



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**HOUSE COMMITTEE ON FINANCE**  
**The Hon. Sylvia Luke, Chair**  
**The Hon. Scott Y. Nishimoto, Vice Chair**  
**February 26, 2014, 11:15 a.m., Room 308**

**House Bill 2277, HD 1 RELATING TO HEALTH CARE TRANSFORMATION**

**Testimony in Support**

**Presented by Beth Giesting, Healthcare Transformation Coordinator, Office of the Governor**

Thank you for the opportunity to support HB 2277, HD 1 Relating to Health Care Transformation. Our health care system needs a sustained transformation effort that addresses all parts of health care: a renewed emphasis on quality and best practices, more care coordination, consumer engagement, deploying a more diverse workforce, effective use of health-related data, and payment reforms that support these changes. One of the most obvious concerns with our health care system is its cost. With population trends toward increased chronic diseases, health care is not financially sustainable unless we make system-wide changes. Hawaii data from 2012 indicate that some \$1.7 billion was spent for potentially avoidable or preventable emergency and in-patient care. HB 2277, HD 1 would create a structure by which to move our health care system toward better quality, sustainable costs, and improved health.

Over the past year, our program in the Governor's Office, has been detailing a comprehensive plan for transformation tailored to Hawaii's needs, which process was funded by the Center for Medicare & Medicaid Innovation (CMMI). The explicit expectation of CMMI for this federal initiative was to support governors' offices to align executive agencies and to engage a broad range of stakeholders – insurers, hospitals, advocates, academic institutions, and many more – in designing sustainable system-wide health care transformation specific to individual state's needs. We are pleased to be formally distributing our completed plan on February 27<sup>th</sup>.

The measure before you is an important element in carrying out our transformation agenda because there is currently no State agency responsible for improving the public and private elements of the health care system. The State, as payer and regulator, is a powerful force for transforming the health care system. As an example, between MedQUEST and EUTF, the State purchases coverage for nearly 40% of the population. Additionally, the State subsidizes care for the uninsured, for behavioral health, and for the Hawaii Health Systems Corporation. The State's role as convener is also crucial since private sector health insurers and providers generally cannot meet together to agree on significant system change without State oversight.

Given the complexity and evolving nature of health care, the work of transforming it is never likely to be done. Since a permanent program is called for, we believe joining and updating the attached agency that has served as the State Health Planning and Development Agency is appropriate. The measure also retains SHPDA's important work to oversee certificates of need and related planning. The new position of Transformation Officer, who oversees the transformation agenda, will report directly to the Governor and so have the authority to convene the numerous state agencies that contribute to aspects of health and health care to work together toward aligned policy, funding, and regulation.

We ask you to support HB 2277, HD 1 today and also endorse funding in the amount of \$752,870 that is being requested in the Governor's budget for FY 15 to support staff and other resources to enable health care transformation in the year to come.

Thank you for the opportunity to testify.

To: House Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair  
Rep. Aaron Ling Johanson, Vice Chair

**Testimony in Support of House Bill 2277  
Relating to Health Care Transformation  
Submitted by: Christine Mai'i Sakuda, Executive Director  
Hawaii Health Information Exchange  
February 26, 2014, 11:15 AM, Capitol 308**

Aloha Chair Luke, Vice Chairs Nishimoto and Johanson, and the Other Finance Committee Members:

Hawai'i is fortunate to have providers of quality care, but our healthcare system is broken. Patients and their family caregivers know firsthand what it feels like to be a victim of a fragmented healthcare system. When these families face the most challenging and stressful times in their lives, they turn to a system for help that unfortunately fails them. They end up feeling even more vulnerable.

Hawai'i's situation is not unique. Fortunately, the federal government has allocated funds that have served as seed money to begin the healthcare transformation process in each state. These funds will carry us through the end of the next fiscal year in June 2015. Change takes time; however, and it is imperative to begin looking at how Hawai'i will ensure the federal government's initial investment takes root and becomes fruitful for all consumers of healthcare through an ongoing financial commitment by the state.

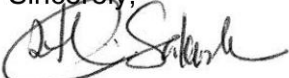
Establishing and funding a permanent Office for Health Care Transformation is instrumental to the health and well-being of our state. A cabinet-level Health Care Transformation Officer reporting to the Governor will ensure the needs of Hawai'i's patients remain a top priority to keep pace with the rest of the nation. We need visionary, decisive leadership that is unafraid to confront complex healthcare issues and champions practical, cost-effective initiatives that will benefit Hawai'i's people.

Hawai'i's healthcare challenges are beyond the scope of any one state department or private entity to resolve. This must be a collaborative effort. The Office for Health Care Transformation would play a pivotal role in bringing together different sectors of our healthcare community to create public-private collaborations to address pressing healthcare issues. In creating the pipeline system that enables patient data to be securely transferred between different information technology platforms, I know that it takes a concerted, deliberate effort to facilitate collaboration. It is not something that happens automatically. Without the oversight by the Office of Health Care Transformation, it would be difficult to get public and private sector entities – each with separate agendas -- to speak to each other under a unifying, common purpose.

On a practical level, having the Office for Health Care Transformation also provides cost savings. Just as the State Health Planning and Development Agency carefully reviews the value of new health services to avoid service redundancy and improve access to quality, the newly expanded Hawai'i Health Care Planning and Policy Authority can bring the same oversight to other services.

Thank you for your giving these perspectives your serious consideration in your decision-making.

Sincerely,



Christina Mai'i Sakuda  
Executive Director



**HB2277 HD1**  
**RELATING TO HEALTH CARE TRANSFORMATION**  
House Committee on Finance

February 26, 2014

11:15 a.m.

Room 308

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on HB2277 HD1, which would extend the sunset date of the Health Care Transformation Initiative, and establish the Office of Health Care Transformation within the renamed State Health Planning and Development Authority for the purpose of carrying out state health policy planning functions.

OHA's strategic priorities include Maui Ola (Health), which represents our commitment to improving the health and well-being of Native Hawaiians. In pursuit of this commitment, OHA has collaborated with the Office of the Governor's Hawai'i Healthcare Transformation Initiative (Initiative) and is a member of the Initiative's Steering Committee. As established by the Legislature in Act 224, Session Laws of 2013, the Initiative was specially created to focus on improving the quality and cost-effectiveness of health care services. The Initiative has since evolved, and this measure is an effort to create a permanent fixture for the Initiative within the newly created Office of Health Care Transformation, while expanding its purposes to include other health policy planning responsibilities.

Though not explicitly mentioned in this measure, OHA notes that the Initiative has adopted achieving health equity as one of its guiding principles. Eliminating racial and ethnic health disparities and achieving health equity across demographics is a national priority, as unequal health outcomes and disparate well-being are pervasive even when people have health insurance and medical care. Under this priority, health care transformation is understood as community transformation. **Healthcare transformation in this state should therefore include a commitment to health equity and addressing the social determinants of health that impact health outcomes for Native Hawaiians and other health-vulnerable groups.**

Mahalo nui for the opportunity to testify.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

---

Written Testimony Presented Before the  
House Committee on Finance  
Wednesday, February 26, 2014 at 11:15 a.m.

by

Mary G. Boland, DrPH, RN, FAAN  
Dean and Professor  
School of Nursing & Dental Hygiene  
University of Hawai'i at Mānoa

### HB 2277 HD1 – RELATING TO HEALTH CARE TRANSFORMATION

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the House Committee on Finance, thank you for this opportunity to provide testimony in support of this bill, HB 2277 HD1.

The UH Mānoa School of Nursing and Dental Hygiene supports this bill to continue health care transformation in the State of Hawai'i on a long term basis and create a structure and authority to support this effort.

The UH Mānoa School of Nursing and Dental Hygiene's mission is to provide an innovative, caring and multicultural environment to generate and transmit knowledge, wisdom, and values to promote quality of life and health for present and future generations. We are committed to educating dental hygienists, professional registered nurses, and advanced practice registered nurses to deliver evidence-based practice and quality patient care to support health care transformation locally and nationally. Therefore, we are pleased to support the multi-sector statewide health care transformation activities that will improve access to care and develop a state health care transformation plan.

We look forward to continuing our collaboration with the proposed Office of Health Care Transformation to coordinate and align efforts focused on quality and best practices for the benefit of every state resident.

Thank you for the opportunity to testify.



"Health care that is safe, health care that works, and health care that leaves no one behind"

**HOUSE COMMITTEE ON FINANCE**  
**The Hon. Sylvia Luke, chair**  
**The Hon. Scott Y. Nishimoto, Vice Chair**  
**The Hon. Aaron Ling Johanson, Vice Chair**  
**February 26, 2014, 11:15 a.m., Room 308**

**Howard N. Ainsley**  
**East Hawaii Regional CEO**  
**Hawaii Health Systems Corporation**

**RE: TESTIMONY IN SUPPORT of House Bill 2277, HD 1 RELATING TO HEALTH CARE TRANSFORMATION**

Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and Members of the Committee:

My name is Howard N. Ainsley, East Hawaii Regional Chief Executive Officer for Hawaii Health Systems Corporation (HHSC), and I'm in strong support of H.B. 2277, H.D.1 Relating to Health Care Transformation.

I recognize that health care transformation is necessary and will require alignment of health care strategies, priorities, and investments for both the private sector and state agencies. Currently, there is no permanent state agency with authority to support, coordinate, oversee, and evaluate change and innovation in our health care system. Our health care system needs a sustained transformation effort that addresses all parts of health care: a renewed emphasis on quality and best practices, more care coordination, consumer engagement, deploying a more diverse workforce, effective use of health-related data, and payment reforms that support these changes. One of the most obvious concerns with our health care system is its cost. With population trends toward increased chronic diseases, health care is not financially sustainable unless we make system-wide changes. Hawaii data from 2012 indicate that approximately \$1.7 billion was spent for potentially avoidable or preventable emergency and in-patient care. HB 2277, HB 1 would create a structure by which to move our health care system toward better quality, sustainable costs, and improved health.

I support this measure before you as an important element in carrying out a transformational approach to improving the public and private elements of the health care system. The State, as payer and regulator, is a powerful force for transforming the health care system. Additionally, the State subsidizes care for the uninsured, for behavioral health, and for the Hawaii Health Systems Corporation. The State's role as convener is also crucial since private sector health insurers and providers generally are challenged to agree on significant system changes without State oversight.

I urge you to pass this legislation and thank you for the opportunity to testify.

Thank you.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 26, 2014

The Honorable Sylvia Luke, Chair  
The Honorable Scott Y. Nishimoto, Vice Chair  
The Honorable Aaron Ling Johanson, Vice Chair  
House Committee on Finance

**Re: HB 2277, HD1 – Relating to Health Care Transformation**

Dear Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2277, HD1, which would establish the Office of Health Care Transformation within the State Health Planning and Development Agency; changes the name of the State Health Planning and Development Agency to the Hawaii Health Care Planning and Policy Authority; and establishes the Health Care Transformation Special Fund. HMSA supports this Bill.

HMSA appreciates the intent of this legislation to address delivery and payment system innovation, health IT, workforce, and setting goals and measuring achievements. This legislation will institutionalize already ongoing efforts by the State to transform the State's health care system through the Hawaii Healthcare Project.

Led by the State's Health Care Transformation Coordinator, and funded by a federal State Innovation Model planning grant, the State Administration pulled together a wide segment of the community to craft a State Health Innovation Plan. We are hopeful that Plan will serve as the basis for a second level State Innovation Model testing grant to begin implementing that plan.

HMSA's vision for a transformed health care system in Hawaii is aligned with the State's vision. We believe that health care transformation is necessary, and acknowledge the need for greater alignment of health care strategies, priorities, and investments for both the private sector and government agencies. Our current health care system has many bright spots but, as a system, it needs to change in order to address the myriad of rapidly-evolving changes in health care.

HB 2277, HD1, acknowledges health care as a State priority and institutionalizes a mechanism that ensures our health care system continues to evolve to address the every changing health care needs of Hawaii's families.

Thank you for the opportunity to testify today in support of HB 2277, HD1.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark K. Oto".

Mark K. Oto  
Director, Government Relations



**HPCA**

HAWAII PRIMARY CARE ASSOCIATION

**House Committee on Finance**

The Hon. Sylvia Luke, Chair

The Hon. Scott Y. Nishimoto, Vice Chair

The Hon. Aaron Ling Johnson, Vice Chair

**Testimony in Support of House Bill 2277, HD1**

**Relating to Hawaii Health Care Transformation**

**Submitted by Robert Hirokawa, Chief Executive Officer**

**February 25, 2014, 11:15 am, Room 308**

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports House Bill 2277 HD1, which establishes the Office of Health Care Transformation in Hawaii.

The HPCA believes that codifying the Office of Health Care Transformation will provide many vital services to the healthcare community of Hawaii. In addition, this measure establishes the necessary framework and delegates lines of authority to accomplish the objectives of health care transformation. These include identifying state needs, developing state health system goals, coordinating health policy, identifying best practices, overseeing payment reform discussions, and developing a statewide plan.

Thank you for the opportunity to testify.





55 Merchant Street  
Honolulu, Hawai'i 96813-4333

**HAWAII PACIFIC HEALTH**  
Kapi'olani • Pali Momi • Straub • Wilcox

808-535-7401  
www.hawaiiipacifichealth.org

**Wednesday, February 26, 2014; 11:15 am**  
**Conference Room 308**

**The House Committee on Finance**

To: Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice Chair  
Representative Aaron Johanson, Vice Chair

From: Virginia Pressler, MD, MBA

Re: **HB 2277, HD1 Relating to Health Care Transformation  
Testimony in Support**

---

My name is Virginia Pressler, MD, MBA, Executive Vice President and Chief Strategic Officer for Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-government employer. It is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital. The system's leading strategic initiatives include women's health, pediatric care, cardiovascular services, cancer care, and bone and joint services. Hawai'i Pacific Health ranks among the top three percent of hospitals nationwide in the adoption of electronic health records, with system-wide implementation that allows its hospitals and physicians to offer integrated, coordinated care throughout the state.

I am writing in support of HB 2277, HD1, Relating to Health Care Transformation. This bill establishes the Office of Health Care Transformation within the State Health Planning and Development Agency, changes the name of the State Health Planning and Development Agency to the Hawaii Health Care Planning and Policy Authority, and establishes the Health Care Transformation Special Fund.

With population trends toward increased chronic diseases, health care is not financially sustainable without system-wide changes. Hawaii data from 2012 indicates that approximately \$1.7 billion was spent for potentially avoidable or preventable emergency and in-patient care. HB 2277 outlines a structure to move our health care system toward better quality, sustainable costs, and improved health.

Due to the changing nature of health care and the unique issues facing our communities, the task of transforming health care in Hawaii is one which is ongoing. Thus, creating a permanent state agency is key to facilitating health care transformation. Over the past year the Healthcare Transformation program within the Governor's Office has been detailing a comprehensive plan for transformation tailored to Hawaii's needs. The Office of Health Care Transformation created by this bill is needed to carry out the plan.

We ask for your support of this measure.

Thank you for the opportunity to provide this testimony.





**HO'ŌLA LĀHUI HAWAI'I**  
*P.O. Box 3990; Līhu'e, Hawai'i*  
*Phone: 808.240.0100 Fax: 808.246.9551*

February 24, 2014

**COMMITTEE ON FINANCE**

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

Rep. Aaron Ling Johanson, Vice Chair

**Testimony in Support of HB 2277, HD1**

Wednesday, February 26, 2014, 11:15 AM  
Conference Room 308

Ho'ola Lahui Hawaii, strongly **supports** HB 2277 that transitions health care coordination by creating a permanent a new office under the State Health Planning Development Agency commonly known as SHPDA. This new office is appropriately titled the Hawaii Office for Health Care Transformation.

This important new office is critical to support continued health care transformation in state government whose leader reports directly to the Governor. This will ensure that all agencies across state government involved in health care can be called together to work on common concerns.

Equally important to note that this is a separate office within SHPDA so the CON process would not be affected.

We ask for your support on this measure.

Respectfully Submitted

David Peters  
Chief Executive Officer

Submitted:

Tuesday February 25<sup>th</sup>, 2014

To: COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair  
Rep. Aaron Ling Johanson, Vice Chair

From: Scott Getty, MSW student UH

Re: HB 2277, Relating to Health Care Transformation Testimony in Support

To whom it may concern,

My name is Scott Getty; I am an MSW student at the University of Hawaii. I have spent several years working in the community/state run behavioral and mental health fields. During my time there I have seen the necessity of properly funded and available care for those who otherwise could not afford it themselves.

Sadly these programs are not available or right for everyone. For needs not served by these programs our healthcare system not just in Hawaii but across the country is in dramatic disrepair. Years of deregulation and the profit centered views many of its providers share have caused cost to soar and quality/availability to plummet. The passage of the Affordable Care Act (ACA) was intended to address some of the more crucial aspects of this. Sadly partisan rhetoric and internal bickering have caused some of these efforts to stall. I see in Hawaii a state with an already superior public health sector but one which still finds itself occasionally on precarious ground. It is essential that Hawaii be one of the first states to further strengthen its commitment to carrying out not just the structure but the spirit of the ACA. This is using government centralization and organization to ensure the development of systems, greatly increasing the public's access to care while at the same time taking steps to enhance its quality and efficacy. HB 2277 is a major step in this direction. It allows for the consolidation and unified direction necessary for the upcoming changes being made to our healthcare system to be successful. "Health"care should be about keeping people healthy not making a healthy profit. Thank you for allowing me the chance to testify. I urge you to pass HB 2277 and look forward to speaking with you.

Sincerely,

Scott L. Getty

TO: House Committee on Finance  
Wednesday, February 26, 2014, at 11:15 A.M., Room 308  
Hawaii State Capitol  
Honolulu, Hawaii 96813

FROM: Marion Poirier, M.A., R.N.  
Member, Hawaii Health Authority

**LATE TESTIMONY**

SUBJECT: STRONG OPPOSITION of H.B. 2277  
Relating to Health Care Transformation

LUKE

GOOD DAY FINANCE CHAIR [REDACTED] VICE CHAIR NISHIMOTO AND  
MEMBERS OF THE HOUSE COMMITTEE ON FINANCE:

My name is Marion Poirier, and I am a member of the Hawaii Health Authority(HHA). I have 30 years of Hawaii experience as a nurse administrator, and my education includes a graduate degree in management/health care administration.

This testimony is in strong opposition to HB2277 which is flawed in two major respects. Firstly, HB 2277 demonstrates a blatant disregard for the mandate of the Hawaii Health Authority (HHA), and frankly is an insult to the HHA members who were appointed by the Governor and confirmed by the Senate to do precisely the work described in the bill.

According to HHA's enabling legislation (HRS Chapter 322H-1), "the (Hawaii Health) Authority shall be an autonomous public body corporate and politic and an instrumentality of the State and shall be responsible for overall health planning for the State and shall be responsible for determining future capacity needs for the health providers, facilities, and the like." This is in direct conflict with a major finding of the subject bill which incorrectly asserts that "There is currently no permanent state agency with authority to support, coordinate, oversee, and evaluate change and innovation in our health care system."

Secondly, the proposed transfer and institutionalization of the Office of Health Care Transformation as an "authority" is not in keeping with accepted public administration theory and practice and calling it such does not make it one.

An authority is an independent entity established by the Legislature to deal with a problem, issue, or opportunity of statewide interest requiring interdepartmental integration and coordination and is attached to an existing staff or line agency for administrative purpose. Like the Hawaii Health Authority, it is governed by a board whose members are appointed by the Governor and usually confirmed by the Legislature. The board is empowered to hire and fire it's executive director who reports and responsibility directly to the board.

The scheme proposed in HB 2277 is at best confusing and may be unworkable. It calls for the establishment of an authority now which is neither attached to an existing staff or line agency and not governed by a board of directors. It then establishes an office of Health Care Transformation in 2017 within the authority whose director is appointed by and reports to the Governor rather than the authority's governing board.

We respectfully request that you work with the Hawaii Health Authority to accomplish its mission, and reject passage of this measure.

Thank you very much. I am happy to answer any questions and be of assistance during your deliberations.

Marion Poirier  
From my iPad