
A BILL FOR AN ACT

RELATING TO HEALTH CARE TRANSFORMATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the effectiveness of
2 our health care system is of considerable importance to every
3 state resident from the perspective of cost, accessibility, and
4 quality. The State has a particular responsibility for the
5 effectiveness of the health care system as the purchaser of
6 health insurance for nearly forty per cent of the population.

7 In addition, the quality of care in our system is not
8 consistently high, access to needed care is not reliably
9 available across all islands or for all people, and health
10 information technology is not used to its full capacity for
11 improving care and reducing errors and duplication.

12 The legislature recognizes that health care transformation
13 is necessary and will require alignment of health care
14 strategies, priorities, and investments for both the private
15 sector and state agencies.

16 Pursuant to Act 224, Session Laws of Hawaii 2013, Hawaii's
17 health care transformation program resides temporarily, through
18 June 30, 2015, in the office of the governor. There is



1 currently no permanent state agency with authority to support,
2 coordinate, oversee, and evaluate change and innovation in our
3 health care system.

4 The purpose of this Act is to continue the program on a
5 long-term basis and codify Hawaii's commitment to health care
6 transformation by:

- 7 (1) Creating the structure and authority for health care
8 transformation;
- 9 (2) Extending to June 30, 2050, the duration of the health
10 care transformation program, which is established and
11 temporarily placed within the office of the governor;
- 12 (3) On July 1, 2050, transferring the functions of
13 Hawaii's health care transformation program to the
14 state health planning and development agency of the
15 department of health, along with its existing
16 resources and personnel, and renaming the state health
17 planning and development agency to encompass this
18 expanded purpose; and
- 19 (4) Appropriating funds for the healthcare transformation
20 coordinator to carry out the functions, operations,
21 and purposes of the health care transformation
22 program.



1 SECTION 2. Section 321-225, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) The advisory committee shall be composed of twenty
4 members: three nonvoting ex-officio members, who shall be the
5 director of transportation, the adjutant general, and the
6 administrator of the [~~state health planning and development~~
7 ~~agency,~~] Hawaii health care planning and policy authority, or
8 the designated representatives thereof, and seventeen members
9 representing all counties of the State who shall be appointed by
10 the governor subject to section 26-34 as follows:

11 (1) Five members who shall be physicians experienced in
12 the conduct and delivery of emergency medical
13 services; provided that at least two shall be engaged
14 in the practice of emergency medicine and be board-
15 eligible or board-certified by the American Board of
16 Emergency Medicine, and provided further that at least
17 one physician shall be engaged in the practice of
18 pediatrics and be board-eligible or board-certified by
19 the American Board of Pediatrics;

20 (2) Four members who shall be consumers of health care and
21 who shall have no connection with or relationship to



1 the health care system of the State and who shall be
2 representative of all counties;

3 (3) Four members of allied health professions related to
4 emergency medical services; and

5 (4) Four members, one from each county, who shall be
6 mobile intensive care technicians or emergency medical
7 technicians engaged in the practice of pre-hospital
8 emergency medical service.

9 The members of the advisory committee shall serve without
10 compensation, but shall be reimbursed for necessary expenses
11 incurred in the performance of their duties, including travel
12 expenses. The chairperson of the advisory committee shall be
13 elected by the members from among their numbers. A majority of
14 the members of the advisory committee shall constitute a quorum
15 for the conduct of business of the advisory committee. A
16 majority vote of the members present at a meeting at which a
17 quorum is established shall be necessary to validate any action
18 of the committee."

19 SECTION 3. Chapter 323D, Hawaii Revised Statutes, is
20 amended as follows:

21 1. By amending its title to read:

22 "CHAPTER 323D



1 HAWAII HEALTH CARE PLANNING AND [RESOURCES DEVELOPMENT AND
2 HEALTH CARE COST CONTROL] POLICY AUTHORITY"

3 2. By adding a new part to be appropriately designated and
4 to read:

5 "PART . OFFICE OF HEALTH CARE TRANSFORMATION

6 §323D-A Office of health care transformation. (a) There
7 is established within the Hawaii health care planning and policy
8 authority an office of health care transformation. The office
9 shall be headed by a health care transformation officer who
10 shall be appointed by the governor subject to section 26-34 and
11 who shall report directly to the governor.

12 (b) Section 26-35(a)(1) shall not apply to the office of
13 health care transformation. Notwithstanding section
14 26-35(a)(2), the financial requirements from state funds of the
15 office shall be submitted through the director of health and
16 included in the budget for the department of health, and neither
17 the authority administrator nor director of health shall change
18 the office's submissions in any way. Notwithstanding section
19 26-35(a)(4), the employment, appointment, promotion, transfer,
20 demotion, discharge, and job descriptions of all officers and
21 employees of or under the jurisdiction of the office shall be
22 determined by the office, subject to applicable personnel laws,



1 and shall not be subject to the approval of the authority
2 administrator or the director of health.

3 (c) The health care transformation officer shall oversee
4 and supervise the office of health care transformation and shall
5 organize, manage, and lead multi-sector statewide health care
6 transformation activities, including:

7 (1) Identifying the issues that need to be addressed to
8 achieve statewide health care transformation;

9 (2) Developing health system goals, strategies,
10 frameworks, and timelines, as well as proposed
11 legislation and rules, directed at health care
12 transformation;

13 (3) Coordinating health policy and purchasing across state
14 agencies to promote alignment in quality measures,
15 data collection, payment strategies, insurance
16 regulation, waivers, and plan amendments consistent
17 with improving public and population health to the
18 extent allowable under federal law;

19 (4) Identifying processes, measures, and goals to evaluate
20 and improve the quality and cost-effectiveness of
21 health care services;



- 1 (5) Pursuing opportunities for administrative uniformity
- 2 or alignment of processes, measures, and other matters
- 3 directed at improving the quality and cost-
- 4 effectiveness of health care services;
- 5 (6) Identifying fair and efficient payment models for
- 6 health care services;
- 7 (7) Coordinating and overseeing policy and programs to
- 8 improve, expand, and use health information technology
- 9 to organize, store, safeguard, exchange, report, and
- 10 analyze clinical, cost, educational, technical,
- 11 administrative, regulatory, and other health care-
- 12 related data;
- 13 (8) Identifying and overseeing state and private sector
- 14 initiatives to improve access to care including but
- 15 not limited to insurance expansion, workforce
- 16 training, and support for community-based health
- 17 organizations;
- 18 (9) Developing a state health care transformation plan;
- 19 (10) Performing other necessary or desirable functions to
- 20 facilitate the intent of this section;
- 21 (11) Notwithstanding section 323D-61, employing persons in
- 22 the office exempt from chapters 76 and 89; and

1 (12) Contracting for services that may be necessary for the
2 purposes of this section.

3 (d) The health care transformation officer may apply for,
4 receive, and disburse grants, fees, and donations from all
5 sources for health care transformation activities; provided that
6 all donations accepted from private sources shall be expended in
7 the manner prescribed by the contributor. The health care
8 transformation officer may also receive directly for the
9 office's purposes, donated personal services and personal
10 property for which funding is not required.

11 (e) The health care transformation officer shall submit an
12 annual report to the governor and the legislature no later than
13 twenty days prior to the convening of each regular session of
14 the legislature on:

15 (1) The activities under the authority of the health care
16 transformation officer, including the status and
17 implementation of the state health care transformation
18 plan; and

19 (2) The expenditure of all moneys received from all
20 sources and deposited into the health care
21 transformation special fund in support of this
22 section.



1 **§323D-B Health care transformation special fund;**
2 **established.** (a) There is established in the state treasury
3 the health care transformation special fund, which shall be
4 administered by the health care transformation officer. All
5 moneys collected by the health care transformation officer
6 pursuant to section 323D-A(d) shall be deposited into the health
7 care transformation special fund.

8 (b) Moneys in the health care transformation special fund
9 shall be used for the purposes of this part."

10 SECTION 4. Section 323D-1, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§323D-1 Purpose.** The purpose of this chapter is to
13 establish [~~a health planning and resources development program~~]
14 the Hawaii health care planning and policy program to promote
15 accessibility for all the people of the State to quality health
16 care services at reasonable cost."

17 SECTION 5. Section 323D-2, Hawaii Revised Statutes, is
18 amended as follows:

19 1. By adding a new definition to be appropriately inserted
20 and to read:

21 ""Authority" means the Hawaii health care planning and
22 policy authority."



1 2. By repealing the definition of "state agency".

2 [~~"State agency" means the state health planning and~~
3 ~~development agency established in section 323D-11.~~"]

4 SECTION 6. Chapter 323D, Hawaii Revised Statutes, is
5 amended by amending the title of part II to read as follows:

6 "PART II. [~~STATE HEALTH PLANNING AND~~
7 ~~DEVELOPMENT PROGRAM]~~ HAWAII HEALTH CARE
8 PLANNING AND POLICY PROGRAM"

9 SECTION 7. Section 323D-11, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "§323D-11 [~~State health planning and development agency.]~~
12 Hawaii health care planning and policy authority. There is

13 established within the department of health for administrative
14 purposes only, the [~~state health planning and development~~

15 ~~agency.] Hawaii health care planning and policy authority. The
16 [~~state agency]~~ authority shall be headed by an administrator who~~

17 shall be appointed by the governor subject to section 26-34.

18 The [~~state agency]~~ authority shall administer the [~~state health~~
19 ~~planning and cost containment activities]~~ health care planning

20 and policy authority activities as required by law."

21 SECTION 8. Section 323D-12, Hawaii Revised Statutes, is
22 amended to read as follows:



1 "§323D-12 Health care planning and [development] policy
2 functions; [state agency.] authority. (a) The [state agency]
3 authority shall:

- 4 (1) Have as a principal function the responsibility for
5 promoting accessibility for all the people of the
6 State to quality health care services at reasonable
7 cost. The [state agency] authority shall conduct such
8 studies and investigations as may be necessary as to
9 the causes of health care costs including inflation.
10 The [state agency] authority may contract for services
11 to implement this paragraph. The certificate of need
12 program mandated under part V shall serve this
13 function. The [state agency] authority shall promote
14 the sharing of facilities or services by health care
15 providers whenever possible to achieve economies and
16 shall restrict unusual or unusually costly services to
17 individual facilities or providers where appropriate;
- 18 (2) Serve as staff to and provide technical assistance and
19 advice to the statewide council and the subarea
20 councils in the preparation, review, and revision of
21 the state health services and facilities plan;



- 1 (3) Conduct the health planning activities of the State in
2 coordination with the subarea councils, implement the
3 state health services and facilities plan, and
4 determine the statewide health needs of the State
5 after consulting with the statewide council; ~~[and]~~
- 6 (4) Perform the health care transformation functions
7 described in part ; and
- 8 ~~[(4)]~~ (5) Administer the state certificate of need program
9 pursuant to part V.
- 10 (b) The ~~[state agency]~~ authority may:
- 11 (1) Prepare such reports and recommendations on Hawaii's
12 health care costs and public or private efforts to
13 reduce or control costs and health care quality as it
14 deems necessary. The report may include, but not be
15 limited to, a review of health insurance plans, the
16 availability of various kinds of health insurance and
17 malpractice insurance to consumers, and strategies for
18 increasing competition in the health insurance field.
- 19 (2) Prepare and revise as necessary the state health
20 services and facilities plan.
- 21 ~~[(3) Prepare, review, and revise the annual implementation~~
22 ~~plan.~~



1 ~~(4)~~ (3) Assist the statewide council in the performance
2 of its functions.

3 ~~(5)~~ (4) Determine the need for new health services
4 proposed to be offered within the State.

5 ~~(6)~~ (5) Assess existing health care services and
6 facilities to determine whether there are redundant,
7 excessive, or inappropriate services or facilities and
8 make public findings of any that are found to be so.
9 The ~~[state agency]~~ authority shall weigh the costs of
10 the health care services or facilities against the
11 benefits the services or facilities provide and there
12 shall be a negative presumption against marginal
13 services.

14 ~~(7)~~ (6) Provide technical assistance to persons, public
15 or private, in obtaining and filling out the necessary
16 forms for the development of projects and programs.

17 ~~(8)~~ (7) Prepare reports, studies, and recommendations on
18 emerging health issues~~[, such as medical ethics,~~
19 ~~health care rationing, involuntary care, care for the~~
20 ~~indigent, and standards for research and development~~
21 ~~of biotechnology and genetic engineering]~~.



1 ~~[(9)]~~ (8) Conduct such other activities as are necessary to
2 meet the purposes of this chapter."

3 SECTION 9. Section 323D-12.6, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "~~[{]}§323D-12.6[{}—State health]~~ Health care planning and
6 [development] policy special fund; created; deposits;
7 expenditures; fees. (a) There is established within the state
8 treasury, to be administered by the ~~[state health planning and~~
9 ~~development agency, the state health planning and development]~~
10 authority, the health care planning and policy special fund into
11 which shall be deposited all moneys collected under chapter
12 323D[-], with the exception of any moneys collected under part
13 _____.

14 (b) Moneys in the health care planning and policy special
15 fund shall be expended by the [state health planning and
16 development agency] authority to assist in offsetting program
17 expenses of the [agency-] authority.

18 (c) The ~~[agency]~~ authority shall adopt rules in accordance
19 with chapter 91 to establish reasonable fees for the purposes of
20 this chapter."

21 SECTION 10. Act 224, Session Laws of Hawaii 2013, is
22 amended as follows:



1 1. By amending section 2 to read:

2 "SECTION 2. (a) There is established and temporarily
3 placed within the office of the governor the health care
4 transformation program, which shall terminate on [~~July 1, 2015.~~]
5 June 30, 2050. The principal mission of the program is to
6 identify the issues that need to be addressed to achieve
7 statewide health care transformation, and develop a strategy,
8 framework, and timeline, as well as proposed legislation and
9 rules, directed at the transformation, and to thereby improve
10 the quality and cost-effectiveness of the health care delivery
11 system, and ensure that Hawaii residents and visitors have
12 access to high-quality and cost effective health care. The
13 governor shall consider a broad range of initiatives, issues,
14 and strategies, including:

- 15 (1) The identification of processes, measures, and goals
16 to evaluate and improve the quality and cost-
17 effectiveness of health care services;
- 18 (2) Opportunities for administrative uniformity or the
19 standardization of processes, measures, and other
20 matters directed at improving the quality and cost-
21 effectiveness of health care service;



- 1 (3) Fair and efficient payment models for health care
2 services;
- 3 (4) Streamlined authorization procedures for health care
4 services;
- 5 (5) Improvement and expansion of the use of information
6 technologies to organize, store, safeguard, exchange,
7 and report clinical, cost, educational, technical,
8 administrative, regulatory, and other health care-
9 related data;
- 10 (6) Improvement and promotion of the establishment and use
11 of cost-effective preferred drug lists; and
- 12 (7) Any other issue, solution, or initiative necessary or
13 appropriate to further the principal mission of the
14 program.
- 15 (b) To facilitate the development of the strategy,
16 framework, and timeline, as well as legislation and rules
17 pursuant to subsection (a), the governor may obtain information
18 by informally consulting, individually or as a group, with any
19 stakeholder or subject-matter expert selected by the program.
20 The governor may informally collaborate, individually or as a
21 group, with any stakeholder or subject-matter expert, to enable



1 the program to plan and develop proposed strategies, including
2 proposed legislation and rules."

3 2. By amending section 3 to read:

4 "SECTION 3. The governor shall submit a progress report
5 containing the status of the health care transformation program,
6 including findings and recommendations to the legislature, no
7 later than twenty days prior to the convening of the regular
8 [~~session~~] sessions of 2014[-], 2015, and 2016. The governor
9 shall submit a final report on the health care transformation
10 program, including findings, recommendations, and any proposed
11 legislation, to the legislature no later than twenty days prior
12 to the convening of the regular session of [~~2015-~~] 2017."

13 SECTION 11. Effective July 1, 2050, chapter 323D, Hawaii
14 Revised Statutes, is amended by replacing all references to the
15 "state health planning and development agency" with references
16 to the "Hawaii health care planning and policy authority" and by
17 replacing all references to the "state agency" and the "agency"
18 with references to the "authority" as the context requires.

19 SECTION 12. Effective July 1, 2050, all rights, powers,
20 functions, and duties of the health care transformation program
21 in the office of the governor are transferred to the Hawaii
22 health care planning and policy authority. All employees who



1 occupy civil service positions and whose functions are
2 transferred to the Hawaii health care planning and policy
3 authority by this Act shall retain their civil service status,
4 whether permanent or temporary. Employees shall be transferred
5 without loss of salary, seniority (except as prescribed by
6 applicable collective bargaining agreements), retention points,
7 prior service credit, any vacation and sick leave credits
8 previously earned, and other rights, benefits, and privileges,
9 in accordance with state personnel laws and this Act; provided
10 that the employees possess the minimum qualifications and public
11 employment requirements for the class or position to which
12 transferred or appointed, as applicable; provided further that
13 subsequent changes in status may be made pursuant to applicable
14 civil service and compensation laws.

15 Any employee who, prior to this Act, is exempt from civil
16 service and is transferred as a consequence of this Act may
17 retain the employee's exempt status, but shall not be appointed
18 to a civil service position as a consequence of this Act. An
19 exempt employee who is transferred by this Act shall not suffer
20 any loss of prior service credit, vacation or sick leave credits
21 previously earned, or other employee benefits or privileges as a
22 consequence of this Act; provided that the employee possesses



1 legal and public employment requirements for the position to
2 which transferred or appointed, as applicable; provided further
3 that subsequent changes in status may be made pursuant to
4 applicable employment and compensation laws. The administrator
5 of the Hawaii health care planning and policy authority may
6 prescribe the duties and qualifications of these employees and
7 fix their salaries without regard to chapter 76, Hawaii Revised
8 Statutes.

9 SECTION 13. Effective July 1, 2050, all appropriations,
10 other funds, records, equipment, machines, files, supplies,
11 contracts, books, papers, documents, maps, and other personal
12 property heretofore made, used, acquired, or held by the health
13 care transformation program relating to the functions
14 transferred to the Hawaii health care planning and policy
15 authority shall be transferred with the functions to which they
16 relate.

17 SECTION 14. Effective July 1, 2050, all deeds, leases,
18 contracts, loans, agreements, permits, or other documents
19 executed or entered into by or on behalf of the health care
20 transformation program in the office of the governor are
21 transferred to the Hawaii health care planning and policy
22 authority.



1 SECTION 15. All deeds, leases, contracts, loans,
2 agreements, permits, or other documents executed or entered into
3 by or on behalf of the health care transformation program in the
4 office of the governor shall remain in full force and effect.
5 Effective July 1, 2050, every reference to the governor's health
6 care transformation program in those deeds, leases, contracts,
7 loans, agreements, permits, or other documents shall be
8 construed as a reference to the office of health care
9 transformation or health care transformation officer, as
10 appropriate.

11 SECTION 16. The administrative rules of the State health
12 planning and development agency that are in effect as of the
13 effective date of this Act shall remain in effect until amended
14 by the Hawaii health care planning and policy authority. All
15 references in those rules to the "state health planning and
16 development program" shall be read to mean the "Hawaii health
17 care planning and policy program," all references to the "state
18 health planning and development agency" shall be read to mean
19 the "Hawaii health care planning and policy authority," and all
20 references to the "state agency" and the "agency" shall be read
21 to mean the "authority" as the context requires.



1 SECTION 17. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so much
3 thereof as may be necessary for fiscal year 2014-2015 for the
4 healthcare transformation coordinator to carry out the
5 functions, operations, and purposes of the health care
6 transformation program.

7 The sum appropriated shall be expended by the office of the
8 governor for the purposes of this Act.

9 SECTION 18. In codifying the new sections added by section
10 3 of this Act, the revisor of statutes shall substitute
11 appropriate section numbers for the letters used in designating
12 the new sections in this Act.

13 SECTION 19. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 20. This Act shall take effect on July 1, 2050.



Report Title:

Health Care Transformation; Appropriation

Description:

Establishes the Office of Health Care Transformation within the State Health Planning and Development Agency, and changes the agency's name to the Hawaii Health Care Planning and Policy Authority. Establishes the Health Care Transformation Special Fund. Extends from July 1, 2015, to June 30, 2050, the Health Care Transformation Program, which is temporarily placed within the Office of the Governor, and effective July 1, 2050, transfers the Health Care Transformation Program to the Hawaii Health Care Planning and Policy Authority. Appropriates funds. Effective 7/1/2050. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

