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

7 (1) Creating the structure and authority for health care
8 transformation; and

9 (2) Transferring the functions of Hawaii's health care
10 transformation program to the state health planning
11 and development agency of the department of health,
12 along with its existing resources and personnel, and
13 to rename the state health planning and development
14 agency to encompass this expanded purpose.

15 SECTION 2. Chapter 323D, Hawaii Revised Statutes, is
16 amended as follows:

17 1. Amending its title to read:

18 "CHAPTER 323D

19 ~~[HEALTH PLANNING AND RESOURCES DEVELOPMENT AND HEALTH CARE COST~~
20 ~~CONTROL]~~

21 HAWAII HEALTH CARE PLANNING AND POLICY AUTHORITY"



1 2. Adding a new part to be appropriately designated and to
2 read:

3 **"PART . OFFICE OF HEALTH CARE TRANSFORMATION**

4 **§323D-A Office of health care transformation.** (a) There
5 is established within the Hawaii health care planning and policy
6 authority an office of health care transformation. The office
7 shall be headed by a health care transformation officer who
8 shall be appointed by the governor subject to section 26-34 and
9 who shall report directly to the governor.

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



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

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

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

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

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

20 (5) Pursuing opportunities for administrative uniformity
21 or alignment of processes, measures, and other matters



- 1 directed at improving the quality and cost-
- 2 effectiveness of health care services;
- 3 (6) Identifying fair and efficient payment models for
- 4 health care services;
- 5 (7) Coordinating and overseeing policy and programs to
- 6 improve, expand, and use health information technology
- 7 to organize, store, safeguard, exchange, report, and
- 8 analyze clinical, cost, educational, technical,
- 9 administrative, regulatory, and other health care-
- 10 related data;
- 11 (8) Identifying and overseeing state and private sector
- 12 initiatives to improve access to care, including but
- 13 not limited to insurance expansion, workforce
- 14 training, and support for community-based health
- 15 organizations;
- 16 (9) Developing a state health care transformation plan;
- 17 (10) Reporting annually to the governor and the legislature
- 18 on the status and implementation of the state health
- 19 care transformation plan;
- 20 (11) Performing other necessary or desirable functions to
- 21 facilitate the intent of this section;



1 (12) Notwithstanding section 323D-61, employing persons in
2 the office exempt from chapters 76 and 89; and

3 (13) Contracting for services that may be necessary for the
4 purposes of this section.

5 (d) The health care transformation officer may apply for,
6 receive, and disburse grants, fees, and donations from all
7 sources for health care transformation activities; provided that
8 all donations accepted from private sources shall be expended in
9 the manner prescribed by the contributor, and all moneys shall
10 be deposited into the health care transformation special fund
11 established under section 323D-B. The health care
12 transformation officer may also receive directly for the
13 office's purposes donated personal services and personal
14 property for which funding is not required.

15 (e) The health care transformation officer shall submit an
16 annual report to the governor and the legislature no later than
17 twenty days prior to the convening of each regular session of
18 the legislature on the activities under the authority of the
19 health care transformation officer, and the expenditure of all
20 moneys received from all sources and deposited into the health
21 care transformation special fund in support of this 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 officer pursuant to section 323D-A(d)
6 shall be deposited into the health care transformation special
7 fund.

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

10 SECTION 3. Section 323D-2, Hawaii Revised Statutes, is
11 amended as follows:

12 1. By adding a new definition to be appropriately inserted
13 and to read:

14 "Authority" means the Hawaii health care planning and
15 policy authority."

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

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

19 SECTION 4. Section 323D-12, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "~~§323D-12 [Health planning and development functions;~~
2 ~~state agency.] Health care planning and policy functions;~~
3 authority. (a) The [~~state agency]~~ 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 5. Section 323D-12.6, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "~~[-]~~§323D-12.6[-] ~~State health planning and development]~~
6 Health care planning and 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 Hawaii health care planning and policy authority, the health
11 care planning and policy special fund into which shall be
12 deposited all moneys collected under chapter 323D~~[-]~~, except all
13 moneys collected under part _____, which shall be deposited into
14 the health care transformation special fund established under
15 section 323D-B.

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

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



1 SECTION 6. Effective July 1, 2015, section 321-225 and
2 chapter 323D, Hawaii Revised Statutes, are amended by replacing
3 all references to the "state health planning and development
4 program" with references to the "Hawaii health care planning and
5 policy program", by replacing all references to the "state
6 health planning and development agency" with references to the
7 "Hawaii health care planning and policy authority", and by
8 replacing all references to the "state agency" and "agency" with
9 references to the "authority".

10 SECTION 7. All rights, powers, functions, and duties of
11 the health care transformation program in the office of the
12 governor are transferred to the Hawaii health care planning and
13 policy authority. All employees who occupy civil service
14 positions and whose functions are transferred to the Hawaii
15 health care planning and policy authority by this Act shall
16 retain their civil service status, whether permanent or
17 temporary. Employees shall be transferred without loss of
18 salary, seniority (except as prescribed by applicable collective
19 bargaining agreements), retention points, prior service credit,
20 any vacation and sick leave credits previously earned, and other
21 rights, benefits, and privileges, in accordance with state
22 personnel laws and this Act; provided that the employees possess



1 the minimum qualifications and public employment requirements
2 for the class or position to which transferred or appointed, as
3 applicable; provided further that subsequent changes in status
4 may be made pursuant to applicable civil service and
5 compensation laws.

6 Any employee who, prior to this Act, is exempt from civil
7 service and is transferred as a consequence of this Act may
8 retain the employee's exempt status, but shall not be appointed
9 to a civil service position as a consequence of this Act. An
10 exempt employee who is transferred by this Act shall not suffer
11 any loss of prior service credit, vacation or sick leave credits
12 previously earned, or other employee benefits or privileges as a
13 consequence of this Act; provided that the employee possesses
14 legal and public employment requirements for the position to
15 which transferred or appointed, as applicable; provided further
16 that subsequent changes in status may be made pursuant to
17 applicable employment and compensation laws. The health care
18 transformation officer of the Hawaii health care planning and
19 policy authority may prescribe the duties and qualifications of
20 these employees and fix their salaries without regard to chapter
21 76, Hawaii Revised Statutes.



1 SECTION 8. All appropriations, other funds, records,
2 equipment, machines, files, supplies, contracts, books, papers,
3 documents, maps, and other personal property heretofore made,
4 used, acquired, or held by the health care transformation
5 program in the office of the governor relating to the functions
6 transferred to the office of health care transformation shall be
7 transferred with the functions to which they relate.

8 SECTION 9. All deeds, leases, contracts, loans,
9 agreements, permits, or other documents executed or entered into
10 by or on behalf of the health care transformation program in the
11 office of the governor shall remain in full force and effect.
12 Effective July 1, 2015, every reference to the governor's
13 health care transformation program in those deeds, leases,
14 contracts, loans, agreements, permits, or other documents shall
15 be construed as a reference to the office of health care
16 transformation or health care transformation officer, as
17 appropriate.

18 SECTION 10. The administrative rules of the state health
19 planning and development agency that are in effect as of the
20 effective date of this Act shall remain in effect until amended
21 by the Hawaii health care planning and policy authority. All
22 references in those rules to the "state health planning and



1 development program" shall be read to mean the "Hawaii health
2 care planning and policy program", all references to the "state
3 health planning and development agency" shall be read to mean
4 the "Hawaii health care planning and policy authority", and all
5 references to the "state agency" and "agency" shall be read to
6 mean the "authority".

7 SECTION 11. In codifying the new sections added by section
8 2 of this Act, the revisor of statutes shall substitute
9 appropriate section numbers for the letters used in designating
10 the new sections in this Act.

11 SECTION 12. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 13. This Act, upon its approval, shall take effect
14 on July 1, 2015.

15



Report Title:

Health Care Transformation

Description:

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. Establishes the Health Care Transformation Special Fund. Takes effect 7/1/2015. (SD1)

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