DAVID Y. IGE
GOVERNOR

CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

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

STATE OF HAWAI'I
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAI'I 96810-0150

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

WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON HEALTH
ON
HOUSE BILL NO. 2108

February 4, 2020
8:30 a.m.
Room 329

RELATING TO HEALTH CARE

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 2108.

H.B. No. 2108 establishes a five-year All-Payer Health Care Pilot Program (AHCPP) to be administered by the Hawai'i Health Authority (HHA) in collaboration with the Department of Health; requires all health insurance claims payers with existing relationships to hospitals that are licensed under Section 321-14.5, HRS, and operate in a county with a population greater than 500,000 (provider hospitals) to make AHCPP contribution payments; authorizes HHA to determine how payer contributions shall be calculated; outlines budget requirements for AHCPP and provider hospitals; establishes the AHCPP Revolving Fund and sets its disbursement requirements and authorized uses; and sets reporting requirements for the duration of AHCPP. The bill also authorizes HHA to adopt rules as necessary and appropriates an undetermined amount of general funds for FY 21 to implement AHCPP.

B&F would like to point out that HHA has been an inactive agency since the last appointee terms expired in June 2015, so it would be difficult for any timeline specified in the bill to be met. B&F would also like to point out that: 1) Section 322H-B refers to Section 322H-D instead of Section 322H-E as the section that establishes the AHCPP Revolving Fund; and 2) Section 322H-E, which states that the contributions made by "provider hospitals" shall be deposited into the fund, conflicts with Sections 322H-B and 322H-C, which state that "payers" shall make the mandatory contributions.

B&F defers to the Department of Commerce and Consumer Affairs regarding the potential merits and drawbacks of implementing an all-payer health care program.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR

PANKAJ BHANOT
DIRECTOR

CATHY BETTS
DEPUTY DIRECTOR

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

February 3, 2020

TO: The Honorable Representative John M. Mizuno, Chair
House Committee on Health

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 2108 – RELATING TO HEALTH CARE**

Hearing: February 4, 2020, 8:30 a.m.
Conference Room 329, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) offers comments with concerns.

PURPOSE: The purpose of this bill is to require the Hawaii Health Authority to establish a five-year all-payer health care pilot program in a county with a population greater than five hundred thousand.

Over the last three years, DHS has held discussions on hospital global budgets with different stakeholders. DHS is generally supportive of hospital global budgets and other innovative value-based payment arrangements when the support of providers and other stakeholders across the healthcare delivery system exists. DHS believes that a project on this scale requires deliberate and careful planning with those providers and stakeholders, including Medicare. DHS also believes that hospital global budgets should be implemented with a strong quality program as well as flexibilities that promote collaboration with providers outside the hospital walls. Hospital global budgets should not be an end to themselves, but rather a part of a larger strategy to address the total cost of care, quality, and the consumer experience in healthcare.

The bill as currently written would be impossible to implement in the timeframes allotted and perhaps impossible to implement over the long term. DHS could not implement on January 1, 2021. DHS would not be able to participate in this pilot program under its current agreements with the Centers for Medicare and Medicaid Services (CMS). Payment to hospitals is governed by the Medicaid State Plan as well as federal managed care rules since DHS has a §1115 waiver for managed care. DHS would have to ask CMS for new flexibilities through a §1115 waiver and perhaps a §1115A waiver in both how Medicaid hospital payments rates would be set and how Medicaid payments would flow to the hospitals or flow from our managed care organizations to the hospitals. The State would also have to request a §1115A waiver from the Centers for Medicare and Medicaid Innovation (CMMI) to have Medicare participate in the program.

Proposing and negotiating an arrangement of this magnitude with CMS would be a significant undertaking and would likely take several years. States like Maryland and Pennsylvania that do have hospital global budget programs spent approximately 2-3 years designing their programs and then negotiating their approval. Additional time is needed after approval and before full implementation to prepare providers and stakeholders for the changes. Because of the great complexity in determining and operationalizing global budgets, the common starting point for states looking to do this work are rural areas with one or two hospitals rather than major urban areas with multiple hospitals. The pilot project under this bill would only apply to Oahu.

The bill is specific in how budgets would be set and how and when payer contributions would be made. DHS notes that CMS and CMMI may object to specific features of the budget-setting, contribution, and lump sum payment processes and may not agree to them, which would mean that Medicaid and Medicare could not participate in the pilot project.

The system as described in the bill may be challenging to implement and could require significant changes to how the State budgets and holds money. The process laid out in the bill has payers paying a lump sum payment for future hospital expenditures six months before the state fiscal year in which the hospitals would be providing the services. Essentially, the State would be paying for hospital services anywhere from 6 to 18 months in advance of when they would be provided. This could present cash flow challenges to payers. Other states have been

able to accomplish global budgets in a different process. The budgets can be determined in advance, but the payment flows to the hospitals in more timely and manageable intervals.

In addition to the difficulties in receiving federal approvals for this kind of program and the timing of the budgeting and contribution processes, DHS notes that the hospital global budget program in this bill does not have a strong quality assurance or quality improvement component. The monitoring program in §322H-F only deals with high-level financial information to be shared with the Legislature.

DHS believes that it is essential to have the quality assurance and improvement components in a hospital global budget program so that payers can ensure that high-quality care is provided to their beneficiaries. Under the bill, DHS pays for the services 6 to 18 months in advance, but has no ability to step in if a hospital experienced difficulty under this program and found themselves having to cut services or staff. DHS should have the ability to assure quality, improve quality, and monitor the performance of hospitals, otherwise we would be unable to assure and improve quality for our beneficiaries. One of our primary and most effective tools to ensure quality is our ability to adjust payment. This bill does not appear to give payers or the Hawaii Health Authority the ability to make any budget or payment adjustments based on quality.

Finally, hospital global budgets should be linked with other initiatives that engage healthcare providers beyond the hospital walls. The theory behind global budgets is that a hospital can improve or maintain its financial position without focusing on filling beds. It is hard to do that without making investments or developing new strategies with other providers. To be successful under global budgets, hospitals will need to work with primary care and other providers to promote high quality care outside of the hospital. It is hard to see how other providers would be engaged under this bill.

Thank you for the opportunity to testify on this bill.

An Independent Licensee of the Blue Cross and Blue Shield Association

February 2, 2020

The Honorable John M. Mizuno, Chair
The Honorable Bertrand Kobayashi, Vice Chair
House Committee on Health

Re: HB 2108 – Relating to Health Care

Dear Chair Mizuno, Vice Chair Kobayashi, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2108, which requires the Hawaii Health Authority to establish a five-year all-payer health care pilot program in a county with a population greater than 500,000. It also requires certain payers to deposit contributions into the all-payer health care pilot program revolving fund, to be distributed to provider hospitals participating in the pilot program. It specifies budgetary requirements and calculation of fees for the pilot program, requires reports to the legislature, and appropriates funds.

HMSA acknowledges and appreciates the intent of the measure to investigate strategies that would help control the cost of healthcare in our state and hopefully improve health and well-being overall. Nevertheless, we do not believe this measure is necessary.

HMSA is dedicated to upholding Hawaii's reputation as one of the healthiest in the nation. Through a federal exemption from the Employee Retirement Income Security Act (ERISA), residents in Hawaii have benefitted from expanded health care coverage under a unique and successful employer health care mandate that has been in place for more than 46 years – the Hawaii Prepaid Health Care Act.

The overall impact of the law since 1974 has been the maintenance of relatively robust private benefit plans, low rates of uninsured, and some of the lowest premiums in the country. While Hawaii suffers from some of the same issues relative to access, quality, and cost as states across the country, the Prepaid Health Care Act has been the backbone over the years ensuring system stability and moderation of problems in health care delivery and finance. We are unsure as to the potential impacts this bill could have on the **Hawaii Prepaid Health Care Act**.

Rather than looking to create a new state-run health care system, we need to work together to address the rising cost of health care in our state. A collaborative, thoughtful discussion should take place prior to implementing any dramatic change to the current system.

Thank you for the opportunity to testify on this measure. Your consideration of our concerns is appreciated.

Sincerely,

Pono Chong
Vice President, Government Relations

ADA HAWAI'I
AMERICANS FOR DEMOCRATIC ACTION

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Lyn Pyle

MAILING ADDRESS
P.O. Box 23404
Honolulu
Hawai'i 96823

January 31 , 2020

TO: Chair Mizuno and Members of the Health Committee

RE: HB 2108 Relating to Healthcare

Support for hearing on February 4

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We vigorously support HB 2108 as it would move the state toward all-payer.

Healthcare costs are going up every year in America and quickly becoming more and more unaffordable. According to a study done by the Health Care Cost Institute(HCCI), "Over a five-year period, healthcare prices increased in 111 out of 112 metro areas analyzed by the Health Care Cost Institute. The outlier was Durham-Chapel Hill, N.C., where prices dropped 5% from 2012 to 2016, HCCI's analysis of 1.78 billion commercial health insurance claims showed. Healthcare prices grew about 16% over that period, which was about three times the inflation rate, said Bill Johnson, the author of the report and senior researcher at HCCI." [1] This kind of rise in health care costs is unsustainable which is evident by the number of people who believe that the U.S. healthcare system is "in a state of crisis".[2]

Regarding Hawaii more specifically, our healthcare costs are relatively good compared to other states and costs are still on the road to unaffordability. According to The Commonwealth Fund, "the average Hawaii family pays $4,713 annually for health insurance through an employer. That's nearly double the amount Hawaii families were paying in 2008, and up 8 percent from 2016."[3] Even with employer-funded health insurance the American people won't be able to maintain this kind of growth in out-of-pocket costs.

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1 . Kacik, Alex. "Healthcare Price Growth Significantly Outpaces Inflation." *Modern Healthcare*, Crain Communications, Inc., 25 Oct. 2018, www.modernh

ealthcare.com/article/20181025/NEWS/181029946/healthcare-price-growth-significantly-outpaces-inflation.

2 ("Americans Still Hold Dim View of U.S. Healthcare System,2017"). "Americans Still Hold Dim View of U.S. Healthcare System." *Gallup.com*, Gallup, 11 Dec. 2017, news.gallup.com/poll/223403/americans-hold-dim-view-healthcare-system.aspx?g_source=link_newsv9&g_campaign=item_226607&g_medium=copy.

3 Collins, Sara R, and David C Radley. "The Cost of Employer Insurance Is a Growing Burden for Middle-Income Families | Commonwealth Fund." *Cost of Employer Insurance Growing Burden Middle-Income Families | Commonwealth Fund*, The Commonwealth Fund, 7 Dec. 2018, -middle-income-families.

Since 1977 Maryland has had an all-payer rate setting model. Maryland's health care system has been doing very well for itself as the same study from the HCCI noted that health care prices in Maryland had the lowest prices observed in the study at 33% lower than the national average. [1] The model that Maryland has adopted is necessary for Hawaii if we wish to pursue a single-payer system. However, in order for Maryland to change their healthcare system to what it is today, they had to produce a waiver that the presidential administration, at the time, had to approve. " Its original waiver made Maryland an all-payer state, meaning that all third-party payers — whether Medicare, Medicaid or private insurers — paid the same rate for services. In other states, Medicare reimburses physicians and health systems at a discount compared with private insurers, creating cost-shifting, the practice of charging more to some payers — for example, private insurance companies — to make up for losses incurred by accepting discounted reimbursements from others." However, Maryland is updating its waiver to make some changes they think need to be done. "The new waiver will update the current one — which began Jan. 1, 2014, and ends Dec. 31 of this year — in two major ways. It will measure the total cost of care rather than simply hospital spending. And it will extend the global budget revenue (GBR) model — a key feature of the waiver. Under the GBR system, although hospitals in Maryland receive payment in traditional fee-for-service fashion, they are also capped on the total revenue that can be charged in a given year." Maryland would also encourage cooperation between individual physician practices and hospitals to increase cost savings for all parties involved.[1] This would lower the cost significantly even if it slightly increases administrative costs. Maryland has also enacted legislation that is unique to Maryland like limiting the premium cost of the standard health benefit plan to a percentage of average wages. [1] That is why we want Hawaii to move in this direction.

Please support this bill.

John Bickel, President

www.commonwealthfund.org/publications/issue-briefs/2018/dec/cost-employer-insurance-growing-burden

Pono Hawai'i Initiative

Tuesday, February 4, 2020

Relating to Health Care
Testifying in Support

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **supports HB2108 Relating to Health Care**, which requires the Hawai'i Healthy Authority to establish a five-year all-payer healthcare pilot program in a county with a population greater than 500,000.

Healthcare and cost of living continue to rise in Hawai'i and across the United States. Finding a solution for an inevitable problem is essential to get ahead of costs. Other states have trying single-payer healthcare and universal healthcare but were unable to maintain the programs because of the high costs required.

Exploring an all-payer healthcare pilot program could have success where single-payer and universal health care fall short. Maryland is one example of a state that has been able to reduce its healthcare spending using a similiar program.

For all these reasons, we urge you to move this bill forward.

Mahalo for the opportunity,
Gary Hooser
Executive Director
Pono Hawai'i Initiative

HEALTH COMMITTEE

TESTIMONY IN SUPPORT OF HB 2108

RELATING TO HEALTH CARE

Tuesday, February 4, 2020, 8:30 a.m.

The Honorable John M. Mizuno, Chair,

Representative Bertrand Kobayashi, Vice Chair, and

Members of the House Committee on Health:

Aloha mai kakou:

RE: HB 2108 Relating to Healthcare

Support for HB 2108

For the past decade, Hawaii has been pursuing a health care reform strategy that involves increasing management of patient care by third parties, including health plans, pharmacy benefits managers, and various sub-contractors and consultants. This strategy has been pushed by Centers for Medicare and Medicaid Services (CMS) and adopted enthusiastically by HMSA. HMSA's version is commonly referred to as "Payment Transformation," and involves paying primary care doctors with capitation, or per-member-per-month payment, and which pushes insurance risk onto doctors. After several years of preparatory policies such as pay-for-performance and organizing doctors into physician organizations, HMSA fully implemented capitation for primary care physicians in January 2017. The goals of reform are improved quality of care, improved population health, and reduced cost, but over the past decade health insurance premiums have doubled, and we face a rapidly worsening physician shortage causing declining access to care. It is time for a different direction in health policy.

Capitation of doctors simplifies billing, but it also creates unwanted incentives to skimp on care and to "cherry pick" easier and more compliant patients and avoid caring for sicker, more complex, and socially disadvantaged patients, aggravating disparities in access to care. The counter-incentives of pay-for-quality and risk adjustment are administratively burdensome, costly, and

ineffective, and reward gaming of documentation by both health plans and doctors in order to increase payment. The outcome so far has been a marked increase in administrative burdens and cost.

Primary care physicians have been sorted into winners and losers under payment transformation, and recent surveys found less than a quarter of primary care practices are happy with the model, while 60% are doing worse financially, many to the point that they can no longer continue in independent practice. We are experiencing a rapidly worsening physician shortage that affects all specialties, but worst for primary care and on the neighbor islands. HMSA's payment transformation is a substantial part of the cause of these shortages.

HB 2108 would focus on administrative simplification and reducing overhead for health care, which could then be tied to reduced prices in proportion to administrative savings, without harming doctors and hospitals. The proposed "all-payer" system in HB2108 has been proven to deliver significantly more cost-effective care, as demonstrated in Western Colorado, Maryland, and in many other countries with universal health care funded by multiple payers.

We can no longer afford to pursue health care reforms whose primary goal appears to be to preserve the current health insurance business model at the expense of the doctors and hospitals who actually deliver care and the patients who need care. It is time we paid attention to those who are on the front lines of care, and pursue policies that have proven results, instead of a model of reform that is failing to reach any of its goals.

Thank you.

Melodie Aduja
Chair, Democratic Party of Hawaii Health Committee

Stephen B. Kemble, MD
Original member of the Hawaii Health Authority

Tuesday, February 4, 2020

House Bill 2108
Testifying in Support

Aloha Chair Mizuno, Vice Chair Kobayashi, and Members of the Committee on Health,

The Democratic Party of Hawai‘i (The Party) **stands in support of HB2108** Relating to Health Care. This measure is part of the Hawai‘i Green New Deal package of The Party. HB2108 directs the Hawai‘i Health Authority to establish a five-year all-payer health care pilot program in a county with a population greater than 500,000. The bill further requires certain payers to deposit contributions into the all-payer health care pilot program revolving fund, to be distributed to provider hospitals participating in the pilot program. Also bill specifies budgetary requirements and calculation of fees for the pilot program. Finally, the bill requires reports to the legislature and appropriates funds.

HB2108 will reduce administrative costs of healthcare and eliminates price competition. Under an all-payer system, payment rates are the same for all patients receiving the same service or treatment from the same provider.

Thanks to our Prepaid Health Care Act, Hawai‘i’s health costs have historically been among the lowest in the country, with the most generous benefit package and broadest coverage and access to care. However, recent reforms have been adding administrative costs and burdens and are failing to control total costs, leading to a doubling of health insurance premiums in the past decade. At the same time, we are experiencing a rapidly worsening physician shortage and declining access to care. These trends are unsustainable. Hawai‘i can and must do better.

The term “all-payer” essentially means all payers of health care services must pay the same rates for the same services, regardless of the source of funding for any given patient. The fundamental rationale is to markedly simplify and standardize the payment system and claims adjudication process, enabling large administrative savings for both health care providers and also payers, whether government, or health plans funded from businesses and individuals, or directly from patients in the form of co-payments and deductibles.

Administrative costs are the largest driver of unnecessary and wasted health spending in the U.S. Recent reforms, collectively referred to as “value-based” payment, have added even more administrative burdens while failing to reduce utilization of care enough to offset their administrative overhead. Hawai‘i could achieve a much more cost-effective health care system by focusing on administrative simplification and reducing administrative overhead, instead of relying on third party health plans that add more administrative burdens in an attempt to manage care in ways that are largely ineffective and counterproductive.

A form of all-payer for hospital payment has been implemented in Maryland for decades, achieving significant cost-savings. Maryland is now moving beyond all-payer to implement an even more cost-effective and administratively simple form of hospital payment via global budgeting. Hawai‘i could do the same, and also expand the all-payer concept to payment of physicians and other independent professionals with standardized rates, using a simpler and more incentive-neutral form of fee-for-service based on the time associated with each procedure.

A well-designed all-payer system would regulate health insurance plans to require the same benefits, same network of all qualified providers, same fees and payment system, and same formulary and streamlined prior authorization policies, achieving large administrative savings. This is exactly what is done in many other countries with universal coverage and multiple payers, including France, Germany, The Netherlands, Switzerland, Israel, and Japan, all of which provide universal coverage at far lower cost than partial and inadequate coverage in the U.S.

Hawai‘i could start an all-payer system with health plans funded, controlled, or regulated by the State, including state and county employees and retirees, Medicaid, commercial health insurance plans, and a Medicare Advantage plan, and require equivalency of benefits and payment of professionals for the Kaiser plans. This would bring the large majority of health care in Hawai‘i into the all-payer system. The savings for the state, businesses, and individuals paying for health care could be in the range of 20% of what we are now spending on health care while slowing the rate of increase in health care cost into the future. Hawai‘i could then afford universal coverage with comprehensive benefits. Our Prepaid Health Care Act could be preserved by using the minimum 10% co-payments required under this law for all plans and allowing providers to waive the co-payment for those qualifying for Medicaid.

This proposal is essentially what was recommended in the Hawai‘i Health Authority reports to the Administration and Legislature in 2011 and 2013, and the all-payer concept is very much aligned with the purpose of the Hawai‘i Health Authority as defined in HRS 322H. The Hawai‘i Health Authority is the appropriate body to design and implement this plan.

For these reasons, we urge you to vote favorably on this bill to direct the Hawai‘i Health Authority to establish a five-year all-payer health care pilot program in a county with a population greater than five hundred thousand.

Mahalo for the opportunity to testify,

Josh Frost
Co-Chair, Legislation Committee
Democratic Party of Hawai‘i

Zahava Zaidoff
Co-Chair, Legislation Committee
Democratic Party of Hawai‘i

Edward Thompson, III

From: Renee Ing <reneeing_jimbrewer@aol.com>
Sent: Monday, February 3, 2020 8:45 AM
To: Rep. Bertrand Kobayashi
Subject: Fwd: HB2108: Pilot Project for Universal Health care in Hawaii

I tried to email you testimony for HN2108 late last night before then 8:30am deadline (just found out about it))---but it didn't go thru.
See below
Could you please add me to the list to testify?

Thanks,
Renee Ing

Sent from my MetroPCS 4G LTE Android device

---------- Forwarded message ----------
From: Renee Ing <reneeing_jimbrewer@aol.com>
Date: Feb 3, 2020 7:35 AM
Subject: Fwd: HB2108: Pilot Project for Universal Health care in Hawaii
To: repkobayashi@capitol.hawaii.gov
Cc: repmizuno@capitol.hawaii.gob

> Please sign me up to testify on HB2108.
> See below
>
> Sent from my MetroPCS 4G LTE Android device
>
> ---------- Forwarded message ----------
> From: Jim Brewer <reneeing_jimbrewer@aol.com>
> Date: Feb 3, 2020 1:34 AM
> Subject: HB2108: Pilot Project for Universal Health care in Hawaii
> To: repmizuno@capitol.hawaii.gov,repkobayash@capitol.hawaii.gov
> Cc:
>
> > I support bill HB2108. Please give it a hearing
> >
> > Sorry, I just found out about this bill minutes ago.
> > I will bring in an expanded testimony tomorrow morning
> >
> > Mahalo,
> > Renee Ing

Edward Thompson, III

From: Nedi McKnight <nedimcknight@gmail.com>
Sent: Monday, February 3, 2020 6:41 AM
To: Rep. John Mizuno; Rep. Bertrand Kobayashi
Subject: SB 3128, HB 2108, RELATING TO HEALTH CARE, All-payer Healthcare Pilot Program; Establishment; Hawaii Health Authority; Revolving Fund; Appropriation

Aloha e Chair John Mizuno and Vice Chair Bertrand Kobayashi,

I strongly support SB3128 HB 2108 requiring Hawaii Health Authority to establish a five-year all-payer health care pilot program in a county with a population greater than 500,000. Requires certain payers to deposit contributions into the all-payer health care pilot program revolving fund, to be distributed to provider hospitals participating in the pilot program. Specifies budgetary requirements and calculation of fees for the pilot program. Requires reports to the legislature. Appropriates funds.

Nedi McKnight
Pa‘auilo ma kai
808-238-4660

HB-2108
Submitted on: 2/1/2020 8:49:26 AM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Justin Salisbury	Individual	Support	No

Comments:

HB-2108
Submitted on: 2/1/2020 10:40:07 AM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Greg and Pat Farstrup	Individual	Support	No

Comments:

HB-2108
Submitted on: 2/1/2020 8:16:21 PM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Henri Etta Schmitz	Individual	Support	No

Comments:

I'm in support of HB2108 because I think it would allow delivery of healthcare in a more efficient and equitable manner. Respectfully, Henri Etta Schmitz of Paauilo Hawai'i

HB-2108
Submitted on: 2/1/2020 9:56:01 AM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Martha Nakajima	Individual	Support	No

Comments:

Aloha I strongly support this bill and the companion SB 3128 and associate with the testimony previously submitted by Dr. Stephen Kemble and the position taken by the Hawaii Democratic Party's Health Committee. Thank you.

Martha Nakajima

member, Hawaii Democratic Party Health Committee

Feb. 1, 2020

TO: Chair Mizuno and Members of the Health Committee

RE: HB 2108 Relating to Healthcare Support for hearing on February 4

I strongly support HB 2108. Living on the Hamakua Coast of Hawaii Island, as a resident and a former Board member of Hamakua-Kohala Health, a FQHC, I know that people cannot afford to see their health costs rise. Worry about being able to afford a family health emergency creates stress - and thus increases the likelihood of health crises. Containing costs is itself a health improvement measure.

In the US, we spend more on health care than any other nation, and yet our mortality rates and health outcomes are worse than many other countries. Why? A major reason is waste caused by administrative burdens caused by many different insurers each with many different plans, making billing a complex, lengthy, and expensive task. HB 2108 would simplify billing, help hold costs steady, and make access to care more fair since all insurers, public and private, would pay the same rates for the same services, decreasing the incentive for those paying higher rates to pass on those costs to their members.

A single payer system, either publicly or privately administered, is the best solution, and and all-payer measure like HB 2108 will move us in the right direction. A civilized society should ensure that everyone can get care when they need it.

Thank you for your support.

Meizhu Lui

Papaaloa HI, 96780

HB-2108
Submitted on: 2/2/2020 12:15:36 AM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Koohan Paik	Individual	Support	No

Comments:

We absolutely must move toward universal health care. It is the way toward a liveable future, with equity, for Hawaii. Any other way would not be in the spirit of aloha.

HB-2108
Submitted on: 2/2/2020 6:26:13 AM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nako'olani Warrington	Individual	Support	No

Comments:

HB-2108
Submitted on: 2/2/2020 8:59:51 AM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jack Zimmerman	Individual	Support	No

Comments:

I feel very strongly in support of this bill as an opening to equality and balance in the Hawaiian community. I live in Honoka'a on the Big Island and am aware of the struggles many in my community undergo to get propper health care...

Please give this bill a strong focus and bring it to the floor as soon as possible

Manaho nui

Jack Zimmerman

HB-2108
Submitted on: 2/2/2020 3:42:59 PM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Matt Binder	Individual	Support	No

Comments:

HB-2108
Submitted on: 2/2/2020 6:10:32 PM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chezlani Casar	Individual	Support	No

Comments:

HB-2108
Submitted on: 2/2/2020 7:38:10 PM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kaui Trainer	Individual	Support	No

Comments:

Please support and pass HB2108. We need more pilot projects to understand how the healthcare system can reach more people in impoverished communities; particularly on the outer islands. We know how hard it is to live in Hawai‘i. I work theee jobs to get by. We need a better system to make healthcare more affordable and accessible so that everyone can access the services they need without risk of financial ruin or impoverishment, no matter what their socio-economic situation. We also need a system that attracts and keeps doctors!!! It is sooo difficult to get a doctor in Hilo! Pilot studies are preventive and curative services that protect our health and income in the long run. Please pass HB2108.

HB-2108
Submitted on: 2/2/2020 10:32:12 PM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
R. Spiegel	Individual	Support	No

Comments:

HB-2108
Submitted on: 2/2/2020 11:06:36 PM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Francine Roby	Individual	Support	No

Comments:

February 3, 2020

To the House Committee on Health,

My name is Cheryl Bellisario and I support HB 2108. I support any step towards universal health care.

As an individual with a chronic auto-immune disorder called Rheumatoid Arthritis, I often have to visit various doctors and go for many tests or scans. Even with good health insurance, bills add up, especially with a condition like RA, that often includes unexpected surprises. In late 2016, all of a sudden, I was experiencing severe pain in my jaw (a joint that before did not bother me) and I could barely talk, eat, or sleep because of it. I had various scans and MRIs done – I remember the MRI being around $120 (again, with good health insurance). I had to navigate through everything alone because nobody seemed to know what to do for me and I eventually found a dentist that could provide me with a temporary kind of fix that could relieve the pain. This non-invasive treatment was not covered by my insurance and ended up costing me around $14,000. In the years prior to this situation, I had been saving up as much money as I could to put towards my master's degree – that money was gone after this treatment and I had to borrow money from my dad as well. It was this cost for something that I actually abandoned mid-way to be able to go away from home for my degree.

Being in my mid-20s in 2016 and already having put off my master's degree for a few years, I decided to pursue my master's degree in the United Kingdom even though I would have to take on some student loan debt since I no longer had the money that I was saving up for school. I was a bit nervous about things that I have heard about the U.K. health care system, about the long waiting times, etc. I paid quite a small amount for health tax for my 18-month visa, which also made me nervous about how little I had to pay that the system could not be good! This nervousness quickly disappeared as I received WAY better care and didn't go broke because of medical expenses while I was in the U.K. They had to do an updated MRI there and I walked out to the receptionist and asked her how much the scan cost – she gave me a funny look and told me that there was no cost.

Something that I noticed when I returned to the U.S. was that the things that are said about universal systems – namely the long wait times – really are not what people say they are. Actually, for an appointment with a rheumatologist – in the U.K. there was about one month between my appointment with the primary care doctor and the appointment with the rheumatologist; when I came back to the U.S. at the start of 2019, there was about three months between my appointment with the primary care doctor and the appointment with the rheumatologist! In both situations I had contacted the rheumatologist's office immediately after I had gotten the referral from the primary care doctor. In addition, people scared me before I went to the U.K. by saying that because it is a public system, that the quality of care would be poor. I experienced the exact opposite! As an example, I will mention the first visits that I had with the rheumatologists in the two countries. The initial visit that I had with a rheumatologist in the U.K. was over an hour long because the doctor and the medical student went over all of my medical history and thoroughly checked me; in comparison, the first time that I saw a rheumatologist when I returned to the U.S. (which was new because I changed insurers), the appointment was probably around 10 minutes and we hardly went over anything and she barely checked me.

Please support any step in the direction of universal health care as this country is lagging so far behind other countries! We need a health care system that focuses on and cares about the patients – as it should be!

Thank you.

Cheryl Bellisario

HB-2108
Submitted on: 2/3/2020 7:20:44 AM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stuart Coleman	Individual	Support	No

Comments:

Dear Chair and Committee Members,

I am writing in Support of HB2108 because this bill will help expand health care coverage while also reducing unnecessary costs. Mahalo for your consideration.

Aloha, Stuart Coleman, 2927 Hibiscus Pl., Hon., HI 96815

HB-2108
Submitted on: 2/3/2020 12:15:00 PM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Blake WAtson	Individual	Support	No

Comments:

LATE

HB2108

HLT

Room 329

Feb 4, 2020 8:30 am

Aloha Representative Mizuno and honorable members of the Health Committee,

Thank you for hearing HB2108, relating to creating a pilot program for a Maryland style All Payer system in one county.

I strongly urge you to support this bill because it offers a successful plan for lowering the cost of and improving the delivery of healthcare in Hawaii.

The Maryland model of All Payer has a successful track record for 40 years.

You have heard former Insurance Commissioner Gordon Ito repeatedly announce, beginning in November 2017, that Hawaii's health insurance premiums are going up at a rate of 6.5% per year culminating in a $42,000 per year premium for a family of four in Hawaii by 2026. That $42,000 per year is just for the premium. It does not include co pays or deductibles.

Why does Maryland not suffer from our cost increases?

Here are two reasons, within your ability to control.

1. Their All Payer system has reduced total insurance bureaucracy by standardizing reimbursement and a few other aspects, including global budgets to individual hospitals. Take away point: *less bureaucracy costs less than more bureaucracy.*
2. Maryland's Medicaid program has been a member of a multi-state discount program for discounts on prescription drugs since 2004. (**Top Dollar Program (TOP$)**[SM] is a separate state Medicaid pharmaceutical purchasing pool also started by Provider Synergies. It began with Louisiana and Maryland in 2005. There are six member states: **Connecticut, Idaho, Louisiana, Maryland, Nebraska** and **Wisconsin,** as of June 2018.) Twenty-four other states are members of other multi state groups for discounts on prescription drugs. Hawaii was also a member from 2004 until 2009. Judy Mohr Peterson, head of MedQuest Hawaii,

said that Hawaii voluntarily withdrew from the discount group in 2009 due to moving entirely into Managed Care's idea of how to manage healthcare. Since that time, what happened? *Costs went up*.

Please please please verify the cost of the same prescription drug in Hawaii and in Maryland. If Marylands Medicaid membership in a multistate discount group for prescription drugs results in lower prices, then maybe that is something to take a closer look at. As a question, what would stop a state from expanding their Medicaid discount prescription drug program to everyone in the state? Answer: Political will power.

To verify whether Hawaii could save money on prescription drugs by joining one of the three multi-state groups, MedQuest Hawaii or DoH could apply for the Sovereign States Drug Consortiums $4,000 savings analysis. This analysis would assume that Managed Care is removed from Medicaid. MedQuest or DoH could request that savings analysis today, if you desired. Their web site: https://rxssdc.org/

In addition to the admin savings Maryland has achieved with All Payer, there are additional areas in which Hawaii could improve on Maryland's All Payer system. Such as, by standardizing benefit packages and billing, in addition to reimbursement.

What is the value achieved from letting insurance companies offer a variety of benefit packages? More options equals more bureaucracy equals more admin cost.

To the degree that Hawaii unifies healthcare delivery into a single, comprehensive benefit package with one simple patient reporting system for one simple reimbursement system, our costs will go down.

Not to mention, that no one in Hawaii will decline the care they need because they can't afford it. Declining care because of the cost leads to increased sickness, which has negative ripple effects across every facet of society. Pandemic?

Ensuring care for everyone at a cost which excludes the cost of most of our current value-based Managed Care insurance bureaucracy will both stimulate

our economy and reverse the severe stresses currently afflicting the delivery of healthcare.

Moreover, in the event that the next POTUS favors single payer, states will be able to apply for a federal waiver to capture Medicare revenue. In that case, admin simplification can increase even further.

Prior to single payer, which requires the state to create a new revenue collection and invoice paying entity, All Payer offers the state the opportunity to simply design a unified insurance business model, and then require all private insurance companies in Hawaii to either comply or fold.

This will suddenly result in fewer medical biller positions.

The state should then feel an obligation to provide for displaced insurance workers by creating an enhanced unemployment benefit program for them. Their UI benefits should be increased to match their former salary for a period of two years. This idea exists within the Medicare For All bills in congress.

I urge you to pass this bill in order to continue developing the know-how to get it done.

Thank you,

Dennis B Miller

Waikiki

Singlepayerhawaii@gmail.com

TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTIETH LEGISLATURE, 2020

LATE

ON THE FOLLOWING MEASURE:
H.B. NO. 2108, RELATING TO HEALTH CARE.

BEFORE THE:
HOUSE COMMITTEE ON HEALTH

DATE: Tuesday, February 4, 2020 **TIME:** 8:30 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Clare E. Connors, Attorney General, or
Andrea J. Armitage, Deputy Attorney General

Chair Mizuno and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to require the Hawaii Health Authority (HHA) to establish a five year all-payer health care pilot program in a county with a population greater than five hundred thousand to ensure all payers with an existing relationship with a provider hospital pay the same standardized fees for a given service. Payers with an existing relationship to a hospital provider pay a mandatory contribution to HHA to place in a revolving fund that will be distributed to the provider hospitals.

The Department of the Attorney General notes that the terms for the executive director and all members of HHA expired in 2015. The HHA would need to be reconstituted in order to implement this bill.

This bill appears to be preempted by, at a minimum, section 1115 of the federal Social Security Act (42 U.S.C. 1315), entitled "Demonstration Projects." This section provides the requirements for when states request waivers of certain sections of the Social Security Act in order to implement "any experimental pilot, or demonstration project . . . . " The State would need waivers from the Centers for Medicaid and Medicare Services in order for the Department of Human Services, MedQUEST division, as well as Medicare, to participate in this pilot program.

Lastly, we believe there is an error on page 6, lines 19 – 20, in that the proposed §322H-B, page 3, line 21, to page 4, line 3, references contribution payments made by a payer while, this wording refers to contributions made by provider hospitals.

Thank you for the opportunity to share these comments.

Hawaii Association of Health Plans

February 2, 2020

LATE

House Committee on Health
The Honorable John M. Mizuno, Chair
The Honorable Bertrand Kobayashi, Vice Chair

House Bill 2108 – Relating to Health Care

Dear Chair Mizuno, Vice Chair Kobayashi, and Members of the Committee:

The Hawaii Association of Health Plans (HAHP) appreciates the opportunity to testify on HB 2108.

HAHP would like to express concerns on this measure. While we acknowledge the intent of the measure is to address the high cost of health care, we do not believe that the proposed changes to Hawaii's health care system would achieve the intended results. Global operating budgets as described in the measure will disincentivize efficiency and quality on the part of the hospital. Guaranteed payment would also disincentivize cost controls and moves away from value based care models.

We are also unsure of the potential impacts this legislation would have on the Hawaii Prepaid Health Care Act. Established in 1974, the Hawaii Prepaid Health Care Act was the first in the nation to set minimum standards of health care coverage for workers. Overall this law has ensured the maintenance of relatively robust private benefit plans, low rates of uninsured, and some of the lowest premiums in the country.

Thank you for allowing us to respectfully express our opposition to HB 2108.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members

• *AlohaCare* • *HMAA* • *HMSA* • *HWMG* • *Kaiser Permanente* • *MDX Hawaii* • *'Ohana Health Plan* • *UHA* • *UnitedHealthcare* •
HAHP c/o Jennifer Diesman, HMSA, 818 Keeaumoku Street, Honolulu 96814
www.hahp.org

LATE

Progressive Democrats of Hawai'i
http://pd-hawaii.com
PO Box 51 Honolulu HI 96810
email: info@pd-hawaii.com

February 3, 2020

To: HOUSE COMMITTEE ON HEALTH
Representative JOHN M. MIZUNO, Chair
Representative BERTRAND KOBAYASHI, Vice Chair

Re: HB 2108, **Relating to Healthcare**
Hearing: Tuesday, February 4, 2020, 8:30 a.m., Room 329
Position: **Strong Support**

Aloha, Chair Mizuno, Vice Chair Kobayashi, and Members of the Committee,

Progressive Democrats of Hawai'i strongly support HB 2108. This bill would provide for a five-year all-payer health care pilot program based on an all-payer model of healthcare. It would change the focus of cost containment in state-funded healthcare from trying to restrict or reduce care to cutting costs by minimizing administrative costs. This change of strategy would result in lower prices without restricting benefits and access to care.

Hawaii's healthcare costs have historically been very low, but recent insurance changes have been adding administrative costs and burdens to medical providers and to consumer costs. Administrative costs are the largest driver of unnecessary and wasted health spending in the United States. These changes are failing to control total costs, leading to a doubling of health insurance premiums in the past decade, while we are experiencing a rapidly worsening physician shortage and declining access to care. These trends are unsustainable. Hawaii can and must do better.

The term "all-payer" essentially means all payers of healthcare services must pay the same rates for the same services, regardless of the source of funding for any given patient. The fundamental rationale is to markedly simplify and standardize the payment system and claims adjudication process, enabling large administrative savings for both health care providers and also payers, whether government, or health plans funded from businesses and individuals, or directly from patients in the form of co-payments and deductibles.

A well-designed all-payer system would regulate health insurance plans to require the same benefits, same network of all qualified providers, same fees and payment system, and same formulary and streamlined prior authorization policies, achieving large administrative savings. This is what is done in many other countries with universal coverage and multiple payers, including France, Germany, The Netherlands, Switzerland, Israel, and Japan, all of which provide universal coverage at far lower cost than partial and inadequate coverage in the United States.

Hawaii could start an all-payer system with health plans funded, controlled, or regulated by the state, including state and county employees and retirees, Medicaid, commercial health insurance plans, and a Medicare Advantage plan, and require equivalency of benefits and payment of professionals for the Kaiser plans. This would bring the large majority of health care services in Hawaii into the all-payer system. The savings for the state, businesses, and individuals paying for health care could be approximately 20% of our current healthcare expenditures, and we might also slow down the rate of increase in healthcare costs into the future. Hawaii could then afford universal coverage with comprehensive benefits.

We understand that this proposal is essentially what the Hawaii Health Authority recommended to the Administration and Legislature in 2011 and 2013, and the all-payer concept is very much aligned with the purpose of the Hawaii Health Authority as defined in HRS Chapter 322H. The Hawaii Health Authority is the appropriate body to design and implement this plan.

Hawaii's healthcare costs are exploding. We are in a crisis. This bill is an important proposal for a "way out" of the crisis that we are in right now. Thank you for the opportunity to testify on this urgent matter.

Alan B. Burdick, Co-Chair
Progressive Democrats of Hawai'i
Burdick808@gmail.com/ 486-1018

LATE

HB-2108
Submitted on: 2/3/2020 11:47:23 PM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Hiroki Christiansen	Individual	Support	No

Comments:

Aloha Representative Mizuno and honorable members of the Health Committee,

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Please please please verify the cost of the same prescription drug in Hawaii and in Maryland. If Marylands Medicaid membership in a multi-state discount group for prescription drugs results in lower prices, then maybe that is something to take a closer look at. As a question, what would stop a state from expanding their Medicaid discount prescription drug program to everyone in the state? Answer: Political will power.

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Moreover, in the event that the next POTUS favors single payer, states will be able to apply for a federal waiver to capture Medicare revenue. In that case, admin simplification can increase even further.

Prior to single payer, which requires the state to create a new revenue collection and invoice paying entity, All Payer offers the state the opportunity to simply design a unified insurance business model, and then require all private insurance companies in Hawaii to either comply or fold.

This will suddenly result in fewer medical biller positions.
The state should then feel an obligation to provide for displaced insurance workers by creating an enhanced unemployment benefit program for them. Their UI benefits should be increased to match their former salary for a period of two years. This idea exists within the Medicare For All bills in congress.

I urge you to pass this bill in order to continue developing the know-how to get it done.

Thank you,

Eric Christiansen

LATE

HB-2108
Submitted on: 2/4/2020 1:59:12 AM
Testimony for HLT on 2/4/2020 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Brandt	Individual	Support	No

Comments:

PLEASE SUPPORT HB2108: HAWAII HEALTH CARE AUTHORITY. MAHALO!

DAVID Y. IGE
GOVERNOR OF HAWAII

BRUCE S. ANDERSON, PHD
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

LATE

Testimony COMMENTING on HB2108
RELATING TO HEALTH.

REP. JOHN M. MIZUNO, CHAIR
HOUSE COMMITTEE ON HEALTH

Hearing Date: February 4, 2020 Room Number: 329

Fiscal Implications: Request for authorization for 1.0 FTE All-Payer Health Care Pilot Coordinator and $100,000 general fund appropriation for salary and operational expenses.

Department Testimony: The Department of Health (DOH) will require at least 1.0 FTE to implement HB2108, which establishes a five-year all-payer health care pilot project in a county with a population greathre than five hundred thousand.

The department acknowledges that health care cost inflation is unsustainably burdensome and that all ideas should be vetted. DOH has no recent experience in acute hospital revenue cycles or health care economics, but as a pilot collaborator the opportunity to align population health management goals with health care reimbursement is appealing. One (1.0) FTE and operational expenses are therefor requested for aliaison with the Hawaii Healthcare Authority.

While significantly more thorough discussion is necessary to refine this concept, DOH recommends a fundamental amendment from "~~same~~ standardized fees for a given service" to "appropriate standardized fees for a given service" to assure equity for smaller hospitals with different operating conditions.

Thank you for the opportunity to testify.

LATE

Edward Thompson, III

From: bh <tbhawaiiowan@aol.com>
Sent: Tuesday, February 4, 2020 1:56 AM
To: Rep. John Mizuno; Rep. Bertrand Kobayashi
Subject: PLEASE SUPPORT HB2108: HAWAII HEALTH CARE AUTHORITY. MAHALO!