

Honolulu, Hawaii

April 29, 2016

RE: H.B. No. 2482
H.D. 2
S.D. 1
C.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2482, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose and intent of this measure is to create greater transparency in health care by broadening the scope of health care information that is submitted to the State Health Planning and Development Agency.

Specifically, this measure:

- (1) Requires health care providers and all payers of claims for health care services to submit data and information related to health and health care to the State Health Planning and Development Agency, consistent with all state



and federal data use and disclosure, privacy, security, and confidentiality laws;

- (2) Specifies that information to be submitted to the State Health Planning and Development Agency includes health care services claims and payment data, including information about the nature of reimbursement and any fees, discounts, incentives, or performance payments affecting the rate of reimbursement;
- (3) Specifies that the State Health Planning and Development Agency shall not disclose any individual patient's personal health information in violation of state or federal law;
- (4) Requires the State Health Planning and Development Agency to submit the acquired data to a University of Hawaii data center; and
- (5) Requires the entity accepting health care services claims and payment data to enter into a negotiated data sharing agreement with any payer or insurer before data is submitted.

Your Committee on Conference finds that reporting health care services claims and payment information to the State Health Planning and Development Agency would support the collection and analysis of medical treatment claims and payment information. This, in turn, would promote transparency in the health care sector and support public policy decision making.

Your Committee on Conference further finds that the rising health care costs borne by the State for its public employees, public sector retirees, Medicaid recipients, and others necessitates a thorough and thoughtful analysis of health care, dental care, and prescription drug claims made under insurance plans that are funded with state moneys. Your Committee on Conference believes that the collection and analysis of claims data and other information from providers of health insurance that provide health benefits funded by the Hawaii Employer-Union Health Benefits Trust Fund and the state Medicaid agency would offer policymakers additional tools to understand the drivers of medical care costs. Your Committee on Conference intends for this measure to facilitate the collection and analysis of information relating to the provision of health, dental, and prescription drug benefits, enrollment data, claims reimbursements, and any other information required by the State



Health Planning and Development Agency to determine health benefit costs. Your Committee on Conference further notes that in gathering and analyzing health information and claims data, it will be of critical importance to preserve patient privacy and maintain the security of patient information, patient identifiers, and other protected information.

Your Committee on Conference has amended this measure by:

- (1) Beginning November 1, 2016, requiring providers of health insurance that provide health benefit plans funded by the Hawaii Employer-Union Health Benefits Trust Fund or the state medicaid agency to provide the State Health Planning and Development Agency with administrative data required by the agency to determine health benefits costs;
- (2) Authorizing, but not requiring, providers of health insurance not included in paragraph (1) to provide similar administrative data to the State Health Planning and Development Agency;
- (3) Requiring the State Health Planning and Development Agency to submit collected data to the College of Social Sciences, Social Sciences Research Institute, Pacific Health Informatics and Data Center at the University of Hawaii for processing and assignment of encrypted identifiers;
- (4) After July 1, 2018, authorizing the State Health Planning and Development Agency to designate another data center to receive collected data;
- (5) Authorizing the State Health Planning and Development Agency to contract with entities to analyze collected data for the purpose of benefitting Medicare and Medicaid recipients, public employees, and public sector retirees and for other public purposes;
- (6) Requiring the State Health Planning and Development Agency to develop and update an annual plan for the analysis, maintenance, and publication of collected data, and requiring the agency to seek approval for the annual plan from the Director of Health, the Administrator of the MedQuest Division of the Department of Human Services, and the Chief Information Officer of the State;



- (7) Directing the State Health Planning and Development Agency to adopt administrative rules for the provision of data, including rules for data security and privacy protection;
- (8) Inserting multiple provisions to provide for the protection of private patient health information;
- (9) Authorizing the State Health Planning and Development Agency to acquire federal Medicare data sets specific to Hawaii and directing any public agency that possesses such data to share it with the State Health Planning and Development Agency at no additional cost;
- (10) Requiring the State Health Planning and Development Agency to submit an annual report to the Legislature on the submission, maintenance, and use of data submitted to the agency;
- (11) Defining the term "provider of health insurance" to include providers of medical, hospital, surgical, prescription drug, vision, or dental insurance benefits, including third party administrators;
- (12) Defining the term "administrative data" and specifying the types of data to be submitted to the State Health Planning and Development Agency;
- (13) Directing the State Health Planning and Development Agency to adopt, without regard to the notice and hearing requirements of Chapter 91, Hawaii Revised Statutes, interim rules for the provision of data, which remain effective until June 30, 2017, or until the adoption of permanent administrative rules;
- (14) Directing the State Health Planning and Development Agency to submit a report to the Legislature in 2017 and 2018 on:
 - (A) The progress of establishing procedures for submitting data to the agency;
 - (B) The means of financing, use, and status of any state or federal moneys received for the purposes of establishing or contracting the services of a data center to collect and process data; and



- (C) The means of financing, use, and status of any state or federal moneys received for the purposes of contracting the services of private entities to analyze data; and

(15) Changing the effective date to July 1, 2016.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2482, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2482, H.D. 2, S.D. 1, C.D. 1.

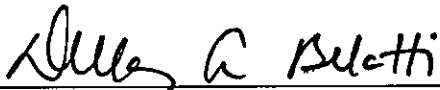
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



ROSALYN H. BAKER, Chair



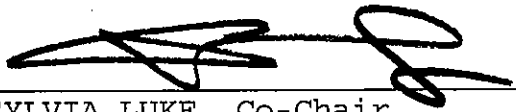
DELLA AU BELATTI, Co-Chair



JILL N. TOKUDA, Co-Chair



ANGUS L.K. MCKELVEY, Co-Chair



SYLVIA LUKE, Co-Chair



