



# Community Alliance *for* Mental Health

March, 14, 2014

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To: House Committees on Health and Commerce and Consumer Protection  
Re: SB 2035, SD 2

Aloha Chairs Belatti, McKelvey, and the members of their committees,

On behalf of the Community Alliance for Mental Health along with United Self Help  
oppose passage of SB 2035, SD 2.

We believe that the Hawai'i Health Authority should remain an independent authority  
with a permanent and dedicated allocation from the general fund free from partisan bickering.

Scott Wall  
VP/ Legislative Advocate  
Community Alliance for Mental Health

**Friday, March 14, 2014; 8:30 am**  
**Conference Room 329**

**The House Committee on Health**

To: Representative Della Au Belatti, Chair  
Representative Dee Morikawa, Vice Chair

**The House Committee on Consumer Protection & Commerce**

To: Representative Angus McKelvey, Chair  
Representative Derek Kawakami, Vice Chair

From: Virginia Pressler, MD, MBA

**Re: SB 2035, SD2 Relating To The Hawaii Health Authority  
Testimony in Opposition**

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 opposition to SB 2035, SD2 which seeks to replace the position of executive director of the Hawaii health authority with a chair position, and appropriates unspecified funds for operating expenses of the authority. Given our limited resources, the funds may be better utilized through an appropriation to the Office of Health Care Transformation instead. 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. With the changing nature of health care and the unique issues facing our communities, and because the task of transforming health care in Hawaii is one which is ongoing, support for the Office of Health Care Transformation is invaluable.

Thank you for the opportunity to provide this testimony.

House Committee on Health

House Committee on Consumer Protection & Commerce

**LATE**

Chair Bellati and members of the Health Committee:

Chair McKelvey and members of the Consumer Protection & Commerce Comm.

Testimony regarding to SB 2035, SD2 (SSCR2648)

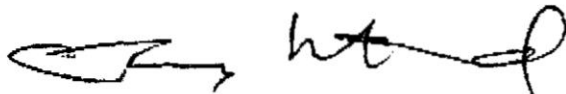
On behalf of the Hawaii Health Authority Board of Directors I am requesting your support for S.B. 2035, SD2.

This bill will allow the Hawaii Health Authority to move forward with the mission established by the Legislature in 2009.

There are two parts to 2035.

Section 1 of the Bill corrects a clerical error that that was made on the original Statute.

Section 2 requests an appropriation of \$300,000 to carry out the intent and plan of the Statute.



Jory Watland, member of the HHA Board

March 11, 2014

To: The House Committees on Health and Consumer Protection and Commerce

From: Nathan Chang

Re: SUPPORT of SB 2035,SD2, relating to the Hawai'i Health Authority

Chairpersons Belatti and McKelvey and members of the House Committees on Health and Consumer Protection and Commerce:

My name is Nathan Chang, I am a member of the Hawai'i Health Authority, and I am writing today in support of SB 2035,SD2, relating to the Hawai'i Health Authority.

Last year, the State legislature passed a bill (SB 2344) that provided funding for the operation of the Hawai'i Health Authority. Those who testified in support of that bill were able to establish the need for such funding, so there should be no necessity to prove the need again this year. The more relevant question to ask is whether or not the HHA was able to utilize the funds provided for the purposes specified and whether the funding enabled the HHA make adequate progress in fulfilling its responsibilities.

Unfortunately, that question cannot be answered because the appropriated funds were never expended. Although possible candidates for the Executive Director position were identified and engaged, complications in relation to the expending policies and process came up continually, slowing HHA's progress down significantly. In addition, only minimal assistance was provided by the Governor's office (where the legislature chose to place the HHA funding at the recommendation of the administration) in terms of navigating the system. So even though the Governor's office asked to manage the expenditure of the funding appropriated to the HHA, they provided little, if any, assistance when it came time to do so.

It is therefore critical that the same mistake not be made with this appropriation. The legislation establishing the Hawai'i Health Authority in 2011 placed it administratively in the Office of Budget and Finance. That is the office that should manage the expenditure of the funding and, hopefully, they will provide the level of assistance necessary to achieve the purposes specified in the HHA's proposed budget.

After more than two years of operation, the Hawai'i Health Authority continues to struggle in its efforts to fulfill its mandated responsibilities. From the perspective of one who is not fully aware of the circumstances leading to the legislation that established the HHA and who is perhaps politically naïve, it has been a very frustrating two years. It often seems like the HHA is caught in between the intentions of the legislature that established it, and an administration whose agenda has no place for it.

As I stated last year to this body, if the HHA is to accomplish the task that the legislature has mandated of it, then we must be provided with the tools that we need to do it. The members of the HHA accepted our appointments because we believed in the purpose for which it was established and because we wanted to be part of a process that would result in better health for our entire community. Please make it possible for us to accomplish this.

Thank you for this opportunity to offer these comments.

**LATE**

TO: House Committee on Health  
Friday, March 14, 2014, 2014, at 8:30 A.M., Room 329  
Hawaii State Capitol  
Honolulu, Hawaii 96813

FROM: Stephen Kemble, MD  
Hawaii Health Authority

SUBJECT: IN SUPPORT of S.B. 2035, SD2  
Relating to The Hawaii Health Authority

**GOOD DAY HEALTH CHAIR BELATTI, VICE CHAIR MORIKAWA AND  
MEMBERS OF THE HOUSE COMMITTEE ON HEALTH:**

**Hawaii's Health Care Transformation is in for a Rocky Road**

This week the Governor's office released the Hawaii Healthcare Innovation Plan for transforming our health care system. There is no disagreement on the "Triple Aim" goals of better health, better healthcare, and lower costs, plus reduced disparities, and promotion of primary care and community care teams are good ideas. However, there are serious problems with the implementation plan.

In Hawaii, care coordination is not a big problem for those insured through their employers under our Prepaid Health Care Act, who generally have good access to care. However, we have serious care coordination problems for those covered by Medicaid.

The Medicaid managed care plans have escalated their policies of obstructing and denying care, including outsourcing pharmacy benefits to unaccountable pharmacy benefits managers that impose absurd formulary restrictions and prior authorization requirements, and care is disrupted when patients switch plans or go in and out of Medicaid eligibility.

These problems have led to a marked decline in doctors accepting new Medicaid patients. This is worst for psychiatry, and more than half the formerly participating psychiatrists have dropped out in the past 5 years, associated with a 30% rise in mental health ER and hospital costs. Almost all the care coordination problems seen in practice are due to problems with our Medicaid managed care system – a system left untouched by the Hawaii Healthcare Innovation Plan.

Patient-centered medical homes and community care networks cannot possibly be effective without robust physician participation. Training more doctors and other providers won't help if they don't accept Medicaid when they go into practice. Hawaii's

Healthcare Innovation Plan is not proposing anything that will address the reasons why most doctors are now refusing Medicaid patients.

The health transformation planning process systematically ignored suggestions from physicians and other providers of care that would have made delivery of health care much more cost-effective. Suggestions *not* being implemented include consolidating and streamlining the structure of our Medicaid program, making community care networks accountable to patient care needs instead of to the administrative convenience of health plans, and standardizing formularies and prior authorization policies across all health plans.

The Hawaii Healthcare Innovation Plan hopes to reduce cost with financial incentives to induce doctors and hospitals to deliver less care via “Accountable Care Organizations.” All the studies so far show that these strategies don’t work and will cost more to administer than they can possibly save by reducing health care utilization.

The model Medicaid programs brought in as examples, including those from North Carolina, Vermont, and Oregon, are all physician led initiatives organized around primary care, with no intervening layer of managed care insurance plans between funding and the care delivery system. Leaving them in Hawaii’s plan adds to its complexity and cost and greatly reduces its effectiveness, with no offsetting advantages. This extra administrative layer and the disruptions to care now imposed by the managed care plans guarantee that Hawaii’s health care transformation will fail to achieve its goals for access, quality, and cost.

A better alternative would be to consolidate Medicaid into a single program without managed care plans, but with support for primary care, community care networks, and physician-led quality improvement. Then follow the lead of Western Colorado and combine funding from Medicaid, employer-based health care, and Medicare (via Medicare advantage plans), and pay physicians with a single blended fee schedule that is the same regardless of the source of funding for a given patient. This would markedly improve physician participation and access to outpatient care for Medicaid and Medicare patients. It has also saved a bundle in acute care Medicaid costs for Mesa County Colorado.

Please support the statutory mission of the Hawaii Health Authority to plan for a truly cost-effective universal health care system that would actually work to achieve the Triple Aim goals.

Stephen B. Kemble, MD  
March 9, 2014

**From:** Marion Poirier <mpoirier808@gmail.com>  
**Sent:** Thursday, March 13, 2014 4:22 PM  
**To:** HLTtestimony  
**Subject:** TESTIMONY SUBMITTAL FOR TOMORROW



House Committee on Health and  
House Committee on Commerce and Consumer Affairs  
Friday, March 14, 2014, at 8:30 a.m. in Rm. 329  
Hawaii State Capitol  
Honolulu, Hawaii 96813

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

SUBJECT: STRONG SUPPORT of S.B. 2035  
Relating to the Hawaii Health Authority

GOOD DAY HEALTH CHAIR BELATTI, COMMERCE AND CONSUMER AFFAIRS CHAIR McKELVEY AND MEMBERS OF THE RESPECTIVE COMMITTEES:

My name is Marion Poirier, M. A., R. N., and I am a member of the Hawaii Health Authority(HHA). With an educational background that includes a graduate degree in management/healthcare administration, I have studied this subject extensively.

In addition, there is a 21 state single payer coalition that provides me with important insights.

This testimony is in strong support of S.B. 2035. The HHA is the existing Authority tasked with the comprehensive enactment of universal health care in Hawaii. As such, we need an appropriation to produce a strategic plan for universal health care in Hawaii.

The Office of the Governor did not release the \$100,000 that the Legislature had appropriated for the HHA. We really need some money to do our work. The Legislature created us. The Governor appointed us in a ceremonial fashion. Since then, we have had to function in an all volunteer capacity. This is really quite sad for healthcare reform in Hawaii. I am privileged to serve on the Authority with members who are highly respected professionals with resumes that reflect diversity in just about every facet of health, care, and treatment delivery.

On Sunday, the Star Advertiser reported that the Governor favors single payer health care. The HHA prefers to use the term universal health care because it truly provides a wider blanket of options. We need to provide the umbrella strategic plan from which any transformation occurs. Mistake can, and will, occur if the long term plan is not identified.

The Health Care Reform Plan (HCRP) described in Sunday's Star Advertiser "Island Voices" will have great difficulty in implementation. For example, as a former executive director of the National Alliance on Mental Illness-Hawaii, I witnessed a lack of physicians, advanced clinical nurse practitioners and social workers as well as the lack of hospital beds for our patient population. Sub-standard MEDICAID payment is a serious reason for the aforementioned. The HCRP does nothing to address these inadequacies.

There has been over a decade of planning to choose the Hawaii Health Authority as the State instrumentality for universal health care. Please assist us with some funding. Ours is the blueprint for the future.



Please pass this measure out.

Thank you.

Marion Poirier  
From my iPad