

TESTIMONY

SB2816

HTH Committee Hearing 2/01/2012

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



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

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

In reply, please refer to:
File:

Senate Committee on Health

February 1, 2012

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

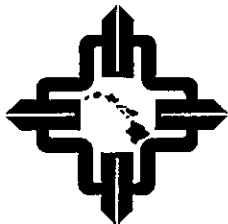
SB 2816

1 **Department's Position:** The department strongly supports this bill as part of the Administration's
2 package.

3 **Fiscal Implications:** There is an expectation of positive indirect financial benefits with this bill and no
4 negative financial implications.

5 **Purpose and Justification:** Current statute allows the department of health to recognize the Joint
6 Commission's accreditation of Hawaii hospitals as demonstrating compliance with Hawaii's licensing
7 inspections for the year the accreditation is issued. The Joint Commission is an independent, not-for-
8 profit organization which accredits and certifies more than 19,000 health care organizations and
9 programs in the United States. Joint Commission accreditation and certification is recognized
10 nationwide as a symbol of quality that reflects an organization's commitment to meeting certain
11 performance standards and their accreditation survey is generally considered to be more thorough than a
12 state's licensing survey since the Joint Commission's standards are more regularly revised and updated
13 to reflect the leading standard of safe, effective and quality care. Hawaii has 29 acute care hospitals
14 statewide, 21 of which are accredited by the Joint Commission. This bill will allow the department to
15 recognize a hospital's accreditation status throughout the term of the accreditation instead of only for the

1 year it is issued. Accreditation is typically for a 3 year period. Hospitals would maintain their state
2 license throughout their accreditation and would continue to be subject to unannounced inspections and
3 investigation of complaints by the state. Since most Hawaii hospitals have maintained their
4 accreditation this has a positive impact on the public. Healthcare outcomes remain positive and in line
5 with modern medical standards that are continuously updated. By recognizing the accreditation for the
6 entire term, current staff and resources can be redeployed to focus attention on hospitals without
7 accreditation and on other health care organizations which historically have not requested or acquired
8 national accreditation such as nursing homes and other organizations. The department respectfully
9 requests passage of this bill.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Everyday"

Senate Committee on Health
Senator Josh Green, M.D., Chair
Senator Clarence Nishihara, Vice Chair

February 1, 2012
Conference Room 229
Hawaii State Capitol

**Testimony Supporting Senate Bill 2816, Relating to Health
Permits the Department of Health the option of recognizing full accreditation by
the Joint Commission as evidence of hospital compliance with all licensing
inspection for the duration of the of the accreditation**

Bruce S. Anderson, Ph.D.
President and Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in support of SB 2816 that permits the Department of Health the option of recognizing full accreditation by the Joint Commission as evidence of hospital compliance with all licensing inspection for the duration of the accreditation.

The Joint Commission accreditation process helps health service organizations, such as HHSC, measure, assess and improve performance. Its concise standards focus on important patient care and organizational functions that are essential to providing safe, high quality care. These standards are developed with inputs from healthcare organizations, physicians, governmental agencies, insurers, consumers and employers. They are informed by scientific literature, industry-identified best practices and expert consensus. Given its independent, non-governmental status, the Joint Commission can efficiently implement new or revised expectations, ensuring that the standards keep pace with a rapidly complex and ever-changing healthcare environment. Standards can be quickly revised when they become outdated due to medical technology advances and changes in medical practice.

In application to hospitals, when non-compliance with a standard is found during a survey, the organization has 45 or 60 days to implement corrective action resulting in compliance, depending upon the severity of the finding. The decision to award an organization accreditation is only made after successful resolution of all non-compliant standards. In addition, organizations must collect and submit four months of data

demonstrating ongoing compliance with previously identified non-compliant standards to prove that corrective actions were effective and improvement sustained. In addition to the on-site evaluation, the Joint Commission requires organizations to complete an annual self-assessment of compliance with all requirements. The organizations must create a plan of action to address each requirement found to be not compliant. The annual self-assessment and plans of action are submitted to and reviewed by The Joint Commission each year. This approach helps HHSC and other hospitals throughout the state of Hawaii continuously monitor performance and maintain compliance with accreditation requirements throughout the 3-year cycle.

Another significant fact is that the Joint Commission complies with all Medicaid and Medicare standards, as required by the federal government. Therefore, surveys reviewing compliance by the State DOH are duplicative and waste scarce resources.

Given the aforementioned accreditation oversight process, there are benefits of state recognition of accreditation in the licensure oversight process. For one thing, hospital staff would be able to enhance their focus on quality improvement and patient safety without having to undergo a duplicate inspection. At the same time, the Department of Health (DOH) would be given more time to focus its limited resources on high priority issues. For example, the DOH can devote more time and energy to investigating serious complaints and adverse events, in addition to monitoring providers that are not already reviewed regularly by accrediting agencies. Additionally, it is HHSC's understanding that the DOH would continue to retain its authority to perform licensure inspections, including unannounced inspections at any time to investigate complaints or whenever it has information suggesting that patient safety may be jeopardized in one of their licensed facilities.

Thank you for the opportunity to testify before this committee. We would respectfully urge the Committee's support of this measure.

Written Testimony on
Senate Bill 2816
RELATING TO HOSPITAL LICENSING

Committee on Health
Senator Josh Green, M.D., Chair
Senator Clarence K. Nishihara, Vice Chair

Public Hearing, February 1, 2012

By

Jennifer M. Hoppe
Associate Director of State & External Relations
The Joint Commission

I am pleased to provide testimony on Senate Bill 2816, which would give the Hawaii Department of Health the ability to recognize hospitals accredited by the Joint Commission as meeting the state licensing inspection requirements for the duration of the accreditation award. Founded in 1951, The Joint Commission is a private, non-profit accrediting organization that develops evidence-based standards, safety goals and performance measures, and conducts surveys to determine compliance with those standards. Today, The Joint Commission accredits more than 19,000 health care organizations in the United States, including over 4,400 of the nation's hospitals. In Hawaii, The Joint Commission accredits 21 state-licensed hospitals, or 72 percent of all hospitals licensed by the Department of Health.

The Joint Commission's hospital program has been approved by the federal Centers for Medicare & Medicaid Services (CMS), which means that hospitals achieving Joint Commission accreditation are meeting or exceeding all federal quality and safety regulations. As a result, the federal government and the state agencies that contract to do work on behalf of CMS, do not perform routine federal inspections in accredited facilities. Similarly, 48 of the 50 states recognize and rely upon Joint Commission accreditation in lieu of some or all of its routine licensure inspections. A few of these states conduct licensure inspections less frequently in accredited facilities compared to non-accredited ones, but the vast majority of the 48 states simply no longer conduct routine licensure inspections in accredited hospitals. SB 2816, if passed, would align Hawaii with the majority of other states that accept accreditation, in whole, in lieu of routine licensure inspections.

Standards

Joint Commission standards are the basis of an objective evaluation process that can help organizations measure, assess and improve performance. The standards focus on important patient care and organizational functions that are essential to providing safe, high quality care. Standards address concepts such as effective leadership, safety culture, performance improvement, fire safety, information security and patient rights, as well as clinical areas such as anesthesia and medication use, restraint use and preventing infections. Currently, there are 1,776 specific requirements, or elements of performance, in The Joint Commission's hospital accreditation manual. The standards are developed with input from health care organizations, physicians, consumers, governmental

agencies, insurers and employers. They are informed by scientific literature, industry-identified best practices and expert consensus. When emerging quality and safety issues are identified, The Joint Commission convenes work groups to determine the need for new or modified requirements. Because The Joint Commission is an independent, non-governmental entity, it can quickly implement new or revised expectations, ensuring that the standards keep pace with a rapidly changing health care environment. Similarly, standards can be quickly removed when they become obsolete due to emerging technology and changes in medical practice.

Survey Process

To earn and maintain accreditation, organizations must undergo an on-site survey by a Joint Commission survey team. The team typically includes four or five health care professionals, including physicians, nurses, hospital administrators and life safety code specialists. Joint Commission surveys for hospitals are unannounced. An organization can have a full, routine unannounced survey anytime between 18 and 36 months after its previous full survey. In addition, organizations can receive unannounced for-cause surveys in response to serious patient/family complaints, adverse media coverage or information shared with The Joint Commission by governmental entities. When non-compliance with a standard is found during a survey, the organization has 45 or 60 days to implement corrective action resulting in compliance, depending upon the severity of the finding. The decision to award an organization accreditation is only made after successful resolution of all non-compliant standards. In addition, organizations must collect and submit 4 months of data demonstrating ongoing compliance with previously identified non-compliant standards to prove that corrective actions were effective and improvements sustained.

In addition to the on-site evaluation, The Joint Commission requires organizations to complete an annual self-assessment of compliance with all requirements. The organizations must create a plan of action to address each requirement found to be not compliant. The annual self-assessment and plans of action are submitted to and reviewed by The Joint Commission each year. This approach is designed to help organizations continuously monitor performance and maintain compliance with accreditation requirements throughout the 3-year cycle.

Benefits of State Recognition of Accreditation in Lieu of Routine Licensure Inspections

As mentioned at the beginning of this testimony, the vast majority of state health departments rely on accreditation in lieu of conducting routine licensure inspections of hospitals. However, this does not mean that the state agencies lose the obligation or ability to effectively monitor the organizations to which they issue a license. On the contrary, The Joint Commission's experience has been that the oversight of health care facilities is only strengthened when states rely on accreditation for the routine inspections. First of all, state licensing agencies typically receive the accreditation reports which contain specific information on the level of compliance with the important safety-related processes already discussed. In addition, states that no longer perform routine inspections have found that they have more time to focus their limited resources on high priority issues. For example, states can devote more time and energy to investigating serious complaints and adverse events, and monitoring providers that are not already reviewed regularly by accrediting agencies. It is also important to remember that licensing agencies in all the states that recognize accreditation retain their authority to perform licensure inspections whenever they have information suggesting that patient safety may be jeopardized in one of their licensed facilities.

The Joint Commission takes seriously its role in the public-private partnership which exists whenever a state relies upon accreditation in its licensure oversight process. For example, The Joint Commission routinely shares its unannounced survey dates with the responsible state agency to keep them apprised of survey activity involving their licensed facilities. In addition, The Joint Commission will proactively share information on serious complaints it receives, in the event the state licensing agency wishes to conduct a coordinated survey/inspection. Whenever The Joint Commission makes an “immediate threat to life” declaration as a result of serious conditions at an accredited facility, the state licensing agency is immediately notified of the situation.

I trust that this overview of the Joint Commission accreditation process has been informative as the Committee considers Senate Bill 2816. Please rest assured that The Joint Commission stands ready to work with the Hawaii Department of Health to ensure effective, coordinated oversight of our accredited hospitals in the State.