
A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. In the last National Health Expenditures report published in 2015, the Centers for Medicare and Medicaid Services reported that as a nation the United States expended \$3,200,000,000,000 on healthcare or \$9,990 per person, which represents 17.8 per cent of Gross Domestic Product (GDP) of the United States. The Centers for Medicare and Medicaid Services further projected that national health spending would continue to grow at an average rate of 5.6 per cent per year for 2016-2025. Healthcare premiums growth have far outpaced inflation and wages, with family health insurance premiums growing 131 per cent over ten years (1999-2009), where workers' earning increased only 38.1 per cent over that same time period (Economic Policy Institute).

The Kaiser Family Foundation reported that, in 2014, the total health spending in the State of Hawaii was approximately \$10,338,000,000. In Hawaii, according to Hawaii department of commerce and consumer affair's insurance division, health



premiums have increased from \$1,262,118,865 in 1995 to \$6,343,949,857 in 2015, an average increase of 20 per cent each year. Healthcare premiums in Hawaii are an increasing percentage of wages, growing from 2.8 per cent in 1974 with the passage of the Prepaid Health Care Act to 14.7 per cent in 2015. From 2010 to 2015, the small group healthcare premiums have increased each year on average 6 per cent, and increased 7.5 per cent on average from 2013 through 2015.

Medicaid enrollment and spending growth has also increased. The National State Budget Officers' November 2017 State Expenditure Report found that medicaid has grown from about 20 per cent of total state spending to 29 per cent of total state spending for 2017. Excluding federal funds, medicaid was nearly 17 per cent of state fund expenditures, or a 7.1 per cent increase in state fund spending.

In Hawaii, medicaid makes up 16 per cent of total state expenditures, and 11 per cent of the State's general funds. General fund expenditures for the State increased by 7.3 and 8.8 per cent from fiscal years 2015-2016 and 2016-2017 respectively. Medicaid state fund expenditures increased by 6.3 per cent and 12.3 per cent during this same period. While this is largely due to increased enrollment, increasing healthcare costs are also part of the increasing trends.



In 2016, the legislature amended section 323D-18.5, Hawaii Revised Statutes, in Act 139, to facilitate greater transparency in the healthcare sector and improve understanding of healthcare costs, healthcare system quality, population health conditions, and healthcare disparities through the development of what is called an "all-payer claims data warehouse." The legislature broadened the scope of health and healthcare data, and other information, including certain healthcare services claims and payment information, to be submitted to the state health planning and development agency for analysis, dissemination of medical treatment claims and payment information, lend transparency to the healthcare sector, and to support public policy decision making. The legislature articulated its beliefs that consumers of health care and state decision makers who regulate health care and insurance should have access to health care claims payment data and analytics, that access to such data will benefit members and retirants under the Hawaii employee-union health benefits trust fund, as well as medicaid and medicare recipients, and analysis of claims data will serve other public purposes.

Reports from and analysis of the all-payers claims data would serve the public purpose for use in program planning by the department of human services Med-QUEST division, employee-union trust fund, department of health, department of commerce



and consumer affairs' insurance division, department of budget and finance. Also, reports and analytics will assist the efforts to improve the State's healthcare delivery system, and the overall long-term health and well-being of the State's workforce and retirees, and of its medicaid beneficiaries, with the ultimate goal to reduce overall state-funded healthcare costs.

Act 139 also included the Pacific Health Informatics and Data Center of the University of Hawaii to provide data stewardship and conduct analysis to further transparency and understanding of healthcare and to provide actionable information to healthcare programs and consumers.

The department of health and the state health planning and development agency are tasked with promoting accessibility to quality healthcare services for residents of the State at a reasonable cost. Since enactment of Act 139, to implement and operationalize its provisions the department of health and the state health planning and development agency have been working with the department of human services, the Hawaii employee-union health benefits trust fund, the department of commerce and consumer affairs' insurance division, the department of budget and finance, the department of accounting and general services' office of enterprise technology services, and the University of



Hawaii. Data and health analytics have emerged as key aspects in the comprehensive use of the data to be collected.

After careful consideration and to enhance and sustain critical analytics of the State's medical claims data, these entities reached consensus that a health analytics program be established in the Med-QUEST division of the department of human services. The Med-QUEST division already maintains or has access to the required medical claims and administrative data of the State's medicaid health insurance program that provides coverage for one in four of Hawaii's residents.

As part of the overall continuous improvement of the administration of the State's medicaid program, the Med-QUEST division may be able to access federal matching funds to perform the desired healthcare analytics. This would help sustain the health analytics program. The health analytics program of the Med-QUEST division will act as a state health planning and development agency's designee and data center to receive administrative data required to determine health benefits costs from health insurance plans funded by the Hawaii employee-union health benefits trust fund as contemplated by section 323D-18.5, Hawaii Revised Statutes.

Continuing to work with the department of health, the department of commerce and consumer affairs, the state health planning and development agency, and the University of Hawaii,



the health analytics program will provide analytics to achieve the goals of Act 139 of increased transparency, better health, better healthcare, and lower costs for beneficiaries of state funded health insurance plans, including the medicaid program.

The health analytics program and the all-payers claims data warehouse are key for administering state-run health programs, including medicaid. For example, improving and expanding health informatics and analytics capabilities are critical for the State and the Med-QUEST division to respond to the current congressional and federal administration's proposals to undermine the Affordable Care Act health insurance coverage, including the medicaid program. Also, as indicated above, the State is facing rapidly increasing costs for healthcare in both the private and public sector, especially medicaid and Hawaii employee-union health benefits trust fund, that may slow or stagnate economic growth and take up an increasing share of limited state general funds that may be invested in other sectors to promote overall community health and well-being.

Finally, the all-payers claims data warehouse is a needed tool for medicaid to administer the program. In addition to essential basic functions of analyzing standardized comparative quality indicators, cost trends and cost drivers, several federal medicaid mandates can only be met by utilizing a functioning all-payers claim data warehouse. For example, new



federal rules regarding medicaid managed care and network adequacy require examining community standards for accessing care. This standard-setting activity is only possible for Med-QUEST to accomplish via readily accessible datasets and informatics capability provided by the all-payers claims data warehouse. To do this work will require four permanent exempt full-time positions: health analytics and informatics program director, the senior healthcare analytics and research coordinator, the program and contracts financial coordinator, and the healthcare statistician. The highly specialized technical, analytic, statistical and programmatic skills required, the limited applicant pool of individuals with these specialized skills, and the large demand in the private and public healthcare sector for such individuals necessitates the positions to be exempt from civil service provisions of chapter 76. There is the potential of federal medicaid match of an appropriation of general funds for these positions.

The purposes of this Act are to establish the health analytics program in the Med-QUEST division of the department of human services, establish up to four positions exempt from the Civil Service Act to be known as the health analytics and informatics program administrator, the senior healthcare analytics and research coordinator, the program and contracts financial coordinator, and the healthcare statistician, to



appropriate funds for those positions, to appropriate funds for administrative costs, and to appropriate funds for planning and development of required technology and services to maintain the data center and data infrastructure for claims data.

SECTION 2. Chapter 346, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART . HEALTH ANALYTICS

§346- Health analytics program; appointments. (a)

There is established within the department of human services the health analytics program.

(b) The head of this program shall be known as the health analytics and informatics program administrator, hereinafter referred to as analytics administrator. The analytics administrator shall have professional training in the field of health analytics or a related field; and recent experience in a supervisory, consultative, or administrative position. The analytics administrator shall be appointed by the director.

(c) The director may make further necessary position appointments to the health analytics program to conduct data analytics, informatics product development to support health care services programs, and any other necessary services including administrative services, required to perform the duties of the program.



(d) The health analytics program will develop, design, or implement databases; primarily an all-claims, all-payer database, and an encompassing data center to collect and analyze healthcare data. The health analytics program may provide, in consultation with the state health planning and development agency, the department of health, the department of commerce and consumer affairs, the employee-union health benefits trust fund, and the University of Hawaii, comparative cost and quality information about Hawaii's healthcare systems and health plan networks to consumers, providers, and purchasers of healthcare in order to provide comparative information to government policy makers and Hawaii residents.

(e) The health analytics program is authorized to procure services in consultation with the department of health, and to perform technical tasks including but not limited to data management, data cleansing, data quality, data analytics, and related activities that the program finds necessary to produce reports. The program and all associated technical vendors shall be required to make use of the best available privacy and security measures as required by law to protect access to electronic protected health information, and shall provide for further analysis data that is in limited datasets or de-identified formats, within the confines of the established data governance framework as provided in Hawaii administrative rules



adopted pursuant to chapter 91. All data sharing, use and research shall be done in accordance with all applicable laws, including laws regarding privacy, confidentiality, and research.

(f) Subject to available funding, the health analytics program is authorized to serve as the contracting and data center designee of the state health planning and development agency.

(g) The health analytics program is authorized to contract with the Pacific health informatics and data center of the University of Hawaii, as a data analytics partner to the State. The University of Hawaii may conduct core or additional analytics functions and produce reports for the program and the state health planning and development agency in this capacity.

(h) The health analytics program shall develop a plan for the analysis, maintenance, and publication of data, in consultation with the department of health, Hawaii employee-union health benefits trust fund, enterprise technology services, department of commerce and consumer affairs' insurance division, and the University of Hawaii. The plan shall be updated annually.

(i) The department of human services shall adopt administrative rules to implement this part pursuant to chapter 91."



SECTION 3. There is appropriated out of the general fund revenues of the State of Hawaii the sum of \$768,480 or so much thereof as may be necessary for fiscal year 2018-2019, for the department of human services to establish the health analytics program and carry out the purposes of the health analytics program pursuant to this Act which includes the establishment, hiring, and filling of four full-time equivalent (4.0 FTE) positions exempt from the Civil Service Act, any other administrative staff, and any operational expenses as may be required. Notwithstanding section 76-16(b)(17), Hawaii Revised States, the civil service exemption for these positions shall not expire in 3 years. The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 4. There is appropriated from moneys in the treasury received from federal funds the sum of \$563,920 or so much thereof as may be necessary for fiscal year 2018-2019, to carry out the purposes of the health analytics program established pursuant to this Act. The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 5. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or



applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 6. This Act shall take effect upon its approval.

Report Title:

Department of Human Services; Med-QUEST Division; State Health Planning and Development Agency; Health and Healthcare Information and Data; Health Analytics Program

Description:

Establishes the Health Analytics Program in the Med-QUEST Division of the Department of Human Services and authorizes the Department of Human Services to maintain an all-payers medical claims data base.

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