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CATHY BETTS  
DIRECTOR

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DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 24, 2021

TO: The Honorable Representative Sylvia Luke, Chair  
House Committee on Finance

FROM: Cathy Betts, Director

SUBJECT: **HB 541 HD1 – RELATING TO HEALTH**

Hearing: February 26, 2021, 11:00 a.m.  
Via Videoconference, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this proposal and offers comments. DHS defers to the State Procurement Office regarding the amendments to Chapter 103F, Hawaii Revised Statutes, of the procurement code. The Committee on Health, Human Services, and Homelessness amended the measure by:

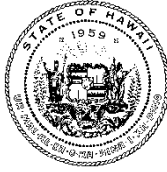
- (1) Adding the new statutory language to chapter 103F, Hawaii Revised Statutes, rather than chapter 103D, Hawaii Revised Statutes, as this is the more appropriate chapter for the procurements in this measure;
- (2) Clarifying the composition and duties of the State Payor Committee;
- (3) Removing references to homelessness services;
- (4) Clarifying that executive state agencies seeking to purchase social services related to behavioral health or substance abuse shall coordinate with the State Payor Committee as part of the planning process for the purchase of these services;
- (5) Clarifying that purchase of service contracts for behavioral health or substance abuse shall be reported to, rather than reviewed and approved by, the State Payor Committee;
- (6) Changing the effective date to July 1, 2060, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

**PURPOSE:** This bill establishes the state payor committee, to be administered by the directors of the departments of health and human services, or their designees, to establish a purchase of service framework that aligns all behavioral health and substance abuse service contracts. Requires executive programs that purchase social services related to behavioral health or substance abuse to coordinate with the state payor committee as part of the planning for purchases of these services. Requires all community or private organizations that purchase services for behavioral health or substance abuse, at the request of any state funding agency, to disclose the source of other federal, state, or county-level funding it receives for the purposes of performing such services. Effective 7/1/2060. (HD1)

DHS appreciates the intent to better align the purchasing of a broad array of behavioral health services. At a time of decreased resources and increased need, it is even more necessary that state entities collaborate and align as much as possible on the provision of these mental health and substance use disorder services. A purchasing framework provides an opportunity for the various state entities to strategically invest in services to better serve the mental health and substance use needs of residents being served across the continuum of care.

Through its managed care contracts, the Med-QUEST Division (MQD) works with DOH behavioral health to promote coordination and improved integration. For example, recent contracts mandate working with Hawaii CARES. While specific reimbursement methodologies, and payment rates are reviewed and approved by the federal Centers for Medicare and Medicaid Services, coordination with other state entities will provide a larger framework to inform if and how the provision and payment for behavioral health services should be changed in Medicaid.

Thank you for the opportunity to provide comments on this measure.



**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
FINANCE  
FEBRUARY 26, 2021, 11:00 A.M.

HOUSE BILL 541, HD1  
RELATING TO HEALTH

Chair Luke, Vice Chair Cullen, and members of the committee, thank you for the opportunity to submit testimony on HB541, HD1. The State Procurement Office (SPO) offers the following comments and recommendations.

The SPO concurs, as stated in Section 1 of the bill, that it is the responsibility of the Department of Health's Behavioral Health Administration to plan, coordinate, and promote statewide access to behavioral health services. Only with the appropriate expertise of State agencies and programs managing health and human services is it possible to develop and establish the proposed purchase of service framework to coordinate the purchase of services.

The SPO recommends the following amendments to Section 2, Page 5, lines 1 to 7 and line 18:

SECTION 2. Chapter ~~{103F}~~ 321 Hawaii Revised Statutes, is amended by adding two new sections ~~{to part IV}~~ to be appropriately designated and to read as follows:

"~~{§103F-A}~~ §321-A **State payor committee.** (a) There is established the state payor committee, which shall be composed of ~~administrator of the state procurement office or the administrator's designee,~~ the director of health or the director of health's designee, and the director of

human services or the director of human services' designee.

(b) The director of health or the director of health's designee and the director of human services or the director of human services' designee shall serve as the administrative heads of the state payor committee.

(c) The committee shall have oversight of the coordination of the purchase of services and shall be responsible for monitoring all information gathered and creating a purchase of service framework that aligns all purchase of service contracts pursuant to ~~section 103F-B~~ Chapter 321-B. "

The SPO also recommends the following amendments to Section 2, page 5, lines 19 to 20:

~~§103F-B~~ §321-B **Behavioral health and substance abuse services.**

(a) ~~All executive~~ State agencies or programs that purchase social services related to behavioral health or substance abuse shall coordinate with the state payor committee as part of their planning activities for any purchase of services under this chapter. The agencies and programs shall consider the recommendations and payor framework of performance metrics and evaluation standards developed by the state payor committee when planning for the purchasing of these services with state resources.

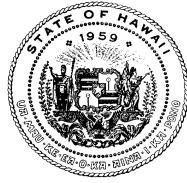
(b) ~~All executive state~~ State agencies or programs that purchase behavioral health or substance abuse services shall seek to align reimbursement rates where applicable and in coordination with the state payor committee across

all contracts entered into for the purpose of purchasing behavioral health or substance abuse services with state resources.

(c) All community or private organizations that purchase services for behavioral health or substance abuse services, at the request of any state funding agency, shall disclose the source of any other federal, state, or county level funding the organizations receive for purposes of performing these services.

(d) Beginning July 1, 2021, purchase of service contracts for behavioral health or substance abuse services using state resources that are initiated, renewed, or continued shall be reported to the state payor committee, established pursuant to ~~[section 103F-A]~~ Chapter 321-A.

Thank you.



**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
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**Testimony in SUPPORT of H.B. 541 H.D. 1  
RELATING TO HEALTH**

REPRESENTATIVE SYLVIA LUKE, CHAIR  
HOUSE COMMITTEE ON FINANCE

Hearing Date: 2/26/2021

Hearing Time: 11:00 a.m.

1 **Department Position:** The Department of Health (“Department”) **strongly supports** this  
2 measure and offers comments.

3 **Department Testimony:** The subject matter of this measure intersects with the scope of the  
4 Department’s Behavioral Health Administration (BHA) whose statutory mandate is to assure a  
5 comprehensive statewide behavioral health care system by leveraging and coordinating public,  
6 private and community resources. Through the BHA, the Department is committed to carrying  
7 out this mandate by reducing silos, ensuring behavioral health care is readily accessible, and  
8 person-centered.

9 We applaud the intent of this bill largely because it reflects efforts currently underway  
10 to align utilization of resources in this area, and also acknowledge that it affects a broad range  
11 of other departments and programs in the state who utilize state resources to purchase and  
12 provide services for behavioral health and homelessness. We recognize that a mandate of this  
13 nature will require effort and commitment on the part of these programs. We stand ready to  
14 do our part to implement the goals of this measure.

15 **Offered Amendments:** The Department has coordinated with, and reviewed the amendments  
16 offered by the State Procurement Office and concurs with the offered amendments outlined in  
17 their testimony including:

1 Amending Section 2, Page 5, Lines 1 to 7 and Line 18 as follows:

2 SECTION 2. Chapter ~~{103F}~~ 321 Hawaii Revised Statutes, is  
3 amended by adding two new sections ~~{to part IV}~~ to be  
4 appropriately designated and to read as follows:

5 "~~{§103F-A}~~ §321-A **State payor committee.** (a) There is  
6 established the state payor committee, which shall be  
7 composed of ~~administrator of the state procurement office or~~  
8 ~~the administrator's designee,~~ the director of health or the  
9 director of health's designee, and the director of human  
10 services or the director of human services' designee.

11 (b) The director of health or the director of health's  
12 designee and the director of human services or the director  
13 of human services' designee shall serve as the administrative  
14 heads of the state payor committee.

15 (c) The committee shall have oversight of the coordination  
16 of the purchase of services and shall be responsible for  
17 monitoring all information gathered and creating a purchase of  
18 service framework that aligns all purchase of service contracts  
19 pursuant to ~~{section 103F-B}~~ Chapter 321-B."

20

21 Amending Section 2, Page 5, Lines 19 and 20 as follows:

22 ~~{§103F-B}~~ §321-B **Behavioral health and substance abuse**  
23 **services.**

24 (a) ~~All executive~~ State agencies or programs that purchase  
25 social services related to behavioral health or substance  
26 abuse shall coordinate with the state payor committee as part  
27 of their planning activities for any purchase of services  
28 under this chapter. The agencies and programs shall consider

1 the recommendations and payor framework of performance  
2 metrics and evaluation standards developed by the state payor  
3 committee when planning for the purchasing of these services  
4 with state resources.

5 (b) ~~{All executive state}~~ State agencies or programs that  
6 purchase behavioral health or substance abuse services shall  
7 seek to align reimbursement rates where applicable and in  
8 coordination with the state payor committee across all  
9 contracts entered into for the purpose of purchasing  
10 behavioral health or substance abuse services with state  
11 resources.

12 (c) All community or private organizations that purchase  
13 services for behavioral health or substance abuse services,  
14 at the request of any state funding agency, shall disclose  
15 the source of any other federal, state, or county level  
16 funding the organizations receive for purposes of performing  
17 these services.

18 (d) Beginning July 1, 2021, purchase of service contracts  
19 for behavioral health or substance abuse services using state  
20 resources that are initiated, renewed, or continued shall be  
21 reported to the state payor committee, established pursuant  
22 to ~~{section 103F-A}~~ Chapter 321-A.

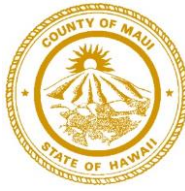
23

24 Thank you for the opportunity to testify on this measure.



Michael P. Victorino  
Mayor

Sananda K. Baz  
Managing Director



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February 24, 2021

TESTIMONY OF MICHAEL P. VICTORINO  
MAYOR  
COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON FINANCE

Friday, February 26, 2021, 11:00 a.m.  
House Conference Room 308 via Videoconference

**HB541, RELATING TO HEALTH**

Honorable Sylvia Luke, Chair  
Honorable Ty J.K. Cullen, Vice Chair  
Honorable Members of the House Committee on Finance

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Thank you for this opportunity to testify in **SUPPORT** of HB541.

Under the provisions of this bill, State departments would establish uniform baseline performance metrics, evaluation standards, and reimbursement rates. The goals of coordinating the efforts of State departments, and facilitating the development of standards for performance, evaluation and pay, are commendable.

For its part, the County of Maui, which provides social services through our grants, would commit to working in tandem with the State's efforts to support the concept of common measurements, and grantees' full disclosure of all funding sources.

I urge you to pass this measure, HB541.



## THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Sylvia Luke, Chair  
The Honorable Ty J. K. Cullen, Vice Chair  
Members, House Committee on Finance

From: Sondra Leiggi-Brandon, Director, Behavioral Health Services, The Queen's Medical Center  
Colette Masunaga, Director, External Affairs, The Queen's Health Systems

Date: February 26, 2021

Re: Comments on HB541, HD1: Relating to Health

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The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 1,500 affiliated physicians and providers statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to provide comments supporting the intent of HB541, HD1, to bring greater transparency and coordination of the services in our state. This bill would, among other things, require executive programs that purchase social services related to mental health, substance abuse, and homelessness to establish uniform baseline performance metrics, evaluation standards, and reimbursement rates and requires all community or private organizations that purchase services for behavioral health, substance abuse, or homelessness, at the request of any state funding agency, to disclose the source of other federal, state, or county-level funding it receives for the purposes of performing such services. The bill also establishes the state payor committee, to be administered by the directors of the departments of health and human services, to monitor all purchase of service contracts relating to mental health, substance abuse, or homelessness services pursuant to HRS section 103F-B.

While Queen's is dedicated to our mission of providing quality health care services to Native Hawaiians and all the people of Hawai'i, we are disproportionately impacted by the increasing needs for health care services for those suffering from behavioral health conditions, chronic substance abuse, and homelessness. Therefore, we appreciate the intent of the bill to provide greater pay parity as well as the emphasis on reducing fragmentation of services and improving the continuum of care for individuals and their families.

Queen's is committed to continuing to work with the Department of Health and other stakeholders to improve and expand the social service safety net that this measure intends to strengthen. Thank you for the opportunity to provide comments on this measure.

*The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*



## **HB541 HD1: Payment Reform for Substance Abuse, Mental Health and Homelessness**

COMMITTEE ON FINANCE:

- Rep Sylvia Luka, Chair; Rep. Ty Cullen, Vice Chair
- Friday, Feb. 26 2021: 11:00: Videoconference

## **HSAC Comments with Recommendations and Concerns on HB541 HD1:**

*ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization of over 30 substance use disorder and co-occurring mental health disorder treatment and prevention agencies.*

### **Recommendations and Concerns:**

- 1. Is it legal for the Department of Health to require that independent private (non-profit or profit) companies provide sensitive financial information to the State without the permission** from Federal sources, Medicaid insurers, or other government sources?
- 2. More time to have a thoughtful discussion needing input from providers and referrals sources** because service objectives for rates and outcomes are complicated for something of this magnitude that has long term-impacts to community services.
- 3. Recommend that evidenced best practices be kept.** Treatment for Substance use disorder is residential and outpatient. Other wrap around services are very valuable, but should not replace treatment. Let's keep what works rather than do what doesn't work well just to save money.
- 4. Explain how the payment reform committee is staffed and who do they make recommendations to?**
  - a. The Senate version has the Payment Reform committee as a subcommittee of the Procurement Council and that the Payment Reform Committee makes recommendations to the Procurement Council for deliberation.

5. **Recommend that UH Psychiatric department with ASAM affiliations be part of payment reform committee.** UH is well aware of evidenced based practices and would help to guide the committee.
6. **Give more time for providers to provide all the required information** about finances, outcomes, and rates of all their government contracts. July 1<sup>st</sup>, 2020 is too soon. The Senate version requires only for providers to identify government contracts by July 1<sup>st</sup>, 2020 with other information at a later time as requested.
7. **We need to keep the public option for DOH paying for uninsured in place.** Stopping funding for the uninsured will be very expensive, even in this year as they will flood the emergency rooms or access crisis beds.
  - a. SAMHSA, the Federal agency funding Hawaii's treatment is primarily for residential and outpatient for the uninsured. The State's matching funds are for the same purpose.
  - b. Crisis beds, although needed, are much more expensive than residential services. Moreover, crisis beds are not treatment for substance use disorders.
8. **What about Quest insurers?** Do they know that DOH may require providers to give their proprietary rate information to government without the insurer's permission?
9. **Involve research input that is available from the Federal government.** Decisions about standardized rates and outcomes has not been solved yet by the Federal government who has spent years researching. It's complicated and needs a great deal of discussion involving all aspects of those involved from government to providers to insurers to community.
10. **Set clear goals** for the Payment Reform Committee:
  - a. Prioritize the financial security and viability of mental health and addiction treatment providers that they survive payment reform.
  - b. Incentivize systemic changes that would evolve more evidence-based practices that is proven for substance use disorder treatment such as residential and outpatient treatment using co-occurring, more complex patient models. Grow our mental health and addiction services workforce so that we can treat more chronic co-occurring disorders.
  - c. Increase high-quality prevention and addiction treatment services by ensuring that funds are used to support evidence-based programs and activities to prevent or treat a mental health or substance use disorder. Support the inclusion of a waiver mechanism for new or innovative treatments that may offer promise.

- d. Facilitate the implementation of nationally recognized level of care standards for addiction treatment programs and new standards for recovery residences and improve training for healthcare professionals who care for patients with mental health and substance use disorders in communities across Hawai'i.
- e. Recommend substantial investment and critical policy changes to mitigate the mental health and substance use-related effects of COVID-19 and its containment measures.
- f. Ensure that rates are adequate to build a robust SUD workforce, which is critical and should be a cornerstone of any state response.
- g. Support the proven, comprehensive federal research model for programs in any changes to systems with the intent to expand access for prevention, addiction treatment, harm reduction, mental health services, and recovery support services. Our community needs adequate resources to meet these pressing needs.

We appreciate the opportunity to provide testimony and are available for questions.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

February 23, 2021

TO: Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
Members of the House Committee on Finance

FROM: Christy MacPherson, Director, PHOCUSED

SUBJECT: Testimony: Relating to Health

Hearing: February 26, 2021 at 11:00 am  
Via videoconference

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance,

Thank you for the opportunity to provide testimony in **opposition** to HB541, HD1, with amendment recommendations should the bill be passed.

PHOCUSED is a nonpartisan project of Hawai'i Appleseed Center for Law and Economic Justice and comprises health and human service organizations and the people they serve across the State of Hawai'i. We have been collaborating on advocacy pertaining to critical procurement and service delivery issues that directly impact our providers.

PHOCUSED has concerns about this bill for the following reasons:

- Sufficient regulation and monitoring already exists. Additional regulations and monitoring will add duties and burdens to agencies.
- The intent of the purchase of service framework was to recognize that the community could perform these functions efficiently in ways that the government could not. We therefore recommend that the following language be inserted:
  - Late payment fees will be automatically processed regardless of the reason. Therefore, it will not only be the provider who has to invoice.
  - The language for a procurement moratorium or for any contracts reduced or impacted will be relaxed due to the fact that many providers will not have the level of support to go after contracts they once received due to impacts of COVID-19.

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- Guarantee no reductions in contracts beyond a minimum amount for any contract term to recognize that contractors like providers do not have large back stops, taking into consideration that providers often expend costs upfront to be paid on the life of the contract.

Thank you for the opportunity to submit testimony on this issue.