

Testimony

HB2277



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**SENATE COMMITTEE ON HEALTH**  
**The Hon. Josh Green, Chair**  
**The Hon. Rosalyn H. Baker, Vice Chair**  
**March 12, 2014, 1:30 p.m., Room 229**

**House Bill 2277, HD 1 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, HD 1 Relating to Health Care Transformation. While Hawai'i's health care system has many positive attributes it experiences serious problems with fragmentation, barriers to timely access to care, and incentivizes volume and expensive procedures instead of primary and preventive services. The Affordable Care Act helps us address these deficits in many ways but effective change requires a complementary state 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 we 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 individual 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 and needs 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 ask you to support HB 2277, HD 1 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.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Written Testimony Presented Before the  
Senate Committee on Health  
March 12, 2014 at 1:30 p.m.

by

Mary G. Boland, DrPH, RN, FAAN  
Dean and Professor  
School of Nursing & Dental Hygiene  
University of Hawai'i at Mānoa

### HB 2277 HD1 – RELATING TO HEALTH CARE TRANSFORMATION

Chair Green, Vice Chair Baker, and members of the Senate Committee on Health, thank you for this opportunity to provide testimony in support of this bill, HB 2277 HD1.

The UH Mānoa School of Nursing and Dental Hygiene supports this bill to continue health care transformation in the State of Hawai'i on a long term basis and create a structure and authority to support this effort.

The UH Mānoa School of Nursing and Dental Hygiene's mission is to provide an innovative, caring and multicultural environment to generate and transmit knowledge, wisdom, and values to promote quality of life and health for present and future generations. We are committed to educating dental hygienists, professional registered nurses, and advanced practice registered nurses to deliver evidence-based practice and quality patient care to support health care transformation locally and nationally. Therefore, we are pleased to support the multi-sector statewide health care transformation activities that will improve access to care and develop a state health care transformation plan.

We look forward to continuing our collaboration with the proposed Office of Health Care Transformation to coordinate and align efforts focused on quality and best practices for the benefit of every state resident.

Thank you for the opportunity to testify.

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

**SENATE COMMITTEE ON HEALTH**

**Senator Josh Green, Chair**

**Senator Rosalyn H. Baker, Vice Chair**

**March 12, 2014, 1:30 p.m., Room 229**

**State Capitol**

**Howard N. Ainsley**

**East Hawaii Regional CEO**

**Hawaii Health Systems Corporation**

Aloha Chair Green, Vice Chair Baker 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 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, H.D. 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.

Thank you.

## Testimony of Phyllis Dendle

Before:  
Senate Committee on Health  
The Honorable Josh Green, Chair  
The Honorable Rosalyn H. Baker, Vice Chair

March 12, 2014  
1:30 pm  
Conference Room 229

**HB 2277 HD1            RELATING TO HEALTH CARE TRANSFORMATION**

Chair Green and committee members, thank you for this opportunity to provide testimony on HB 2277 HD1 which codifies a state office for health care transformation.

**Kaiser Permanente Hawaii supports this bill.**

We support the efforts of the administration, under the direction of Beth Giesting, to seek out ways to assure that health care is available to all of Hawaii's residents.

We recognize that there are many efforts underway to address the problem of adequate access to health care services. All of these efforts will benefit from the coordination that will be available through the Office of Health Care Transformation. Also we appreciate the efforts to assure that the work of the State Health Planning and Development Agency will not be negatively affected by the addition of the transformation office.

Kaiser Permanente is eager to be part of these transformation efforts.

Thank you for your consideration.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 12, 2014

The Honorable Josh Green, Chair  
The Honorable Rosalyn H. Baker, Vice Chair  
Senate Committee on Health

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

Dear Chair Green, Vice Chair Baker and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2277, HD1, 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. 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, 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.

Sincerely,

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

Jennifer Diesman  
Vice President, Government Relations



55 Merchant Street  
Honolulu, Hawai'i 96813-4333

**HAWAI'I PACIFIC HEALTH**  
Kapi'olani • Pali Momi • Straub • Wilcox

808-535-7401  
www.hawaiipacifichealth.org

**Wednesday, March 12, 2014; 1:30 pm**  
**Conference Room 229**

**The Senate Committee on Health**

To: Senator Josh Green, Chair  
Senator Rosalyn H. Baker, Vice Chair

From: Virginia Pressler, MD, MBA

Re: **HB 2277, HD1 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, 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.







**HPCA**

HAWAII PRIMARY CARE ASSOCIATION

**Senate Committee on Health**

The Hon. Josh Green, Chair

The Hon. Rosalyn H. Baker, Vice Chair

**Testimony in Support of House Bill 2277, HD1**

**Relating to Hawaii Health Care Transformation**

**Submitted by Robert Hirokawa, Chief Executive Officer**

**March 12, 2014, 1:30 pm, Room 229**

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports House Bill 2277 HD1, 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.



## Hawaii Association of Health Plans

March 12, 2014

The Honorable Josh Green M.D., Chair  
The Honorable Rosalyn H. Baker, Vice Chair

Committee on Health

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

Dear Chair Green, Vice Chair Baker, 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, 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

To: Senate Committee on Health  
Senator Josh Green, Chair  
Senator Rosalyn H. Baker, Vice Chair

**Testimony in Support of House Bill 2277**  
**Relating to: Health Care Transformation**  
**Submitted by: Christine Mai'i Sakuda, Health Information Exchange**  
**DATE: Wednesday, March 12, 2014, 1:30 p.m.**  
**PLACE: State Capitol, Conference Room 229**

Aloha Chair Green, Vice Chair Baker, 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.

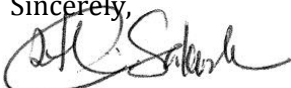
Establishing and funding a permanent Office for Health Care Transformation is instrumental to the health and well-being of our state. A cabinet-level Health Care Transformation Officer reporting to the Governor will ensure the needs of Hawai'i's patients remain a top priority to keep pace with the rest 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,



Christina 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*

March 10, 2014

**COMMITTEE ON HEALTH**

Senator Josh Green, Chair

Senator Rosalyn H. Baker, Vice Chair

**Testimony in Support of HB 2277, HD1**

Wednesday, March 12, 2014, 1:30 PM

Conference Room 229

Ho'ola Lahui Hawaii, strongly **supports** HB 2277, HD1 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

To: Senate Committee on Health  
Senator Josh Green, Chair  
Senator Rosalyn H. Baker, Vice Chair

**Testimony in Support of House Bill 2277  
Relating to: Health Care Transformation**

**Submitted by: Christine Mai'i Sakuda, Health Information Exchange**

**DATE: Wednesday, March 12, 2014, 1:30 p.m.**

**PLACE: State Capitol, Conference Room 229**

Aloha Chair Green, Vice Chair Baker, 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,



Christina Mai'i Sakuda  
Executive Director

Senate Committee on Health

Wednesday, March 12, 2014, at 1:30pm; Rm 229

Testimony on HB 2277, HD1 Relating to Health Care Transformation

Chair Green, Vice-Chair Baker, and members of the committee:

I wish to request that you defer HB 2277, HD1.

I am a member of the Hawaii Health Authority, which "shall be an autonomous public body corporate and politic and an instrumentality of the State". The Health Authority was created by the Legislature in 2009, by overriding the Governor's veto of the Statute.

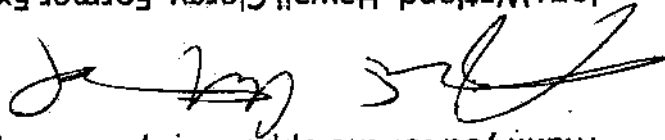
The Hawaii Health Authority legislation was a creation of the Health Future Task Force chaired by Health Insurance Commissioner Rey Grady in 2009. The intention was to build a system of universal health for all residents of Hawaii by expanding the Prepaid Health Act of 1974 to include all public employees, all self employed individuals, and all residents eligible for public assistance.

The Hawaii Health Authority "duties and responsibilities" according to Chapter 322H were to do just that.

HB 2277, HD1 does not foster this goal set by the Legislature in statute. In fact, HB 2277, HD1 undermines the very intent of the Legislature in creating the Hawaii Health Authority.

In honor of A.Q. McElrath, who spearheaded the effort to create the Hawaii Health Authority, please do not pass this legislation, but work with the HHA to implement the intent and goals of the Legislature in 2009.

Thank you for the opportunity to testify.



Jory Watland, Hawaii Clergy, Former Exec. Dir. Of Kokua Kailih Valley (Comprehensive Family Services), and member of the HHA board.

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

Senate Committee on Health  
Wednesday, March 12, 2014, at 1:30 p.m. in Rm. 229  
Hawaii State Capitol  
Honolulu, Hawaii 96813

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

SUBJECT: STRONG OPPOSITION of H.B 2277, HD1  
Relating to Health Care Transformation

GOOD DAY HEALTH CHAIR GREEN, VICE CHAIR BAKER AND  
MEMBERS OF THE SENATE COMMITTEE ON HEALTH:

My name is Marion Poitier, M. A., R. N., and I am a member of the Hawaii Health Authority(HHA).

This testimony is in strong opposition to HB 2277, HD1.

The HHA is the existing Authority tasked with the comprehensive enactment of universal health care in Hawaii. Therefore, there is no need to create a new Authority for the same purpose, especially one that would not be activated until 2017. In addition, there is little reason to believe that the same operatives who gave us the health connector would be capable of succeeding in this even more expansive role.

While the Office of the Governor did not release the \$100,000 that you appropriated for the HHA, you do have another appropriation bill that has moved over to the House. For this, we are grateful.

The 2011 Hawaii State Legislature created us and you, the Legislature, recommended that the Governor appoint current HHA members which he did in a ceremonial fashion. Since then, we have had to function in an all volunteer capacity with neither funding, staff support, nor a place to call home. This is not only unprecedented and outrageous but is also really quite sad for healthcare reform in Hawaii. The added irony of this unfortunate situation was reinforced in Sunday's *Star Advertiser* which reported that the Governor favors single payer health care and yet his office has done nothing to provide to the HHA the resources necessary to achieve this necessary and important task.

I am privileged to serve on the Authority whose members are highly respected professionals with resumes that reflect diversity in just about every facet of health, care, and treatment delivery. More importantly, they still stand willing to do the job that you mandated by statute based upon over a decade of planning in establishing the Hawaii Health Authority as the preferred State instrumentality for universal health care.

Now is the time to get on with it. But in doing so, please do not hamper the HHA mission with dubious, if not ill conceived, organizational detours of apparent short-term convenience.

Please defer this measure.

Thank you.



TO: Senate Committee on Health  
Wednesday, March 12, 2014, 2014, at 1:30 P.M., Room 229  
Hawaii State Capitol  
Honolulu, Hawaii 96813

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

SUBJECT: SUPPORT WITH RESERVATIONS of H.B. 2277, HD 1  
Relating to Health Care Transformation

GOOD DAY HEALTH CHAIR GREEN, VICE CHAIR BAKER AND  
MEMBERS OF THE SENATE COMMITTEE ON HEALTH:

At this point, I believe your committee has no alternative but to support the creation of an office of Health Care Planning and Policy as this bill does. I support the goals of our health transformation effort, but have strong reservations about the ability of this office to meet these goals.

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 did not consider any reforms that would have disrupted their business model.

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. These suggestions included consolidating and streamlining the structure of our Medicaid program, making community care networks accountable to those providing care to patients instead of to the administrative structure of health plans, and standardizing formularies and prior authorization policies across all health plans. The proposals for patient-centered medical homes and community care networks are good ideas, but cannot possibly work without a lot more physician participation and engagement. Hawaii's Health Transformation leadership are not proposing anything that will address the reasons why most doctors are now refusing Medicaid 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 the care delivery system. 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.

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 extra administrative layer and the disruptions to care now imposed by the managed care health plans guarantee that Hawaii's health care transformation will fail to achieve its goals for access, quality, and cost.

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. This arrangement will 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.

Whether or not this bill is passed, I urge your Committee on Health to also 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, so that if and when the current health transformation effort proves unworkable, we will have a more viable option available. Thank you.

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