



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE
GOVERNOR

SENATE COMMITTEE ON WAYS AND MEANS

The Hon. David Y. Ige, Chair

The Hon. Michelle N. Kidani, Vice Chair

April 3, 2014, 10:05 a.m., Room 211

House Bill 2277, HD 1, SD 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 House Bill 2277, HD 1, SD 1, *Relating to Health Care Transformation*. While Hawai'i's health care system has many positive attributes it experiences serious problems with fragmentation and barriers to timely access to care, and it incentivizes volume and expensive procedures instead of primary and preventive services. Effective change requires a state effort focused on coordinating, convening, and aligning our healthcare system for best results. It also requires a modest investment. Many other states have been developing this capacity - some for more than a decade - and they have much to show for their efforts. These states include Oregon, Washington, Minnesota, Delaware, Vermont, and Massachusetts, among others. We believe that Hawaii can also improve care and health status, especially for Native Hawaiians and Pacific Islanders, and save money, notably by reducing the hundreds of millions of dollars spent on avoidable and preventable emergency and inpatient care.

Over the past year, our program in the Governor's Office, detailed a comprehensive plan for transformation tailored to Hawai'i'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 each state's needs. One of the strengths of our process was in

meaningful inclusion of more than a hundred stakeholders as well as holding community meetings and provider focus groups on all islands. Our plan emphasizes:

- Access to high quality patient-centered primary care
- Care coordination, especially for people with complex health and socio-economic concerns
- Payment reform to standardize payment approaches supportive of quality and outcomes instead of volume
- Effective use of health information technology
- Workforce models and providers that match the needs of a changing health care system
- Public structures and funding to support better performance.

The responsibilities proposed in HB2277 support the priorities outlined above and would be flexible to address the many emerging issues that will arise as we continuously improve aspects of our large and complex health care system. It is an important step forward 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. We also need to continue to serve as convener 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 appreciate the proposed appropriation included in SD 1, which reflects our original budget request. Recognizing the new fiscal dictates, we'd appreciate your consideration for the following:

- Baseline funding, as appropriated for FY 2015 in last year's budget: \$165,830 (pays for 1.5 FTEs)
- Plus:
 - Health Information Technology Coordinator \$110,000 (1 FTE). This position would bring special expertise crucial to transformation that our office does not currently have.
 - Senior Policy Analyst \$80,000 (1 FTE). Researches and develops policy positions effective for Hawaii's health system needs.

Thank you for the opportunity to testify.



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

In reply, please refer to:
File:

SENATE COMMITTEE ON WAYS AND MEANS

HB2277 HD1 SD1, RELATING TO HEALTH CARE TRANSFORMATION

**Comments of Linda Rosen, M.D., M.P.H.
Director of Health**

**April 3, 2014
10:05 AM**

1 **Department's Position:** Support.

2 **Fiscal Implications:** None.

3 **Purpose and Justification:** The purpose of HB2277 HD1 SD1 is to establish within an attached
4 agency the Governor's Office of Healthcare Transformation and consolidate certain health planning and
5 policy functions.

6

7 The Transformation Office has made steady progress facilitating broad consensus on Hawaii's health
8 priorities, and establishing a roadmap towards a more vibrant healthcare and public health system.

9 HB2277 HD1 SD1 will provide the necessary continuity to maintain those gains, including the State

10 Innovation Waiver Task Force. DOH strongly supports the Governor's appropriation request of

11 \$752,870 in the Supplemental Budget to support this important work.

12

13 Thank you for the opportunity to testify.

To: Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

Testimony in Support of House Bill 2277
Relating to: Health Care Transformation
Submitted by: Christine Mai'i Sakuda, Health Information Exchange
DATE: Thursday, April 3, 2014
PLACE: State Capitol, Conference Room 211

Aloha Chair Ige, Vice Chair Kidani, and members of the Committee:

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,



Christine Mai'i Sakuda
Executive Director



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

April 1, 2014

COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair

Senator Michelle N. Kidani, Vice Chair

Testimony in Support of HB 2277, HD1, SD1

Thursday April 3, 2014, 2:05 PM

Conference Room 211

Ho`ola Lahui Hawaii, strongly **supports** HB 2277, HD1, SD1 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

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

SENATE COMMITTEE ON WAYS AND MEANS

Senator David Ige, Chair

Senator Michelle N. Kidani, Vice Chair

April 03, 2014, 10:05 a.m., Room 211

State Capitol

Howard N. Ainsley

East Hawaii Regional CEO

Hawaii Health Systems Corporation

RE: TESTIMONY IN SUPPORT of House Bill 2277, HD 1, SD1 RELATING TO HEALTH CARE TRANSFORMATION

Aloha Chair Ige, Vice Chair Kidani 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, S.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, HD 1, SD 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.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

April 3, 2014

The Honorable David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair
Senate Committee on Ways and Means

Re: HB 2277, HD1, SD1 – Relating to Health Care Transformation

Dear Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2277, HD1, SD1, which would establish the Office of Health Care Transformation (Office) 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,SD1, 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, SD1.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman
Vice President, Government Relations



Hawaii Association of Health Plans

April 3, 2014

The Honorable David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair

Committee on Ways and Means

Re: HB 2277, HD1, SD1 – Relating to Health Care Transformation

Dear Chair Ige, Vice Chair Kidani, and Members of the Committee:

My name is Rick Jackson and I am Chairperson of the Hawaii Association of Health Plans (“HAHP”) Public Policy Committee. HAHP is a non-profit organization consisting of nine (9) member organizations:

AlohaCare
Hawaii Medical Assurance Association
HMSA
Hawaii-Western Management Group, Inc.
Kaiser Permanente

MDX Hawai'i
'Ohana Health Plan
University Health Alliance
UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

HAHP appreciates the opportunity to provide testimony in support to HB 2277 HD1, SD1, 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; establishes the Health Care Transformation Special Fund; extends from July 1, 2015, to June 30, 2017, the Health Care Transformation Program, which is temporarily placed within the Office of the Governor, and transfers the Health Care Transformation Program to the Hawaii Health Care Planning and Policy Authority.

HAHP acknowledges that health care transformation in Hawai'i is necessary to address issues related to quality of care, access to needed care, and use of health information technology to its' full capacity to improve care and reduce errors. HAHP believes that access to affordable, comprehensive health care gives consumers the value they expect and contributes to the peace of mind that is essential to good health. We appreciate the intent of this Bill as a step in the direction of having an effective health care system in Hawai'i, which will result in a greater alignment of health care strategies, priorities, and investments for both the private sector and state agencies.

Thank you for the opportunity to provide testimony.

Sincerely,

Rick Jackson
Chair, Public Policy Committee



**H.B. 2277, HD1, SD1
RELATING TO HEALTH CARE TRANSFORMATION
Senate Committee on Ways and Means
April 3, 2014, 10:05 a.m.**

Thank you for the opportunity to provide testimony in support of H.B. 2277, HD1, SD1, Relating to Health Care Transformation.

HB2277 will provide an avenue to continue the work of the Office of Health Care Transformation. In the time since the initial establishment of the Health Care Transformation Office in the Office of the Governor, we have seen how wide segments of Hawaii's healthcare community can focus and collaborate to address the rapid changes to the healthcare environment that the Affordable Care Act is presenting. We believe this work needs to continue to ensure a transformational, coordinated planning and implementation efforts.



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HAWAI'I PACIFIC HEALTH
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808-535-7401
www.hawaiipacifichealth.org

Thursday, April 3, 2014; 10:05 am
Conference Room 211

The Senate Committee on Ways and Means

To: Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair

From: Virginia Pressler, MD, MBA

Re: **HB 2277, HD1, SD1 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, SD1, 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.



Affiliates of Hawai'i Pacific Health

Kelley Withy, MD, PhD
571 Kaimalino St.
Kailua, HI 96734

Written Testimony in Support of House Bill 2277

I am writing to offer my strongest support for HB2277. As Director of the Area Health Education Center and a physician workforce researcher, I would like to take the opportunity to thank you for working toward transforming our healthcare system in Hawaii. My research has shown that Hawaii has 700 fewer physicians than a comparable population on the mainland US. The shortage is most severe in rural areas such as Hawaii Island. We need to transform our healthcare system into one that provides total-person care in a team based atmosphere, with fewer administrative burdens on providers. We need to work together to do this or we will not succeed. But if we do work together, we will be able to create a system that expands care available, and costs less for care. HB2277 will be one important step in this process, by having an office that can convene the meetings as they have been doing for over a year. Thank

you for your attention to this matter and please keep up the good work!

Kelley Withy, MD, PhD