



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 3, 2018

TO: The Honorable Senator Josh Green, Chair
Senate Committee on Human Services

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2788 – RELATING TO HEALTH ANALYTICS**

Hearing: Monday, February 5, 2018 3:45 p.m.
Conference Room 016, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this administration proposal.

PURPOSE: The purposes of the bill are to establish the health analytics program in the Med-QUEST division of DHS, authorize DHS to maintain an all-payers medical claims data base, establish four positions to support the program, appropriate funds for the positions, for administrative costs, planning and development for required technology, and services to maintain the data center and data infrastructure for claims data.

This administration proposal also includes a request for appropriations for four positions, technical and administrative costs in the amount of \$768,480 in general funds and \$563,920 in matching federal funds. We would also add that a similar request for appropriations is included in the Governor's supplemental budget request.

This bill is the result of a multi-agency, multi-year collaborative effort to analyze our collective health care claims data, and to effect change arising from unsustainable health care costs. DHS agrees with Insurance Commissioner Ito that Hawaii's ballooning health care costs do not necessarily result in healthy outcomes for our community.

The Legislature passed Act 139 (2016) to facilitate greater transparency and understanding of healthcare costs, improve healthcare system quality, population health outcomes and healthcare disparities through the development of what is now called an all-payer claims data warehouse (APCD). The development work has been supported through a federal grant that will be ending this year.

Currently, the Department of Health, the State Health Planning and Development Agency, University of Hawaii, Employee-Union Health Benefits Trust Fund, the Department of Commerce and Consumer Affairs, Insurance Division, Enterprise Technology Services, the Department of Budget and Finance, and DHS form a multi-agency steering group to both develop and implement the APCD. The steering group also will work to ensure that the public's needs for the data are met. This group rapidly recognized the need to sustain the APCD, and invest further in the analytic capabilities so that the shared goals could be met.

With great consideration and deliberation, it was agreed that the Med-QUEST division of DHS would be best poised to enhance the analytic and technologic capabilities, while also being able to leverage federal matching funds via Medicaid, as community based analytics would lead to improvement of the state's Medicaid program.

Finally, the APCD and resultant analyses will enable Med-QUEST to meet critical Medicaid-specific operational and policy goals. For example, recent regulations require comparative analyses of provider networks and the provision of care to a community standard. Given the size and complexity of the Medicaid program, the ability to analyze the data that we already collect, and compare it to the larger community will be essential to be able to work across payers and providers to transform the health care delivery system. For these reasons, we ask for your support and pass this measure.

Thank you for the opportunity to testify.



DAVID Y. IGE
GOVERNOR

**STATE OF HAWAII
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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON HUMAN SERVICES

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Monday, February 5, 2018
3:45 p.m.

TESTIMONY ON SENATE BILL NO. 2788, RELATING TO HEALTH ANALYTICS.

TO THE HONORABLE JOSH GREEN, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on S.B. 2788, Relating to Health Analytics. My name is Gordon Ito, and I am the Insurance Commissioner for the Department’s Insurance Division. The Department supports this bill, which is a companion to H.B. 2361, and submits the following comments.

The purpose of this bill is to establish 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 database.

The Department supports advancements to improved healthcare data analytics on the healthcare cost drivers in the State. The data from an all-payers medical claims database will lead to public health policies and programs such as those aimed at reversing the prevalence of obesity in Hawaii. According to the State’s Department of Health, obesity has more than doubled from 10.6% in 1994 to 22.7% in 2015. This healthcare trend, if left un-checked, will result in poorer health outcomes for our communities, higher healthcare costs, and an increase in health insurance premiums.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



TODD NACAPUY
CHIEF INFORMATION
OFFICER

STATE OF HAWAII
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

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Testimony of
TODD NACAPUY
Chief Information Officer, State of Hawai'i

Before the

SENATE COMMITTEE ON HUMAN SERVICES
Monday, February 5, 2018
3:45 P.M.
State Capitol, Conference Room 16

SENATE BILL NO. 2788
RELATING TO HEALTH ANALYTICS

Dear Chair Green, Vice Chair Chang and members of the committee:

I am Todd Nacapuy, Chief Information Officer of the State of Hawai'i and head of the Office of Enterprise Technology Services (ETS), testifying in **support** of Senate Bill 2788, Relating to Health Analytics, which 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.

For the past several years, the Office of Enterprise Technology Services, the Department of Human Services, the Department of Health and the State Health Planning and Development Agency, the Hawaii Employee-Union Health Benefits Trust Fund, the Department of Commerce and Consumer Affairs Insurance Division, the Department of Budget and Finance, and the University of Hawaii have been working together to build the "all payer claims data warehouse" which supported the State's efforts to improve transparency in the healthcare sector and improve understanding of healthcare costs, quality, population health conditions, and healthcare disparities.

That experience highlighted the benefits of closely integrating the collection and analysis of health data with those making health policy decisions. As such, ETS fully supports this measure that establishes the health analytics program in the Med-QUEST Division of the Department of Human Services 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."

Thank you for this opportunity to testify in support of this bill.



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON HUMAN SERVICES
ON SENATE BILL NO. 2788

February 5, 2018
3:45 p.m.
Room 16

RELATING TO HEALTH ANALYTICS

Chair Green, Vice Chair Chang, and Members of the Committee:

The EUTF Board of Trustees has not had an opportunity to take a position on this bill. The EUTF Board's next meeting is February 27, 2018. At this time, EUTF staff would like to provide comments on the bill.

The EUTF is not immune to rising healthcare costs – over the past five years EUTF's most popular medical and prescription drug plan for active employees (HMSA 80/20 PPO plan) has seen annualized increases of 5.8%. Additionally, the State and its employees and retirees have seen total paid healthcare premiums increase from \$640.6 million in fiscal year 2013 to \$791.4 million in fiscal year 2017 (an annualized increase of 5.4%).

Seeing the rising healthcare costs and the negative impact to the members, in late 2016, the EUTF Board adopted a vision statement to "Actively partner with our beneficiaries to improve their health." To fulfill this goal, the EUTF and its insurance

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

carriers must first understand the health of the EUTF membership through the accumulation and analysis of healthcare data. Over the past few years, the EUTF has been obtaining aggregate data from the insurance carriers on the health of the EUTF population, how diseases are being managed, high cost claim areas, areas for improvement, etc. What has proven difficult is digging below the aggregate data to better understand the cost drivers at an individual level (e.g. the cost trend for different claims over time, the utilization trend for specific claims, the range of costs by provider for specific claims, and cost trend over time for individuals with specific conditions). Such individual level information that the all payer claims database will be able to provide will assist the EUTF in designing plans and developing programs with the insurance carriers to encourage healthy behaviors.

Thank you for the opportunity to testify.



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

DAVID Y. IGE
GOVERNOR OF HAWAII
VIRGINIA PRESSLER, M.D.
DIRECTOR OF HEALTH
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ADMINISTRATOR

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To: The Senate Committee on Consumer Protection and Health

SB 2788, RELATING TO HEALTH ANALYTICS

Senator Josh Green Chair and Senator Stanley Chang, Vice Chair

Monday, February 5, 2018, 3:45 pm, State Capitol, Conference Room 016

From: Romala Sue Radcliffe, Administrator State Health Planning and Development Agency

Agency's Position: Strong Support

Dear Chair Green, Vice Chair Change, and Members of the Senate Committee on Human Services,

Thank you for this opportunity to testify in strong support of SB 2788 Related to Health Analytics.

For the past several years the State Health Planning and Development Agency has worked closely with the CCIIO III and IV grants, managed by the Office of Enterprise Technology Services. ACT 139 allowed the State Health Planning and Development Agency to bring together 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 Attorney General Office and the University of Hawaii to begin creating the foundation/ rules/ momentum to build an "all payer claims data warehouse" to improve our understanding of Hawaii's healthcare costs, population health conditions, and healthcare disparities.

Knowing what our current healthcare costs are, is essential to determining ways to reduce future costs. We must have dedicated personnel to ensure that we can create the analytic tools needed to analyze this data. Permanency of this program within the Med-QUEST division is necessary to have state-lead data and analysis completed to inform future health policies.

The analysis of health data will help those making health policy decisions 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 goal to reduce overall state-funded healthcare costs.

Your favorable consideration of this measure is greatly appreciated. Thank you for this opportunity to testify.

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
ACTING DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HUMAN SERVICES
ON
SENATE BILL NO. 2788

February 5, 2018
3:45 p.m.
Room 016

RELATING TO HEALTH ANALYTICS

Senate Bill No. 2788, establishes the Health Analytics Program (HAP) in the Med-QUEST Division of the Department of Human Services (DHS); authorizes DHS to maintain an all-payers medical claims database; and appropriates \$768,480 in general funds and \$563,920 in federal funds for FY 19 for the establishment and filling of four exempt positions and to carry out the purposes of the HAP. The four exempt positions will be funded with general funds.

The Department of Budget and Finance **supports** this Administration measure.

Thank you for your consideration of our comments.



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of SB2788
RELATING TO HEALTH ANALYTICS.

SEN. JOSH GREEN, CHAIR
SENATE COMMITTEE ON HUMAN SERVICES

Hearing Date: February 5, 2018

Room Number: 016

1 **Fiscal Implications:** Unspecified appropriations request.

2 **Department Testimony:** The Department of Health strongly supports SB2788, which
3 establishes a Health Analytics Program in the Med-QUEST Division of the Department of
4 Human Services and authorizes the Department of Human Services to maintain an all-payers
5 medical claims data base.

6 Act 139 SLH 2016 was a landmark statute that authorized the State Health Planning and
7 Development Agency to insurers contracted to provide health benefits management services
8 financed by the State to submit administrative data, primarily health care claims for EUTF and
9 Med-QUEST beneficiaries. SB2788 follows that up with formal health analytics capacity that
10 will facilitate the State's efforts to improve transparency in the healthcare sector and improve
11 understanding of healthcare costs, quality, population health conditions, and healthcare
12 disparities.

13 The "all payer claims database" is a joint initiative that involves the Department of Health, the
14 Office of Enterprise Technology Services, the Department of Human Services, the State Health
15 Planning and Development Agency, the Hawaii Employee-Union Health Benefits Trust Fund,
16 the Department of Commerce and Consumer Affairs Insurance Division, the Department of
17 Budget and Finance, and the University of Hawaii. The Department requests SB2788 be passed
18 so this important community conversation may continue.

19 **Offered Amendments:** N/A.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 5, 2018

The Honorable Josh Green, Chair
The Honorable Stanley Chang, Vice Chair
Senate Committee on Human Services

Re: SB 2788 – Relating to Health Analytics

Dear Chair Green, Vice Chair Chang, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 2788, which establishes the Health Analytics Program (HAP) 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.

HMSA shares the Department of Human Service's interest in working toward a better understanding of the cost drivers associated with healthcare in our state. We have worked collaboratively with the State and other stakeholders to safely and effectively advance the all payers medical claims data base and we will continue to lend our expertise to this effort.

Thank you for the opportunity to testify on SB 2788.

Sincerely,

Pono Chong
Vice President, Government Relations



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Human Services
Monday, February 5, 2018 at 3:45 p.m.

By

Denise Eby Konan, PhD
Dean, College of Social Sciences

And

Michael Bruno, PhD
Interim Vice Chancellor for Academic Affairs
University of Hawai'i at Mānoa

SB 2788 – RELATING TO HEALTH ANALYTICS

Chair Green, Vice Chair Chang, and members of the committee:

I am testifying on behalf of the University of Hawai'i at Mānoa and the College of Social Sciences in strong support of SB 2788. This bill will help to better inform State of Hawai'i priorities for health care policy and programs by establishing a health analytics program in the Med-QUEST Division of the Department of Health and Human Services and maintaining an all-payers medical claims data base.

In 2016, the legislature amended section 323D-18.5, Hawai'i Revised Statutes, in Act 139 creating the Hawai'i All-Payer Claims Database to compile health insurer enrollment and claims data. This act also designated the Pacific Health Informatics and Data Center (PHIDC) in the College of Social Sciences of the University of Hawai'i at Mānoa as the data center "to receive the data and to conduct analysis to further transparency and understanding of health care and to provide information to consumers." Since that time, PHIDC has collaborated with other members of the Hawai'i Health Data Center All-Payer Claims Database Steering Committee in a multi-agency collaboration to bring the APCD to fruition.

In 2016, health care expenditures were estimated to be \$3.3 trillion dollars or 18% of the U.S. GDP. Health care costs are rapidly increasing and finding ways to identify, manage, and bend the cost curve is of critical importance. The All-Payer Claims Database will serve as a valuable tool for the State, as the costs of health care continue to rise for the people of Hawai'i, the State Medicaid program, the Employer-Union Health Benefits Trust Fund, the Department of Health, and other State agencies.

Across the nation, there are 19 other All-Payer Claims Databases in existence or in implementation. The All-Payer Claims Databases have also been used to identify trends in population health, health care utilization, insurance coverage, among many other topics. The Hawai'i All-Payer Claims Database intends to provide data and reports to inform greater transparency, and to foster better decision making in health care purchasing and spending,

service utilization, population health, and policymaking.

The University of Hawai'i through PHIDC remains strongly committed to its role as a partner in data management, data analytics, and independent research and analysis on this critical initiative to produce and provide reliable data on health services, insured care costs, and public health.



**Testimony to the Senate Committee on Human Services
Monday, February 5, 2018; 3:45 p.m.
State Capitol, Conference Room 016**

RE: COMMENTS ON SENATE BILL NO. 2788, RELATING TO HEALTH ANALYTICS.

Chair Green, Vice Chair Chang, and Members of the Committee:

The Hawaii Primary Care Association (HPCAWA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCAWA offers the following **COMMENTS** on Senate Bill No. 2788, RELATING TO HEALTH ANALYTICS.

Among other things, the bill, as received by your Committee, would:

- (1) Establish within the Department of Human Services (DHS) the Health Analytics Program (Program) to develop, design, or implement databases, primarily an all-claims, all-payer database, and an encompassing data center to collect and analyze healthcare data;
- (2) Allow the Program to procure services in consultation with the Department of Health (DOH) and perform technical tasks such as data management, data cleansing, data quality, data analytics;
- (3) Permit the Program to serve as contracting and data designee of the State Health Planning and Development Agency (SHPDA), and contract with the Pacific Health Informatics and Data Center of the University of Hawaii as a data analytics partner to the State;
- (4) Require the Program to develop a plan for the analysis, maintenance, and publication of data, in consultation with DOH, the Hawaii Employee-Union Health Benefits Trust Fund, Enterprise Technology Services, the Department of Commerce and Consumer Affairs' Insurance Division, and the University of Hawaii, and update the plan annually;
- (5) Allow DHS to adopt rules to facilitate the foregoing;
- (6) Appropriate \$768,480 in general funds for fiscal year 2018-2019, to be expended by DHS, to implement the foregoing, including the hiring of four full-time equivalent positions exempt from the Civil Service Law ;
- (7) Appropriate \$563,920 in federal funds for fiscal year 2018-2019, to be expended by DHS, to implement the foregoing; and

- (8) Provide for severability if any provision is invalidated.

Federally Qualified Health Centers (FQHCs) provide desperately needed medical services at the frontlines in rural communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of health.

Because the majority of our patients are Medicaid recipients, reimbursement for services provided at FQHCs is extremely complex given the multiple streams of funding received from the federal and State governments. The availability of funding is often volatile due to changes in federal and State laws as well as the manner in which these laws are implemented and enforced. In this environment, it is not only prudent but necessary for the State to seek new sources of funding and devise creative ways of capturing and securing resources.

Presently, staff has not yet had an opportunity to fully discuss the larger policy ramifications of this measure with our Board of Directors. As such, we will continue to monitor this issue and stand committed to participating in the discussion should this measure move forward.

Be that as it may, HPCA notes that the Legislature approved House Bill No. 2482, Conference Draft 1, which was enacted as Act 139, Session Laws of Hawaii 2016. This law broadened the scope of health and health data and other information submitted to SHPDA.

Among other things, the Committee on Conference reported the following:

*"Your Committee on Conference finds reporting health care services claims and payment information to . . . **[SHPDA]** . . . 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 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 reimbursement, and any other information required by . . . **[SHPDA]** . . . 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 privacy and maintain the security of patient information, patient identifiers, and other protected information.** . . ." [Emphasis added.]*

Testimony on Senate Bill No. 2788

February 5, 2018; 3:45 p.m.

Page 3

From a technical perspective, it is unclear whether the bill as it is presently drafted adequately clarifies whether the authority of SHPDA to compile health claims data from non-Medicaid patients and private health insurers pursuant to Act 139 would extend to DHS, acting as SHPDA's . . . "*contracting and data center designee. . .*" [**See**, page 10, lines 5 through 7 of the Proposed House Draft 1].

Also, if it is the intent of this Committee for the Program, which would be established in DHS, to serve as an agent for SHPDA, which is under the auspices of the DOH, would DHS or DOH control the Program?

It is in the spirit of collaboration that we offer these comments with the goal of improving the language and building on the ideas set forth in the proposal.

In advance, thank you for your consideration of our testimony.