



EXECUTIVE CHAMBERS

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**HOUSE COMMITTEE ON HEALTH**  
**Rep. Della Au Belatti, Chair**  
**Rep. Dee Morikawa, Vice Chair**  
**January 29, 2014, 8:45 a.m., Room 329**

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

**Testimony in Support**

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

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Thank you for the opportunity to support HB 2277, 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 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. Creating a permanent state agency to facilitate health care transformation is needed to carry out the plan. The State, as a payer, convener, and regulator, is a powerful force for transforming the health care system. Between MedQUEST and EUTF, the State purchases coverage for more than one third of the population. In addition, the State subsidizes care for the uninsured, for behavioral health, and for the Hawaii Health Systems Corporation. Aligning the

State's spending and contractual requirements can be a powerful force for change. 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 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.

**morikawa2-Joanna**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, January 28, 2014 3:21 PM  
**To:** HLTtestimony  
**Cc:** lorrin.kim@doh.hawaii.gov  
**Subject:** Submitted testimony for HB2277 on Jan 29, 2014 08:45AM

**HB2277**

Submitted on: 1/28/2014

Testimony for HLT on Jan 29, 2014 08:45AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lorrin Kim	Hawaii Department of Health	Support	No

Comments: Official testimony of Hawaii Department of Health in support.

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# HMSA



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January 29, 2014

The Honorable Della Au Belatti, Chair  
The Honorable Dee Morikawa, Vice Chair  
House Committee on Health

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

Dear Chair Belatti, Vice Chair Morikawa and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2277 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. That plan is being finalized, and we are hopeful it 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 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.

Sincerely,

A handwritten signature in black ink, appearing to read "JDiesman".

Jennifer Diesman  
Vice President  
Government Relations



55 Merchant Street  
Honolulu, Hawai'i 96813-4333

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**Wednesday, January 29, 2014 – 8:45 am**  
**Conference Room 329**

**The House Committee on Health**

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

From: Virginia Pressler, MD, MBA

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

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My name is Virginia Pressler, MD, MBA, Executive Vice President and Chief Strategic Officer for Hawaii Pacific Health (HPH). HPH is a nonprofit health care system and the state's largest health care provider anchored by its four nonprofit hospitals: Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital on Kauai. HPH is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four affiliated hospitals, 49 outpatient clinics and service sites, more than 5,400 employees and 1,300 physicians on staff,

I am writing in support of HB 2277, 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 HB 2277.

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*

January 27, 2014

COMMITTEE ON HEALTH

Rep. Della Au Belatti, Chair

Rep. Dee Morikawa, Vice Chair

**Testimony in Support of HB 2277**

Wednesday, January 29, 2014, 8:45 AM

Conference Room 329

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



**HPCA**

HAWAII PRIMARY CARE ASSOCIATION

**House Committee on Health**

The Hon. Della Au Belatti, Chair

The Hon. Dee Morikawa, Vice Chair

**Testimony in Support of House Bill 2277**  
**Relating to Hawaii Health Care Transformation**  
**Submitted by Robert Hirokawa, Chief Executive Officer**  
**January, 29, 2014, 8:45 am, Room 329**

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports House Bill 2277, 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.

**HB2277**

Submitted on: 1/29/2014

Testimony for HLT on Jan 29, 2014 08:45AM in Conference Room 329

**LATE**

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Wall	Community Alliance for Mental Health	Support	No

Comments: to: House Health Aloha Chair Belatti and members of the committee, On behalf of the Community Alliance for Mental Health along with United Self Help we support HB2277. We believe that the passage of this bill is necessary for our health care transformation. Scott Wall VP/Legislative Advocate Community Alliance for Mental Health

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# Hawaii Health Authority

Board of Directors: Nathan K. T. Chang, Dr. Ritabelle Fernandes, Judge Reynaldo Grauly, Dr. Stephen Kemble, Dr. S. Peter Kim, Marion Poirier, Jory Watland, Chair

TO: House Committee on Health  
Wednesday, January 29, 2014, at 8:45 A.M., Room 329  
Hawaii State Capitol  
Honolulu, Hawaii 96813

FROM: Jory Watland, Director  
Hawaii Health Authority

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

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

My name is Jory Watland, and I am the Director of the Hawaii Health Authority.

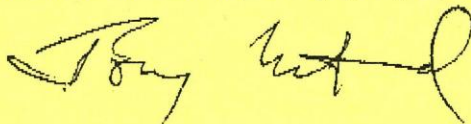
This testimony is in strong opposition to H.B. 2277. This bill places the current temporary Health Transformation Program within the Department of Health (DOH) and replaces the State Health Planning and Development Authority (SHPDA) with an office that is renamed the Hawaii Health Care Planning and Policy Authority. It also makes the new agency only accountable to the Governor.

We agree that there is a clear need for a "permanent state agency with the authority to support, coordinate, oversee, and evaluate change and innovation in our health system." However, there is such an agency and it is the Hawaii Health Authority (HHA). According to HRS 322H-1, the HHA was conceived as "an autonomous body corporate and politic and an instrumentality of the State" and was intended to "be responsible for determining future capacity needs for health providers." The HHA did present two reports to the Legislature and Governor in December 2011 and January 2013, offering a coherent vision leading to a comprehensive, coordinated health care system organized around assuring cost-effective health care for everyone in Hawaii. This vision was based on models shown to be successful elsewhere, both in the US and in other countries, and it is soundly based on evidence for what has been shown to actually work. The HHA was ready to work with all relevant state agencies and stakeholders to work out the specifics for how to implement this vision.

However, the Governor's Health Transformation Initiative decided from the start to ignore the vision offered by the HHA and to organize health transformation around the convenience of a few of the health insurance companies. The Governor's Office denied any funding or administrative support to the HHA. The result so far is a health transformation effort that preserves all the access problems and fragmentation of our dysfunctional MEDICAID Program, ignores the voices of physicians and other actual providers of care, is needlessly complex and administratively top heavy, and is not based on any coherent model that has demonstrated success anywhere else.

This bill places the Office of Health Care Planning directly under the control of the Governor who appoints and directly supervises the Office of the Health Care transformation Officer. Such an arrangement would not only bypass the State DOH director but would also allow the new Office to be controlled by special interests with influence on the Governor.

In contrast, the HHA is appointed jointly by the Legislature and the Governor and it is accountable to the health care needs of the people of Hawaii, not to special interests. It should be supported in fulfilling its intended role and function as the central planning agency for health care transformation for Hawaii



**morikawa2-Joanna**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, January 28, 2014 1:51 PM  
**To:** HLTtestimony  
**Cc:** teresa.parsons@hawaii.edu  
**Subject:** Submitted testimony for HB2277 on Jan 29, 2014 08:45AM

**HB2277**

Submitted on: 1/28/2014

Testimony for HLT on Jan 29, 2014 08:45AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Teresa Parsons	Individual	Support	No

Comments: I support this bill to further innovative and improved access to healthcare for the people of Hawai'i. As a Nurse Practitioner, too often I see people go without healthcare until they are so ill as to require hospitalization. By then, the damage is done. I support this legislation to create a fund to oversee healthcare transformation in Hawai'i. Mahalo for allowing this testimony.

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TO: House Committee on Health  
Wednesday, January 29, 2014, 2014, at 8:45 A.M., Room 329  
Hawaii State Capitol  
Honolulu, Hawaii 96813

FROM: Stephen Kemble, MD  
Member, Hawaii Health Authority  
Immediate Past President, Hawaii Medical Association

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

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

I am testifying in strong opposition to H.B. 2277. This bill places the current temporary Health Transformation Program within the Department of Health (DOH), replaces SHPDA, and makes the new agency only accountable to the Governor.

I am a member of the Hawaii Health Authority and served as the representative of the HHA for the Health Transformation Initiative, including sitting on the Executive Committee and the Committees on Community Care Networks and Patient Centered Medical Homes.

The Hawaii health transformation initiative was driven from the start by the interests of a few of the health insurance companies and systematically ignored the contributions of the physicians, community workers, and others involved in the actual care of patients. All of the model Medicaid programs brought in as examples, including those from North Carolina, Vermont, and Oregon, are physician led initiatives organized around primary care, with no intervening layer of managed care insurance plans between funding and management of care. However, the Hawaii initiative perpetuates and further entrenches an administrative layer of insurance plans in our Medicaid program that in reality have no expertise in managing care, but only throw up road blocks to care, interfere with care coordination, and drive doctors away from treating Medicaid patients, with disastrous consequences for these patients. The proposals for patient-centered medical homes and community care networks are not going to work without a lot more physician participation and engagement, but nothing is being done to address the reasons why doctors are now refusing Medicaid patients.

HRS 322H-1 created the Hawaii Health Authority (HHA) as "an autonomous body corporate and politic and an instrumentality of the State" with a mandate to "be

responsible for determining future capacity needs for health providers." The HHA offered a well researched, evidence based approach to using the Affordable Care Act as a transition to universal health care, based on examples of successful programs elsewhere, including the model programs mentioned above. A major characteristic of all these programs is that they are physician-led, and not controlled by insurance companies. The Health Transformation Initiative chose from the start to ignore the Hawaii Health Authority vision, and is attempting to implement a completely unrealistic and unworkable mixture of insurance-driven managed care and the "window-dressing" of "patient-centered medical homes." Leaving managed care insurance companies in the plan greatly adds to its complexity and cost and greatly reduces its effectiveness, with no offsetting advantage whatsoever.

This bill places the Office of Health Care Planning directly under the control of the Governor who appoints and directly supervises the Office of the Health Care transformation Officer. Such an arrangement would not only bypass the State DOH director but would also allow the new Office to be controlled by special interests with influence on the Governor. Health transformation needs accountability to the health care needs of the population of Hawaii, not to special interests.

I urge your Committee on Health to support the existing Hawaii Health Authority and to enable it to fulfill its intended mission and vision as the central health planning agency for Hawaii, and to defeat HB 2277. Thank you.

Stephen Kemble, MD

TO: House Committee on Health  
Wednesday, January 29, 2014 at 8:45 A.M., Room 329  
Hawaii State Capitol  
Honolulu, Hawaii 96813

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

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

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

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.

I strongly oppose H.B. 2277, and support the testimony of our HHA Director in this regard. Locating  
a health transformation function in a line agency office whose primary responsibility is the  
coordination of state health facilities will not result in the necessary institutional authority to formulate  
and coordinate overall State health policy. Furthermore an Office is not an authority 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 purposes.  
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.

If you believe that the authority model is the best way to go in institutionalizing health care  
transformation then you should examine the existing Hawaii Health Authority as a viable option in this  
regard.

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

