



HAWAII MEDICAL ASSOCIATION

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TO: House Committee on Health and Human Services
Representative John Mizuno, Chair
Representative Bertrand Kobayashi, Vice-Chair

DATE: Wednesday, March 21, 2018
TIME: 8:30 A.M.
PLACE: Conference Room 329

FROM: Hawaii Medical Association
Dr. Christopher Flanders, DO, Executive Director
Lauren Zirbel, Community and Government Relations

Re: HR63 – RELATING TO REQUESTING THE AUDITOR TO ASSESS THE ADEQUACY OF THE PHYSICIAN NETWORKS ON ALL ISLANDS OF THE STATE

Position: SUPPORT

Chairs & Committee Members:

The Hawaii Medical Association **strongly supports** HR63 as important to extend universal access to health care to all residents of Hawaii.

Act 191 (SB387SD1HD1CD1) of the 29th Hawaii State Legislature 2017 brought forward requirements a health carrier maintain a network that includes sufficient numbers of appropriate types of providers to ensure that covered persons have access to covered services. These requirements are explicitly laid out to “maintain a network that is sufficient in number and appropriate types of providers, including those that serve predominantly low income, medically underserved individuals, to assure that all covered benefits will be accessible without unreasonable travel or delay; and covered persons shall have access to emergency services 24 hours per day, seven days per week.”

The Insurance Commissioner is charged with determining network sufficiency by considering any reasonable criteria including, but not limited to:

- (1) Provider-to-covered person ratios by specialty
- (2) Primary care professional-to-covered person ratios;
- (3) Geographic accessibility of providers;
- (4) Geographic variation and population dispersion;
- (5) Waiting times for an appointment with participating providers;
- (6) Hours of operation;
- (7) The ability of the network to meet the needs of covered persons, which may include low-income persons, children and adults with serious, chronic, or complex health conditions or physical or mental disabilities,

HMA OFFICERS

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- (8) Other health care service delivery system options, such as telehealth, mobile clinics, centers of excellence, integrated delivery systems, and other ways of delivering care; and
- (9) The volume of technologically advanced and specialty care services available to serve the needs of covered persons requiring technologically advanced or specialty care services.

The Hawaii Physician Workforce Assessment reports a state-wide shortage of 500 physicians in 2016. Shortages are reported in all counties of the state, with primary care shortages ranging from 17% in Honolulu to 25% in Kauai, when comparing supply to demand. Anecdotally, physicians and patients are reporting difficulty getting timely appointments with specialty care. Many physician practices are closed to new patients as demand increases.

In spite of this stark practical reality, Hawaii insurance carriers at the National Association of Insurance Commissioners Model Act meeting on network adequacy stated they met national standards for adequate networks, with 95% of Hawaii residents covered living within five miles or ten minutes of two Family Practitioners, two Pediatricians, and three internists. Residents of the neighbor islands and parts of Oahu find this assertion hard to believe.

The Hawaii Medical Association **strongly supports** an objective audit of network adequacy on each of the islands, utilizing data collected by the Hawaii Physician Workforce Assessment, as well as other resources at the Auditor's disposal. The Hawaii Medical Association is willing to assist in any way we can.

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March 19, 2018

I am writing in support of HCR 63, HR 49 Requesting studies on indirect and overhead cost reimbursements and timeliness of payments to nonprofit health and human service providers contracted by the government. Study and action is needed in order to assure the citizens of Hawai'i will receive the vital services they need. The non-profit sector is a critical partner in the health and wellbeing of Hawai'i's families and children. When fiscal and procurement processes are slow or overly cumbersome, non-profits are not able to fulfill these needs. Further, if the non-profit sector can be seen as truly a partner, not only as a vendor, innovation and efficiency can improve. The current system inhibits innovation and efficiency.

I am President & CEO of EPIC 'Ohana, a non-profit organization in Hawai'i since 1998. We have state contracts with the Department of Human Services and the Department of Health. We have found the leadership of both departments to be consistently and tenaciously supportive. We know that the personnel in the various purchase of service departments are short staffed and overworked. We have also found that technology systems within both purchase of service and the offices that manage the budget and payments is inadequate. Further, policies about budgets and overhead reimbursement are often confusing to department staff, or sometimes misunderstood.

Our largest contract went through a procurement process in early 2016, and the results of that RFP (Request for Proposals) was delayed until late 2016 because of staff shortages. Routine contract extensions were not completed for the beginning of the 2016-17 fiscal year, and instead we were all given notices to proceed. The state would not process payments to us under a notice to proceed, and therefore payments were delayed until contract extensions could be completed. At one point the state of Hawai'i owed our relatively small organization nearly two million dollars. On December 1, 2016 I was prepared to notify our staff of 70 employees that we would need to furlough because I could not assure them that they would be paid for their time. Thankfully we were paid soon after that, and no furloughs were necessary.

We delayed hiring staff in order to conserve our resources. New initiatives proposed by the response to the RFP were delayed. Since then, payments to us are better but are often made 60 to 90 days after invoice. It is unusual for a payment to be made within 30 days as required by contract. Also since then, contract renewals have been timely. Please help non-profits do their best work for Hawai'i. I am personally willing to work on the study or to support this work in any way that I can.

HR-63

Submitted on: 3/20/2018 1:18:45 PM

Testimony for HHS on 3/21/2018 8:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-----------------------|---------------------|---------------------------|---------------------------|
| Vince Yamashiroya, MD | Individual | Support | No |

Comments:

HR-63

Submitted on: 3/20/2018 11:57:27 PM

Testimony for HHS on 3/21/2018 8:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|--|---------------------------|---------------------------|
| Melodie Aduja | Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i | Support | No |

Comments: