

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

SENATOR JARRETT KEOHOKALOLE, CHAIR
SENATE COMMITTEE ON HEALTH

SENATOR JOY A. SAN BUENAVENTURA, CHAIR
SENATE COMMITTEE ON HUMAN SERVICES

Hearing Date: 3/22/2021

Hearing Time: 1:05 p.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.

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

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

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

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

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

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

23

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

25 ~~{§103F-B}~~ §321-B **Behavioral health and substance abuse**
26 **services.**

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

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

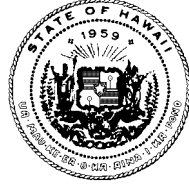
17 (c) All community or private organizations that purchase
18 services for behavioral health or substance abuse services,
19 at the request of any state funding agency, shall disclose
20 the source of any other federal, state, or county level
21 funding the organizations receive for purposes of performing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

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

28

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

DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 21, 2021

TO: The Honorable Senator Jarrett Keohokalole, Chair
Senate Committee on Health

The Honorable Senator Joy A. San Buenaventura, Chair
Senate Committee on Human Services

FROM: Cathy Betts, Director

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

Hearing: March 22, 2021, 1:05 p.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this proposal and offers comments. 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.

The House Committees on Judiciary & Hawaiian Affairs, and Finance passed the measure as is.

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)

While appreciative of the need to better integrate the broad array of behavioral health services and services for individuals facing homelessness, DHS suggests that prior to enacting into statute an additional oversight entity, the Legislature review the current efforts of the Hawaii Interagency Council on Homelessness (HICH) to align homelessness funding and services, and seek additional input from executive branch agencies that directly or indirectly contract for mental health, substance abuse, and homelessness services to avoid adverse unintended impacts. The variety of services and services providers, and each community's ability and organizational capacity to meet residents' needs underscores the importance to maintain broad flexibility in approach while aligning performance and payment measures.

DHS recognizes a clear link between healthcare and homelessness. The Emergency Department (ED) and Medical Respite (MR) Pilot Programs administered by the Homeless Programs Office (HPO) were innovations to address Oahu's most vulnerable population's health and safety and were important learning opportunities for healthcare administration and the homeless response systems. However, the goals and outcome measures of healthcare and homeless response systems are not necessarily aligned.

HPO is responsible for procurement, development, implementation, management, and monitoring of a wide range of specialized programs that focuses on prevention of homelessness, reduction in the length of time program participants spend in homelessness,

exiting households to permanent housing, and preventing recidivism. HPO struggled to find common ground from the outset due to distinct medical terminology and different program requirements. Consequently, there were delays in executing the contracts and took over nine (9) months to agree to contract language.¹

All HPO contracted service providers are required to follow a Housing First approach. This approach aims to help homeless households access permanent housing as rapidly as possible by removing barriers to program entry and assisting with quickly locating and accessing housing options. Other executive branch agencies may recognize the housing readiness model which may require treatment and sobriety before being ready for permanent housing.

Another key difference in the structure of contracts for medical, behavioral health, and homelessness services, includes the means of payment. For example, DOH behavioral health contracts are paid based on a unit rate, while DHS contracts for homelessness services are not paid based on units and may include upfront costs needed to cover rental subsidies for programs such as Rapid Rehousing and Housing First.

Through its managed care contracts, Med-QUEST Division (MQD) works with DOH behavioral health to promote coordination and improved integration. For example, recent contracts mandate working with Hawaii CARES. However, mandated performance metrics, reimbursement rates for mental health, substance use treatments or housing support services without any input or review would be very challenging to implement given the different payment rules governing Medicaid. For example, all reimbursement methodologies, and payment rates are reviewed and approved by the federal Centers for Medicare and Medicaid Services.

Furthermore, requiring uniformed base line performance metrics, evaluation standards, and reimbursement rates may likely negatively impact the potential applications to Requests For Proposals and eliminate competition from smaller providers, who otherwise would not be able to fund a homeless program if not for advanced payments.

¹ The full report related to the ED and MR Pilot Programs can be found here: https://humanservices.hawaii.gov/wp-content/uploads/2021/01/FINAL_Act-69-2020-Emer-Dept-and-Med-Respite-Pilots-signed-4.pdf

March 21, 2021

Page 4

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



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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
ON
HEALTH
AND
HUMAN SERVICES

March 22, 2021, 1:05 P.M.

HOUSE BILL 541, HD1
RELATING TO HEALTH

Chair Keohokalole, Chair San Buenaventura, Vice Chair Baker, Vice Chair Ihara, and members of the committees, 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.

Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
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WAILUKU, MAUI, HAWAII 96793
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March 19, 2021

TESTIMONY OF MICHAEL P. VICTORINO
MAYOR
COUNTY OF MAUI

BEFORE THE SENATE COMMITTEES ON HEALTH and HUMAN SERVICES

Monday, March 22, 2021, 1:05 p.m.
Via Videoconference

HB541, HD1 RELATING TO HEALTH

Honorable Jarrett Keohokalole and Joy A. San Buenaventura, Chair
Honorable , Rosalyn H. Baker and Les Ihara, Jr., Vice Chair
Honorable Members of the Senate Committees on Health and Human Services

Thank you for this opportunity to testify in **SUPPORT** of **HB541 HD1**.

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 HD1**.



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

March 22, 2021

TO: Senator Jarrett Keohokalole, Chair
Senator Rosalyn H. Baker, Vice Chair
Members of the Senate Committee on Health

Senator Joy A. San Buenaventura, Chair
Senator Les Ihara, Jr., Vice Chair
Members of the Senate Committee on Human Services

FROM: Christy MacPherson, Director, PHOCUSED

SUBJECT: Testimony: Relating to Health

Hearing: March 22, 2021 at 1:05 pm
Via videoconference

Chairs, Vice Chairs, and Members of the Joint Senate Committee on Health and Human Services,

Thank you for the opportunity to provide testimony with **comments** on 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.

PHOCUSED IS A PROJECT OF HAWAII APPLESEED

733 BISHOP STREET, SUITE 1180 • HONOLULU, HI 96813 • (808) 587-7605 • PHOCUSED.ORG

- 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.
- 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 again for the opportunity to submit testimony on HB541, HD1.

HB-541-HD-1

Submitted on: 3/19/2021 4:13:44 PM

Testimony for HTH on 3/22/2021 1:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dara Carlin, M.A.	Individual	Oppose	No

Comments:

Isn't this called racketeering? What happens when you're not considered an "approved service provider"?



LATE

HB541 HD1 Contracts for Substance Abuse, Mental Health

COMMITTEE ON HEALTH,

- Sen Jarrett Keohokalole, Chair; Sen. Rosalyn Baker, Vice Chair

COMMITTEE ON HUMAN SERVICES

- Sen. Joy Buenaventura, Chair; Sen. Les Ihara, Vice Chair

Monday, Mar. 22, 2021: 1:05: Videoconference

HSAC Provides Comments for HB541 HD1 With Recommendations:

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.

HSAC supports that Behavioral Health Administration reform government contracting to be more efficient.

HSAC recommends the Senate version.

HSAC comments and cautions that the state retain evidenced based practices for treatment for substance use disorders and mental health disorders. Let's keep what works and then add to it with wrap around services.

A lot of work is needed here for such reform. To help guide the State to remain focused on quality-of-care issues following evidenced-based practices and not succumb the allure of less costly, yet substandard services, HSAC offers guiding recommendations to stay the course for providing effective treatment during this unprecedented time of high anxiety, social isolation, and disruption to our healthcare system.

Recommendations to Improve the Legislation:

- 1. Clarify the composition and duties of the Payor Committee with respect to payment goals.**
- 2. Allow 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 and very much needed, but should not replace treatment. Let's keep what works rather than do what doesn't work well just to save money.

4. **Give ample time for providers to provide all the required information as requested.**
5. **The uninsured need the most help. Let's keep the public option going where DOHs pays for the treatment for the uninsured until Medicaid or Medicare can be put 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.
6. **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.

Recommendations for goals for Payment Reform:

- 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.

Closing:

Given the devastation of the COVID-19 pandemic plaguing this country, it is crucial that Hawai'i is prepared to address the disastrous exacerbation of the expected 4th wave of mental health and substance use crisis.

We respectfully ask that the Payment Reform committee's primary goal be to ensure that individuals with mental health or substance use disorders receive the best possible evidence-based care. We appreciate the opportunity to provide testimony and are available for questions.



To: The Honorable Jarrett Keohokalole, Chair
The Honorable Rosalyn H. Baker, Vice Chair
Members, Senate Committee on Health

The Honorable Joy A. San Buenaventura, Chair
The Honorable Les Ihara, Jr., Vice Chair
Members, Senate Committee on Human Services

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

Date: March 21, 2021

Re: Comments on HB541, HD1: Relating to Health

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.

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.

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.