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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
Wednesday, February 13, 2019
2:00 p.m.
State Capitol, Conference Room 329**

**On the following measure:
H.B. 1464, H.D. 1, RELATING TO HEALTH**

Chair Takumi and Members of the Committee:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department opposes this bill.

The purpose of this bill is to require the Insurance Commissioner to perform a study on capitated payment rates in Hawaii that compares the payment model in Hawaii with the payment models in other states and examines several variables, including: the quality and accessibility of healthcare for patients; the quality and accessibility of primary care physician services; the costs to operate independent healthcare provider businesses, clinics, and hospitals; the sufficiency of provider reimbursement levels to ensure the viability of a provider's business; and the correlation, if any, between increases in the minimum wage and increases in capitated payment rates in other states.

The Department is concerned the study proposed in this measure would require accessing the data of all parties named in the bill, as the Insurance Division has no regulatory authority over healthcare providers, such as independent providers, clinics, and hospitals. Additionally, the study, impact analysis, and modeling are beyond the scope of staff expertise and would require hiring outside experts or consultants at an estimated cost of \$250,000 or more.

Thank you for the opportunity to testify on this bill.



February 11, 2019

The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
House Committee on Consumer Protection & Commerce

Re: HB 1464 HD1 – Relating to Health

Dear Chair Takumi, Vice Chair Ichiyama, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1464, which requires the Insurance Commissioner to perform a study on capitated payment rates in Hawaii that compares the payment model in Hawaii with the payment models in other states.

HMSA would like to express concerns and offers comments on this measure. Under HMSA's merit-based incentive payment model, providers are afforded a global payment with additional rewards for helping their patients prevent serious illness and proactively helping those with chronic health conditions. This model helps gauge member access to and satisfaction with their primary care providers (PCPs) and offers a system to measure the quality of care provided. Doctors are compensated whether they see the patient or not and are free to do what they really want to do — help people improve their health and advance the wellbeing of the community.

These changes are not being done in a void. The Medicare program similarly has moved away from the Sustainable Growth Rate model for provider reimbursement and replaced it with a quality payment program under the Medicare Access and CHIP Reauthorization Act (MACRA) which, like HMSA's program, is built around merit-based incentive payment models.

Since implementing payment transformation, we have been working to improve the process for our providers and members. We appreciate the intent to understand this new and evolving model of healthcare; however, we do not believe that conducting a study and developing a report of findings and recommendations should be the responsibility of the Insurance Commissioner.

Thank you for the opportunity to testify on this measure.

Sincerely,

Jennifer Diesman
Senior Vice President, Government Relations

HB-1464-HD-1

Submitted on: 2/12/2019 7:46:17 AM

Testimony for CPC on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Katrina Obleada	Hawaii Psychological Association (HPA)	Support	No

Comments:

American Academy of Pediatrics

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February 12, 2019

To: House Committee on Consumer Protection & Commerce, Rep. Roy M. Takumi, Chair, Rep. Linda Ichiyama, Vice Chair

Re: Support for HB1464 HD1, Relating to Health, with reservations

The American Academy of Pediatrics, Hawaii Chapter **supports** HB1464 HD1, Relating to Health.

As healthcare professionals, we fully support the vision of a society where healthcare is delivered in an equitable, effective, and efficient manner.

However, evidence from a longitudinal survey of our members using a validated burnout inventory suggests that community-based primary care pediatricians in Hawaii are experiencing emotional and physical exhaustion. This appears to be due to stresses caused in large part by the capitation program of a single health insurance company in Hawaii.

More research into the impact of this program's stresses on the wellness of Hawaii's physician workforce is vitally important. We have concerns that these stresses, if left unchecked, will degrade the future practice of pediatrics and adversely affect the health care of our pediatric population.

Our sole reservation regarding this Act is the amended effective date of July 1, 2050. Further discussion of the merits of the bill is welcomed, but we believe that the workforce cannot wait this long for this information.

We respectfully request that your committee pass this legislation with immediate effective date to help our state understand better how our public health is affected by capitation.

Thank you for this opportunity to provide testimony on this bill.



HAWAII MEDICAL ASSOCIATION

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To:
HOUSE COMMITTEE ON CONSUMER PROTECTION
Rep. Roy Takumi, Chair
Rep. Joy San Buenaventura, Vice Chair

Date: February 13, 2019
Time: 2:30 p.m.
Place: Room 329
From: Hawaii Medical Association
Jerry Van Meter, MD, President
Christopher Flanders, DO, Executive Director

Re: HB 1464 HD 1 – Relating to Health
Position: SUPPORT

On behalf of Hawaii's physician and student members, the HMA is in support of HB 1464 dealing with studying models of payment to providers of health care.

As the state of Hawaii looks to improve the delivery of health care services, while containing costs, we must remain mindful and vigilant of the effects programs may have on the system overall. Hawaii has demonstrated to the nation that improving access to health care can reduce costs and improve overall health for a population. As we implement changes in delivery, the effects of these changes need to be monitored to ensure balance between cost and access is maintained.

House Bill 1464 calls for such action – to study the effects of a large-scale change in provider payment. One such program has been in wide effect for two years, and data should be available. Is a program that significantly alters the way payment is delivered to health care providers ensuring that the cost-access balance is maintained?

The Physician Workforce Assessment done by the John A Burns School of Medicine is reporting, for the first time, a decrease in the overall number of physicians providing care in Hawaii. The Hawaii Medical Association is receiving reports by physicians that they are struggling to meet their costs of providing care under this new payment plan. An analysis is not available as to whether there is a cause-effect relationship between the decrease in providers and this payment plan, nor whether this plan has demonstrated benefit to the state's population. This is important to the state overall, but also as an employer providing health care benefits to its workers.

The Hawaii Medical Association supports the passage of HB 1464 that would conduct such a study. Thank you for allowing testimony on this issue.

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HB-1464-HD-1

Submitted on: 2/11/2019 9:53:21 AM

Testimony for CPC on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Gary Dela Cruz	Individual	Support	No

Comments:

I believe that the current Rate Reimbursement model used by some of Hawaii's Insurance carriers needs to be studied and analyzed, in order for the future of Hawaii's physicians to remain in Hawaii. I believe that the Physician shortage already felt in Hawaii will worsen in the years to come, as those who might consider staying in Hawaii to start a private practice may be influenced to leave for the mainland instead. I also believe that the current Rate Reimbursement model is influencing the high incidence of physician burnout, which will also lead more physicians to leave their practice.

VINCE YAMASHIROYA, M.D., FAAP
GENERAL PEDIATRICS

February 11, 2019

RE: Relating to Health HB1464 HD1.

Dear Chair Takumi and members of the Consumer Protection & Commerce Committee:

Thank you for the opportunity to provide testimony on HB1464 HD1. I am in strong SUPPORT of this bill.

I am a pediatrician in private practice in Honolulu and have been actively involved in the American Academy of Pediatrics, Hawaii Chapter and with Kapiolani Medical Center for Women and Children for almost 20 years. As such, I have been seeing first hand the effects of HMSA's Payment Transformation which is their capitated and pay for quality program on myself and from hearing its effects on many of my colleagues. Most of these physicians have told me of the hardships they have faced with this program. HMSA pays doctors via a merit-based program with a computer program called Coreo that is error prone and forces doctors to send in corrections called Supplemental Data numerous times. It also bases its capitated pay by PMPM (per patient per month) which is also error prone and requires the physician's staff to double check Coreo to make sure that patient is assigned to their physician. My office has encountered many instances when our own patients were not in their system. This has resulted in, with the limited time my staff has, that instead of taking care of patients, they are doing unnecessary administrative "insurance" work. Although HMSA infers that they have a great program supporting doctors, I have heard of doctors leaving Payment Transformation for a much simpler fee for service program which is based on fees paid to doctors 10 years ago, moving to a concierge system, or retiring early. Because of this trend of physician shortages in primary care, there has been an explosion of growth in the Urgent Care field which is not the best system of medicine since it lacks the continuity of care seen in Medical Homes through a single primary care provider. As a pediatrician, I have talked to many parents who have told me that they cannot find a doctor for themselves because many doctors are not accepting new patients.

The insurance commissioner is against this bill saying that it will be costly and difficult in obtaining data from many parties. I do not think that is a good reason for not supporting this bill. HMSA's program has been around for 2 years and there should be data available. I do not feel that this data gathering needs to be excessive or onerous as he described. I also strongly believe it is the insurance commissioner's job to ensure that insurance companies are not doing anything jeopardizing the health of Hawaii's tax paying citizens.

I do hope that your committee will pass this bill to have these alternative payment models studied.
Thank you.

Sincerely yours,



Vince Yamashiroya, M.D.

HB-1464-HD-1

Submitted on: 2/12/2019 1:29:16 PM

Testimony for CPC on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Colleen Inouye	Individual	Support	No

Comments:

Chair Takumi and Members of the Committee on Consumer Protection and Commerce,

I am in support of HB1464 HD1. We definitely need a study on capitated payment rates in Hawaii compared to other states. I live on Maui and due to the present capitated program am seeing the loss of physicians/providers, the soon-to-be retirement of other physicians, and physicians performing non-medical services and not taking care of patients. Primary Care Physicians have always been in short supply on the neighbor islands and this is making things worse. It is not simply not making ends meet but physician and staff burn-out and a demoralization of a profession that helps the community and the economy.

Please support and pass HB1464 HD1. We need to improve the present model.

Sincerely,

Colleen F Inouye MD MMM FAAPL FACOG Jefferson Population of Health

HB-1464-HD-1

Submitted on: 2/13/2019 9:03:30 AM

Testimony for CPC on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Julie Warech	Individual	Support	No

Comments:

HB-1464-HD-1

Submitted on: 2/13/2019 11:49:19 AM

Testimony for CPC on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Cathy K Bell	Individual	Support	No

Comments:

Chair Mizuno and Members of the Committee:

My name is Dr. Cathy Bell and I am a child & adolescent psychiatrist, born and raised in Hawaii I attended Yale University and then completed my medical school and residency training in pediatrics, psychiatry and child & adolescent psychiatry in 2000 at the John A. Burns School of Medicine. I worked at Waimanalo Health Center, DOH Child & Adolescent Mental Health Division, UH Department of Psychiatry, Division of Child & Adolescent Psychiatry, and Kaiser Permanente. The last three years I have been in private practice at the Kahala Clinic for Children & Family.

I am in support of the intent of this bill. If the desire is to move to a universal capitated rate reimbursement model for primary care, due diligence requires that we ensure that it is in the best interest for our families, communities and State. For pediatrics, I do not think this model works.

Recently, I have been working closely with a few dedicated pediatricians providing telemedicine consultation, in order to provide integrated behavioral health care. Research shows that integrated behavioral health care leads to outcomes that are significantly better than providing behavioral health treatment as usual, which is fragmented, doesn't promote collaborative and coordinated care, and achieves poorer outcomes.

The current capitated rate reimbursement model, disincentivizes primary care providers from going above and beyond to provide integrated behavioral health care. Most importantly, lack of early intervention for behavioral health conditions leads to poorer health care outcomes into adulthood and significantly higher costs for families, communities and our State. If we want to realize integrated behavioral health care, save money, and build healthy families and an effective workforce, we need to incentivize pediatricians to invest time and energy into learning how to provide integrated behavioral health care and collaborate effectively with behavioral health providers. A universal capitated reimbursement model does not do this.

Thank you for the opportunity to submit this testimony.

Aloha,

Cathy K. Bell, MD

HB-1464-HD-1

Submitted on: 2/13/2019 1:37:15 PM

Testimony for CPC on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Harold Nilsson	Individual	Support	No

Comments:

I have practiced Pediatrics in Hawaii for 25 years and have many serious concerns about HMSA's "Payment Transformation" (PT) basically forced upon all Primary Care Providers (PCP's) in Hawaii by HMSA in 2017, with the threat of major lack of reimbursements for those who did not sign on. Many physicians and physician groups (such as PMAG and the Hawaii Chapter of the American Academy of Pediatrics), expressed their objections repeatedly to HMSA in the planning stages of the PT, but HMSA made very minor adjustments despite continued protests. The PT has been touted by HMSA to promote "Value Based Health Care" but it is very obvious that we as doctors as well as our patients derive no benefit whatsoever from this one-sided system, which has created "value" only for HMSA itself. I estimate at least 90 % of Pediatricians (not sure about adult PCP's) feel de-valued and frustrated by the many problems the PT has created. These are some of the most serious problems in the Pediatric age group which will affect the health in this population sooner or later:

1. Since we only get paid a certain amount per month it tremendously de-values the care we provide to infants as some complex newborn (premature ones especially) may need very frequent and extensive high-risk care for the first year or two. With no incentive for us to take of these vulnebale patients, this is not just a bad idea but unethical to special needs children and families.

2. The PT actually provides no payment for one of the most important ways we prevent illness in humans, which is by vaccinating all children in a timely manner. The recent mumps outbreak in Hawaii (as well as the ongoing measles outbreak nationally), has clearly demonstrated this fact. HMSA notably did not change this policy at all when we had to re-immunize almost all adolescents in Hawaii recently to curtail the mumps outbreak. Personally I really can't fathom a more irresponsible cost-saving tactic a health care company could come up with than this.

3. The PT has made it much, much harder for a Pediatrician and other in Hawaii to start a new practice (with many newborns especially), and can only worsen the shortage of primary care doctors.

4. The PT provides no payment for any other office tests or procedures we feel may be necessary, and limits our ability to purchase any new equipment obviously.

In summary, the PT has been a night-mare so far for almost all Pediatricians in Hawaii for these and other reasons, which HMSA in a completely irresponsible unethical and blatant manner has been ignoring. The Insurance Commissioner has unfortunately completely failed to acknowledge and deal with any of these problems so far, and certainly needs to investigate this issue in much more detail in order to truly serve as an advocate for an effective Health Care system in Hawaii, particularly in the pediatric age group.