



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE
GOVERNOR

SENATE COMMITTEE ON HEALTH

The Hon. Josh Green, Chair

The Hon. Rosalyn H. Baker, Vice Chair

February 5, 2014, 1:30 p.m., Room 229

Testimony in Support:

SENATE BILL 2827, RELATING TO HEALTH CARE TRANSFORMATION

Beth Giesting, Healthcare Transformation Coordinator, Office of the Governor

Thank you for the opportunity to support SB 2827, 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 indicates that some \$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.

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 finished. 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. Note that the Transformation Officer who will oversee 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 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.



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

In reply, please refer to:
File:

SENATE COMMITTEE ON HEALTH

SB2827, RELATING TO HEALTH CARE TRANSFORMATION

**Testimony of Gary Gill
Acting Director of Health**

**February 5, 2014
1:30 PM**

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

2 **Fiscal Implications:** None.

3 **Purpose and Justification:** The purpose of SB2827 is to establish within an attached agency the
4 Governor's Office of Healthcare Transformation and consolidates certain health planning and policy
5 functions to achieve greater sustainability and alignment. SB2827 is an Administrative Bill from the
6 Office of the Governor.

7

8 The Department of Health applauds the vision of Governor Abercrombie for a healthy Hawaii and the
9 work of the Office of Healthcare Transformation. The Office has facilitated unprecedented statewide
10 consensus on our state's health priorities and requires a more permanent framework from which to guide
11 the stakeholders to our shared goals.

12

13 DOH strongly supports the Governor's appropriation request of \$752,870 in the Supplemental Budget to
14 support this important work. Thank you for the opportunity to testify.

15

TO: Senate Committee on Health
Wednesday, February 5, 2014, 2014, at 1:30 P.M., Room 229
Hawaii State Capitol
Honolulu, Hawaii 96813

FROM: Jory Watland, Director
Hawaii Health Authority

SUBJECT: STRONG OPPOSITION of S.B. 2827
Relating to Health Care Transformation

GOOD DAY SENATE CHAIR GREEN, VICE CHAIR BAKER AND
MEMBERS OF THE SENATE 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 S.B. 2827. 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 overall health planning for the State and shall 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.

From: [Marion Poirier](#)
To: [HTHTestimony](#)
Subject: TO: Senate Committee on Health
Date: Saturday, February 01, 2014 1:55:35 PM

TO: Senate Committee on Health
Wednesday, February 5, 2014 at 1:30 A.M., Room 229
Hawaii State Capitol
Honolulu, Hawaii 96813

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

SUBJECT: STRONG OPPOSITION to S.B. 2827
Relating to Health Care Transformation

GOOD DAY CHAIR GREEN, VICE CHAIR BAKER AND MEMBERS OF THE
SENATE 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 S. B. 2827 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.

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

Marion Poirier
From my iPad

HMSA



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February 5, 2014

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

Re: SB 2827 – 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 SB 2827 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 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.

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



Community Alliance for Mental Health

February, 5, 2014

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To: Senate Committee for Health
Re: SB 2827

Aloha Sen. Green and members of the committee,

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

We have heard of three different departments or agency's that might seek control over the Office of Health Care Transformation. We don't see the use in this battle and think that the Office of Health Care Transformation should be allowed to achieve the status of an independent entity.

Scott Wall
VP/Legislative Advocate
Community Alliance for Mental Health

TO: Senate Committee on Health
Wednesday, February 5, 2014, 2014, at 1:30 A.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 OPPOSITION of S.B. 2827
Relating to Health Care Transformation

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

I am testifying in strong opposition to S.B. 2827. 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 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 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 SB 2827. Thank you.

Stephen Kemble, MD