawaii Medicaid modernization and innovation council to design and implement the program.

AlohaCare **supports** SB1468.

The patient centered medical home (PCMH) is a concept that maximizes the benefits of coordinated primary and preventive care to meet patient needs. Like other Hawaii health care organizations, AlohaCare has initiated a PCMH pilot project. AlohaCare's pilot project involves four community health centers, three on Oahu and one in West Hawaii. The PCMH concept is flexible and adaptable to different patient populations and regions, therefore we believe multiple efforts are necessary. Thus, we support the creation of a Council specifically to address the future needs of Hawaii's Medicaid population, including but not limited to the PCMH concept.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

AlohaCare has been contracted by the Hawaii Department of Human Services since the QUEST program started in 1994 to provide insurance coverage for Medicaid eligible beneficiaries through the QUEST program. We serve approximately 75,000 QUEST enrollees statewide.

Thank you for this opportunity to testify.



**Hamakua Health Center, Inc.**  
45-549 Plumeria Street  
Honokaa, Hawaii 96727

**LATE  
Testimony**

To: **House Committee on Health**  
The Hon. Ryan I Yamane, Chair  
**House Committee on Human Services**  
The Hon. John M. Mizuno, Chair

**Testimony in Support of Senate Bill 1468 S.D. 2**  
**Relating to Health**

**March 21, 2011 9:00 a.m. Agenda, Room 329**

Submitted by Susan B. Hunt, MHA, Chief Executive Officer

Hamakua Health Center strongly supports this bill which creates the Medicaid Modernization and Innovation Council and empowers the Council to develop a patient-centered health care home pilot program for Medicaid enrollees.

Hamakua Health Center has been building upon the patient centered health care home since 2003 by participating in the federal Bureau of Primary Care Health Disparities Collaboratives. We are also a key stakeholder in the Hawaii Island Beacon Community. We find it essential that the State Department of Human Services MedQUEST Division be at the table as we develop our State's infrastructure for transforming how health care is delivered.

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 which will help to coordinate the approach and not duplicate efforts.

We appreciate the long-term, unwavering support that the Legislature has given our CHCs, our patients, and our communities. It is important that our State act now to be on the cutting edge in transforming the way we deliver primary care to those most in need. We urge your support for **SB1468**.

House of Representatives  
The Twenty-Sixth Legislature

**LATE  
Testimony**

Committee on Human Services  
Committee on Health

March 21, 2011 at 9:00 am  
Room 329

SB1468, SD2

Good morning Chairpersons Mizuno and Yamane, Vice Chairpersons Jordan and Morikawa and members of the House Committees on Human Services and on Health. My name is Marilyn Matsunaga and I am here to testify in SUPPORT of SB1468, SD2 with one amendment request. In the past, I served the State of Hawaii for eight years as the Administrator of the State Health Planning and Development Agency. While my tenure has passed, I still continue to be involved in the healthcare industry assisting patients, providers and corporate clients.

The Legislative Reference Bureau issued report No. 6, in 2006 titled "Medicaid and Quest Provider Payment and Reimbursement Rates."

This report states on page 1:

*Under the Medicaid and QUEST programs, the State pays for a considerable amount of health care and also controls certain types of payments for health care made to providers. As a substantial payor in the provision of health care for the poor, elderly, and disabled, the Legislature believes that it is in the public interest to ensure that health care payments made with state funds or controlled by the State are sufficient to cover the actual costs of care. (emphasis added).*

This statement is critical for the sustainability of our healthcare system and assurance that we will always have open access to care in our State. In fact, to ensure that all health facilities and services are accessible to everyone at reasonable cost while maintaining quality care, we have a regulatory process called the Certificate of Need program. This regulatory program reviews the viability of health development. A major part of the review focuses on the financial ability of the health care provider to realistically initiate and maintain the facility and/or service over the long term. In order to generate these financial statements, providers and the people who regulate them depend upon the established reimbursement rates from Medicaid, QUEST and the non-government payors.

In order to ensure the viability of health care facilities and services it is crucial that Medicaid and QUEST rates remain true to their historic reimbursement rates. These rates are the cornerstone for all Certificate of Need financial analysis. State regulatory decisions to start healthcare provider operations are determined based on these factors. Therefore, once approved, rates and payment authorizations cannot be allowed to decrease retroactively. You cannot allow a payor to reach back in time and take back funds that they already authorized payment for services already rendered. Letting a payor change rates and their rates after the fact or because they changed their mind about

how a service item should be paid for is not equitable. Allowing such a precedent may have a negative impact on the total health system statewide.

If reimbursement changes are made, whether it is the rate itself and/or the authorization process, they should happen for rates and processes in the future, with adequate notice and ability for the public to comment.

It can be tempting to agree to anything that sounds like it could create money. Sometimes there are really good ideas around. Other times, there are ideas that look good on the surface, but once you step back and see the impact it could have on so many other state and federal regulations you realize that it doesn't look very reasonable after all.

May I ask that you ponder adding the following amendment to this bill. The amendment protects providers while still keeping Medicaid and QUEST's abilities to set future rates, authorization processes and related functions. It also avoids harm to related state regulatory functions.

Here is suggested amendment language:

***To ensure that health care providers in Hawaii are able to plan for the future needs of patients and continue to provide access to care, Hawaii Medicaid and Hawaii QUEST and any contractors therewith or successors (collectively "Medicaid") thereto shall refrain from modifying reimbursement policies, guidelines, interpretation or positions adopted by Medicaid or any agent, whether formally or informally, in writing or orally, without providing a 90 day prior written notice of such change to any affected health care provider. Further, in no event shall any such change be applied retroactively if it would have the effect of reducing reimbursements previously made to such health care providers if prior approval for reimbursement was obtained through Medicaid.***

Adding this language will enhance the benefits of this bill. It will further strengthen the integration and coordination of care across the entire continuum of Hawaii's healthcare system. This proposed amendment language further allows providers throughout the system the confidence needed to trust that participating in the patient centered health home pilot program and other Medicaid and Quest programs will not destabilize their viability to operate in our State and provide the very best of care to their patients.

Thank you so much for your thoughtful consideration of my testimony.

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**From:** Peggy Ratliff [tropicalbreezekona@yahoo.com]  
**Sent:** Sunday, March 20, 2011 5:59 PM  
**To:** HUS testimony  
**Subject:** Senate Bill 1468 Senate Draft 2

# **LATE Testimony**

I support Senate Bill 1468 Draft 2 .

Peggy Ratliff  
808 329-6770  
73-4348 Lani St.  
Kailua-Kona, Hi. 96740