



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE
GOVERNOR

SENATE COMMITTEE ON WAYS & MEANS

The Hon. David Y. Ige, Chair

The Hon. Michelle N. Kidani, Vice Chair

February 27, 2014, 9:00 a.m., Room 211

Senate Bill 2827, 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 SB 2827, SD 1 Relating to Health Care Transformation. I respectfully request that the Committee consider one change to SD 1 and that is to move the effective date to July 1, 2017. This would be consistent with the House's proposal that the Health Care Transformation effort remain in the Governor's Office through FY 16 to oversee a process of developing a proposed Affordable Care Act waiver.

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. SB 2927, SB 1 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, 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. We are pleased to be formally distributing our completed plan on February 27th.

The measure before you is an important element in carrying out our transformation agenda 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. As an example, between MedQUEST and EUTF, the State purchases coverage for nearly 40% of the population. 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 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 SB 2827, SD 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.



SB2827 SD1
RELATING TO HEALTH CARE TRANSFORMATION
Senate Committee on Ways and Means

February 27, 2014

9:00 a.m.

Room 211

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB2827 SD1, which would establish the Office of Health Care Transformation within the renamed State Health Planning and Development Authority, for the purpose of carrying out state health policy planning functions.

OHA's strategic priorities include Maui Ola (Health), which represents our commitment to improving the health and well-being of Native Hawaiians. In pursuit of this commitment, OHA has collaborated with the Office of the Governor's Hawai'i Healthcare Transformation Initiative (Initiative) and is a member of the Initiative's Steering Committee. As established by the Legislature in Act 224, Session Laws of 2013, the Initiative was specially created to focus on improving the quality and cost-effectiveness of health care services. The Initiative has since evolved, and this measure is an effort to create a permanent fixture for the Initiative within the newly created Office of Health Care Transformation, while expanding its purposes to include other health policy planning responsibilities.

Though not explicitly mentioned in this measure, OHA notes that the Initiative has specifically adopted achieving health equity as one of its guiding principles. Eliminating racial and ethnic health disparities and achieving health equity across demographics is a national priority, as unequal health outcomes and disparate well-being are pervasive even when people have health insurance and medical care. Under this priority, health care transformation is understood as community transformation. **Healthcare transformation in this state should therefore include a commitment to health equity and addressing the social determinants of health that impact health outcomes for Native Hawaiians and other health-vulnerable groups.**

Mahalo nui for the opportunity to testify on this measure.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 27, 2014

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

Re: SB 2827, 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 SB 2827, 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; 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.

SB 2827, 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 SB 2827, SD1.

Sincerely,

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

Jennifer Diesman
Vice President
Government Relations

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

**Testimony in Support of Senate Bill 2827
Relating to Health Care Transformation
Submitted by: Christine Mai'i Sakuda, Executive Director
Hawaii Health Information Exchange
February 27, 2014, 9:00AM, Capitol 211**

Aloha Chair Ige, Vice Chair Kidani and the Members of the Ways and Means 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'ŌLA LĀHUI HAWAI'I
P.O. Box 3990; Līhu'e, Hawai'i
Phone: 808.240.0100 Fax: 808.246.9551

February 25, 2014

COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

Testimony in Support of SB 2827, SD1

Thursday, February 27, 2014, 9:00 AM
Conference Room 211

Ho`ola Lahui Hawaii, strongly **supports** SB 2827, 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

The Hon. David Y. Ige, Chair

The Hon. Michelle Kidani, Vice Chair

February 27, 2014, 9:00 a.m., Room 211

Howard N. Ainsley

East Hawaii Regional CEO

Hawaii Health Systems Corporation

RE: TESTIMONY IN SUPPORT of Senate Bill 2827, SD 1 RELATING TO HEALTH CARE TRANSFORMATION

Aloha Chairman Ige and 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 S.B. 2827, 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. S.B. 2827, S.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.



Community Alliance for Mental Health

February, 27, 2014

Board of Directors

Anne Chipchase
President

Robert Scott Wall
Vice President

Brenda Kosky
Secretary

William Lennox
Treasurer

Susan King

Linda Takai

Randolph Hack

Gina Hungerford

To: Senate Ways and Means Committee
Re: 2827, SD1

Aloha Sen. Ige and the members of the committee,

On behalf of the Community Alliance for Mental Health along with United Self Help we oppose passage of SB 2827, SD1.

The Office of Health Care Transformation has been plugging along with very little support for a number of years now. All of a sudden they seem attractive and everyone wants control of it.

We feel that the Office of Health Care Transformation should become its own formal entity with its own direct funding. They have worked hard and deserve to remain their own entity.

Scott Wall
VP/Legislative Advocate
Community Alliance for Mental Health



55 Merchant Street
Honolulu, Hawai'i 96813-4333

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

808-535-7401
www.hawaiipacifichealth.org

Thursday, February 27, 2014; 9:00 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: **SB 2827, SD1 Relating to Health Care Transformation**
Comments 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 SB 2827, 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. SB 2827 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 these comments.



Affiliates of Hawai'i Pacific Health