

February 8, 2014

To: The Senate Committee on Health

From: Nathan Chang

Re: SUPPORT of SB 2035, relating to the Hawai'i Health Authority

Chairperson Green and members of the Senate Committee on Health:

My name is Nathan Chang, I am a member of the Hawai'i Health Authority, and I am writing today in support of SB 2035, relating to the Hawai'i Health Authority.

Last year, the State legislature passed a bill (SB 2344) that provided funding for the operation of the Hawai'i Health Authority. Those who testified in support of that bill were able to establish the need for such funding, so there should be no necessity to prove the need again this year. The more relevant question to ask is whether or not the HHA was able to utilize the funds provided for the purposes specified and whether the funding enabled the HHA make adequate progress in fulfilling its responsibilities.

Unfortunately, that question cannot be answered because the appropriated funds were never expended. Although possible candidates for the Executive Director position were identified and engaged, complications in relation to the expending policies and process came up continually, slowing HHA's progress down significantly. In addition, only minimal assistance was provided by the Governor's office (where the legislature chose to place the HHA funding at the recommendation of the administration) in terms of navigating the system. So even though the Governor's office asked to manage the expenditure of the funding appropriated to the HHA, they provided little, if any, assistance when it came time to do so.

It is therefore critical that the same mistake not be made with this appropriation. The legislation establishing the Hawai'i Health Authority in 2011 placed it administratively in the Office of Budget and Finance. That is the office that should manage the expenditure of the funding and, hopefully, they will provide the level of assistance necessary to achieve the purposes specified in the HHA's proposed budget.

After more than two years of operation, the Hawai'i Health Authority continues to struggle in its efforts to fulfill its mandated responsibilities. From the perspective of one who is not fully aware of the circumstances leading to the legislation that established the HHA and who is perhaps politically naïve, it has been a very frustrating two years. It often seems like the HHA is caught in between the intentions of the legislature that established it, and an administration whose agenda has no place for it.

As I stated last year to this body, if the HHA is to accomplish the task that the legislature has mandated of it, then we must be provided with the tools that we need to do it. The members of the HHA accepted our appointments because we believed in the purpose for which it was established and because we wanted to be part of a process that would result in better health for our entire community. Please make it possible for us to accomplish this.

Thank you for this opportunity to offer these comments.

TO: Senate Committee on Health
Monday, February 10, 2014, at 1:15 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: STRONG SUPPORT of S.B. 2035
Relating to The Hawaii Health Authority

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

I am testifying in strong support of S.B. 2035.

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 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. 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 doing nothing to address the reasons why most 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 overall health planning for the State" and to design a universal health care system covering all residents of Hawaii. 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.

However, 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 control of our Medicaid program greatly adds to its complexity and cost and greatly reduces its effectiveness, with no offsetting advantage whatsoever.

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

Stephen Kemble, MD