

STATE OF HAWAII
DEPARTMENT OF HEALTH
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**Testimony in SUPPORT of SB1231
RELATING TO STATEWIDE HEALTH PLANNING.**

SENATOR JARRETT KEOHOKALOOLE, CHAIR
SENATE COMMITTEE ON HEALTH

Hearing Date: February 8, 2021

Room Number: N/A

1 **Department Testimony:** The Department of Health (DOH) supports Certificate of Need (CON)
2 and comprehensive statewide health planning as an essential functions of state government to
3 promote accessibility, quality, and sustainability.

4 The Governor's Executive Biennium Budget proposes the downsizing of the State Health
5 Planning and Development Agency (SHPDA) and the transfer of CON resources to the
6 Department of Health. The department recommends SB1018 move forward as a corollary to the
7 state budget to assure functions of SHPDA persist regardless of its status as an attached agency.

8 Chapter 323D authorizes at least three important functions: Certificate of Need, comprehensive
9 statewide planning, and the collection of health care administrative data, all of which must be
10 preserved.

11 Certificate of Need

12 Similar to licensing and other regulatory functions discharged by DOH, CON is subject to
13 administrative rules, public hearings, contested case rights, and oversight by the Legislature.
14 The department recommends that if moved laterally, civil servants continue to operate CON as
15 opposed to exempt or appointed employees to maintain objectivity, fairness, and fidelity to laws
16 and rules. CON must remain data-driven and objective and DOH supports any amendments to
17 assure and strengthen that model.

18

1 Comprehensive State Planning

2 The Health Services and Facilities Plan is a guiding document for both CON and health care
3 services planning in Hawaii that addresses the health care needs of the State, including inpatient
4 care, health care facilities, and special needs. The plan depicts the most economical and
5 efficient system of care commensurate with adequate quality of care and includes standards for
6 utilization of health care facilities and major medical equipment.

7 Regardless of SHPDA's status as an attached agency this role must also be preserved, but should
8 be expanded to include more than health care assets like bed counts and clinics, and include or be
9 informed by social determinants of health, health equity, and environmental justice. The last
10 State Function Health Plan was published in 1989
11 (<https://files.hawaii.gov/dbedt/op/docs/Health.pdf>) and may serve as a model for 21st century
12 community health planning. The role of the State in this regard is to coordinate and prioritize
13 with the private sector and to cooperate where there is mutual agreement, and not to establish a
14 government-run health care system. The department is open to amendments to assure
15 appropriate limits of government are applied to Hawaii's market-based health care system.

16 The COVID-19 pandemic is an example of how public health and health care must coordinate to
17 address Hawaii's health priorities. For example, CON is required for new dialysis centers, for
18 which there is a shortage due to the higher-than-national rates of diabetes, chronic kidney
19 disease, and end-stage renal disease in Hawaii. A convergence of public health and health care
20 planning may be a key strategy to reducing the disease burden such that existing dialysis
21 resources should be sufficient. Although the state has no choice but to expand dialysis centers, it
22 begs the question of how effective our community's response to diseases of lifestyle have been.

23 All Payer Claims Database

24 The All Payer Claims Database (APCD) is a central repository for state-funded health care
25 administrative data and a partnership between DOH, SHPDA, the Department of Human
26 Services, the University of Hawaii, and several other agencies authorized in 2018. The goal of

1 the APCD is to inform consumers and policymakers of the healthcare costs, population health,
2 and healthcare system of Hawaii.

3 Program development is based on three phases:

- 4 • Phase I: limited dataset is accessed only by the assigned and approved SHPDA,
5 MedQUEST Health Analytics staff, and/or the agencies' designee, PHIDC;
- 6 • Phase II: limited dataset subset of the data becomes available to select State Agency
7 researchers who have undergone a review and certification process, which is still to be
8 determined; and
- 9 • Phase III: subset of the data becomes available to external researchers who have
10 undergone a review process, which is still to be determined.

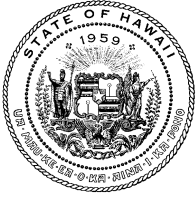
11 The project is in Phase I as of February 2020 and it is critical that it remain free from disruption.
12 Regardless of SHPDA's status as an attached agency, DOH strongly recommends that authority
13 for the APCD remain in force either in chapter 321, chapter 346, or related statute.

14 The department supports the Governor's budget as drafted as a matter of Executive Branch
15 policy, but requests the Legislature consider this measure to assure critical functions are
16 maintained.

17 Thank you for the opportunity to testify.

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

19



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

DAVID Y. IGE
GOVERNOR OF HAWAII

ELIZABETH A. CHAR, M.D.
DIRECTOR OF HEALTH

SERAFIN COLMENARES, JR., Ph.D., M.P.H.
ADMINISTRATOR

1177 Alakea St., #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

Senate Committee on Health

SB 1231, Relating to Statewide Health Planning

Testimony of Serafin Colmenares, Jr. SHPDA Administrator

Monday, February 8, 2021
9:00 a.m., Videoconference

1 **Agency's Position:** The State Health Planning and Development Agency (SHPDA) is
2 providing testimony in opposition to this bill.

3 **Fiscal Implications:** None.

4 **Purpose and Justification:** Senate Bill 1231 amends HRS Section 323D-12 by changing the
5 word "shall" to "may" in reference to the health planning and development functions of SHPDA.

6 The bill states that its purpose is "to establish a more coordinated and cost-effective
7 statewide health planning and resource development program." Changing the word "shall" to
8 "may" with reference to the functions of SHPDA, however, would make all of its functions
9 optional instead of mandatory. This weakens the authority of SHPDA as an independent
10 regulatory agency to administer the Certificate of Need (CON) program which is a vital
11 regulatory component for ensuring accessibility to healthcare in Hawaii as well as the long
12 term financial viability of the healthcare delivery system. Weakening this authority appears to
13 contradict the bill's stated purpose of making the program more effective.

14 Thank you for this opportunity to testify.



February 8, 2021 at 1:00 pm
Via Videoconference

Senate Committee on Health

To: Chair Jarrett Keohokalole
Vice Chair Rosalyn H. Baker

From: Paige Heckathorn Choy
Director of Government Affairs
Healthcare Association of Hawaii

Re: **Submitting Comments**
SB 1231, Relating to Statewide Health Planning

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the healthcare continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities, and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to provide **comments** on this measure. Many of our members have expressed that the State Health Planning and Development Agency (SHPDA) has served as an efficient, effective administrator of the certificate of need (CON) process and their relative independence has the agency to complete statewide health planning with thorough community input. These members are concerned that this measure would compromise the agency's continued ability to carry out these essential functions. We would note that there are also concerns among some members that moving the CON process into a different agency could compromise the program's mission of protecting patients. Some members believe that the CON is a consumer protection tool the state possesses to ensure that any healthcare provider seeking to open in the state are not "bad actors."

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

Monday, February 8, 2021 at 1:00 PM
Via Video Conference

Senate Committee on Health

To: Senator Jarrett Keohokalole, Chair
Senator Rosalyn Baker, Vice Chair

From: Ray Vara
President & CEO

Re: **Testimony in Opposition
SB 1231 Relating to Statewide Health Planning**

My name is Ray Vara and I am the President and CEO of Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox - and over 70 locations statewide with a mission of creating a healthier Hawai'i.

I write in opposition of SB 1231 which proposes to provide flexibility to deploy statewide health planning and resource development programs and resources by amending the word "shall" to "may".

While we appreciate the difficult budget realities that the State is facing, we are writing to oppose SB 1231 as written due to the measure's potential impact upon efforts to support a stable and high quality health care continuum of care. An unintended impact of SB 1231 would be to allow the State to abandon its current vital obligation of administering the certificate of need (CON) process. The measure achieves this outcome by making the State Health Planning and Development Agency (SHPDA) current duties – including the administration of the CON process - to be permissive ("may") rather than remaining required ("shall") under HRS 323D,

The CON process is an essential regulatory forum for the management of healthcare delivery capacity in our State. The CON process facilitates transparency, accountability, and the opportunity for dialogue between providers seeking to expand services in the healthcare marketplace through independent agency review. The CON process accomplishes this objective by requiring that any new service from an existing or new provider meets the six criteria established in Chapter 323D including (1) impact on the relationship to the state plan, (2) patient need and accessibility, (3) quality of service/care, (4) cost and finances, (5) relationship to the existing healthcare system, and (6) the availability of resources to deliver the service.

The risks from the fragmentation of care are naturally of great concern in Hawaii due to the size and geographic distribution of the population across our islands and where health care services are delivered almost entirely through a system of non-profit providers. SHPDA's administration of the CON process greatly assists in the management of the service fragmentation risk that can easily occur when the introduction of a new service does not consider the impact upon the larger healthcare delivery system. In our experience, the CON process required under HRS 323D has been fair, transparent, and grounded in the application of objective criteria place upon both existing and new providers seeking to expand or provide new healthcare capacity.

For these reasons, we oppose the bill as written and ask that this committee consider keeping the CON process mandatory under HRS 323D and not allow that function to be permissive.

Thank you for the opportunity to testify.



THE QUEEN'S HEALTH SYSTEMS

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

From: Jacce S. Mikulanec, Manager, Government Relations, The Queen's Health Systems

Date: February 8, 2021

Re: SB1231: Relating to Statewide Health Planning

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 on SB1231, which provides flexibility to deploy statewide health planning and resource development programs and resources. We are concerned about the voluntary language in the bill, which appears to weaken the current certificate of need (CON) process. The intent of the CON process is to ensure there is a qualitative review of community need and that the proposed solution ensures access for all patients. Queen's supports preserving the CON process and would welcome further discussions on how to improve the process to best serve our community and patients.

Mahalo for the opportunity to provide testimony 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.



**Testimony to the Senate Committee on Health
Monday, February 8, 2021; 1:00 p.m.
Via Videoconference**

RE: SENATE BILL NO. 1231, RELATING TO STATEWIDE HEALTH PLANNING.

Chair Keohokalole, Vice Chair Baker, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **COMMENTS** on Senate Bill No. 1231, RELATING TO STATEWIDE HEALTH PLANNING.

The bill, as received by your Committee, would clarify the functions of the State Health Planning and Development Agency (SHPDA) by making certain statutory responsibilities authorized rather than directive.

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

Chapter 323D, Hawaii Revised Statutes (HRS), the Health Planning and Resources Development and Health Care Cost Control Law, was enacted to promote accessibility for all the people of the State to quality health care services at reasonable costs. Among other things, this law establishes the State Health Planning and Development Agency, Subarea Health Planning Councils, and a certificate of need process that is intended to ensure that any new facility or expansion of an existing facility be evaluated on its probable impact on health care costs.

The HPCA asserts that Chapter 323D, HRS, is sound public policy because it requires the State to evaluate the need for health care within an area based on the financial impact to residents and communities. While we recognize that the State is experiencing the worst economic crisis since the Great Depression making it necessary to cut costs and increase efficiencies where ever possible, we caution that such cost-cutting efforts come with the cost of diminishing the State's ability to safeguard the interests of its citizens.

Testimony on Senate Bill No. 1231
Monday, February 8, 2021; 1:00 p.m.
Page 2

SHPDA has experienced years of cutbacks and administrative changes that have drastically decreased its ability to implement Chapter 323D, HRS, as it was originally intended. As the result, the State has areas totally lacking adequate health care facilities and others where multiple facilities providing the same services are situated closely together. These situations greatly impact the residents located in those areas.

Instead of providing SHPDA the authority to decide for itself whether it can or should fulfill certain statutory responsibilities, your Committee may want to determine whether Chapter 323D, HRS, is adequately serving its intended goals and decide if there is a need to find a different way of promoting quality health care services at reasonable costs.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.



SENATE COMMITTEE ON HEALTH

February 8, 2021, 1:00pm

Via Video Conference

To : Chair Keohokalole and members of the committee

From: Tori Abe Carapelho
President & CEO
Navian Hawaii

**RE: TESTIMONY IN OPPOSITION OF SB 1231
RELATING TO STATEWIDE HEALTH PLANNING**

I am writing to oppose SB 1231, which would provide flexibility to deploy statewide health planning and resource development programs and resources. While on paper this may seem innocuous, I'm very concerned about the potential impact on Hawaii's health care system.

SB 1231 would essentially make all of the State Health Planning & Development Agency's (SHPDA's) required activities optional moving forward. SHPDA provides much needed support to ensure the most economical and efficient use of the health care system and resources through coordinated community planning of new health care services and construction.

SHPDA is needed to administer the Certificate of Need program, to implement the Health Services and Facility Plan, and to promote the sharing of health care facilities or services to achieve economies of scale and restrict unusual costly services. Making oversight of these activities optional would not serve the community well.

Relaxing SHPDA's authority would likely result in many of its activities being moved to the State Department of Health (DOH), however, DOH is overwhelmed as it is. Given that DOH is already overburdened with statewide issues, such as the COVID-19 pandemic and the many projects put on hold because of it, now is not the time to introduce such a bill.

I recognize the difficult budget issues facing the state and the need to make changes, but not when it's at the expense of the health care industry.

It is for all these reasons that I kindly ask that you oppose SB 1231. Thank you for your consideration.

SB-1231

Submitted on: 2/6/2021 4:26:02 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
J Kameilani Boyd	Individual	Oppose	No

Comments:

Aloha e Honorable Senator Jarrett Keohokalole, Chair of the Senate Committee on Health

I humbly submit testimony in opposition to SB1231. I am in opposition because it amends HRS Section 323D-12 relating to the health planning and development functions of SHPDA by changing the word "**shall**" to "may." By doing this, it makes the performance of these functions discretionary instead of mandatory. This weakens the authority of SHPDA as a regulatory body to implement the law and administer the Certificate of Need program. It contradicts the stated purpose of the bill to make the program more effective.

Mahalo for your consideration.

Kameilani Boyd

Dear Sen. Jarrett Keohokalole, chair of the Senate Committee on Health

My name is Ronald Bush, chair of the Kauai County Subarea Health Planning Council (KCSAC). I work for the Kauai Fire Department.

I am in opposition to bill SB1231 because it amends HRS Section 323D-12 relating to the health planning and development functions of SHPDA by changing the word "shall" to "may." By doing this, it makes the performance of these functions discretionary instead of mandatory. This weakens the authority of SHPDA as a regulatory body to implement the law and administer the Certificate of Need program. It contradicts the stated purpose of the bill to make the program more effective.

The State Health Planning & Development Agency (SHPDA) was established by law and plays a very important role in ensuring that the people of Hawaii have access to quality health services at reasonable cost. Through SHPDA, the State is enabled to evaluate the need for health care within an area based on the financial impact to residents and communities, and through the Certificate of Need (CON) process, ensure that there is an effective mechanism to keep unscrupulous entities from entering into the state and providing care. The KCSAC is one of SHPDA's advisory bodies and through the years, we have worked closely with SHPDA in the performance of its planning and CON functions, partnering with SHPDA in undertaking community health needs assessments and in reviewing CON applications.

Sincerely,

Ronald Bush
Chair
Kauai Subarea Health Planning Council

February 8, 2021 at 1:00 pm
Via Videoconference

Senate Committee on Health

To: Chair Jarrett Keohokalole
Vice Chair Rosalyn H. Baker

From: Wesley Lo Chief Executive Officer, Ohana Pacific Management Company/Hale Makua Health Services

Re: Submitting Comments in OPPOSITION to **SB 1231**, Relating to Statewide Health Planning

Thank you for the opportunity to provide comments in **OPPOSITION** of this measure.

I am currently the CEO of Ohana Pacific Management Company/Hale Makua Health Services.

Prior to my current role, I was the Regional CEO of the Maui Region of Hawaii Health Systems Corporation and I was involved in one of the more controversial CON hearings in the State of Hawaii, related to a “for profit” hospital system proposing a new 150 bed Hospital on the Island of Maui. Concurrent to the CON for the new Hospital, we had submitted a CON for the start of a new Interventional Cardiology/Open-Heart Program to expand services for the residents of the County of Maui. The Certificate of Need process garnered the attention of not only the County, but also the State, and lobbying efforts were evident throughout the process

During this experience, it was clear that the SHPDA steadfastly deliberated on the “criteria” established by the State related to CON’s and clearly factored in the Health Services and Facilities Plan that was adopted by the State through hour and hour of meetings with industry leaders as well as consumers

In Hawaii, due to our size, it is important to always factor in our ability resource healthcare and to provide for adequate scale to have high quality services available to all in our State

I found that their independence as an agency was critical in the decision making and is important tool in evaluating services in the State of Hawaii to maintain our overall healthcare delivery system and continue to plan for the future

I support maintaining SHPDA and the CON process in its current form, but would welcome discussions on how to continue to evolve the organization and the CON process to best serve the people of the State of Hawaii

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



February 8, 2021

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

Re: SB 1231 – Relating to Statewide Health Planning

Dear Chair Keohokalole, Vice Chair Baker, and Committee Members:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments on SB 1231, which provides flexibility to deploy statewide health planning and resource development programs and resources.

As a supporter of a free choice model of healthcare HMSA encourages a broad and diverse network of providers. At the same time, we do understand the need for the continuous analysis and review of certain elements of the provider network. The certificate of need (CON) process has worked to provide this data to ensure balance based on criteria developed in the interest of the patient and the community.

HMSA appreciates the intent of discussion and planning for the State's healthcare ecosystem and hopes that the continued levels of analysis and dialogue is had in relation to the CON process.

Thank you for allowing us to comment on SB 1231. Your consideration is appreciated.

Sincerely,

Matthew W. Sasaki
Director, Government Relations



Monday, February 8, 2021 at 1:00 PM
Via Video Conference

Senate Committee on Health

To: Senator Jarrett Keohokalole, Chair
Senator Rosalyn Baker, Vice Chair

From: Martha Smith
CEO, Kapi'olani Medical Center for Women and Children

Re: **Testimony in Opposition**
SB 1231 Relating to Statewide Health Planning

My name is Martha Smith and I am the Chief Executive Officer at Kapi'olani Medical Center for Women and Children (Kapi'olani) and Executive Vice President of O'ahu operations. Kapi'olani is an affiliate of Hawai'i Pacific Health and serves as the state's only maternity, newborn and pediatric specialty hospital. Kapiolani also serves as tertiary care, medical teaching and research facility. Specialty services for patients throughout Hawai'i and the Pacific Region include intensive care for infants and children, 24-hour emergency pediatric care, air transport, maternal-fetal medicine and high-risk perinatal care.

I write in opposition to SB 1231 which proposes to provide flexibility to deploy statewide health planning and resource development programs and resources by amending the word "shall" to "may".

We have concerns and must oppose SB 1231 as written as the measure relieves the State of its obligations to administer the certificate of need (CON) process by making the State Health Planning and Development Agency (SHPDA) duties permissive versus required under HRS 323D. We understand the State's budgetary crisis but ask that this Committee take careful consideration of the bill's effecting on quality and access by effecting SHDPA's duties and its mandate to manage health care capacity through its current CON process.

As the only women & children's specialty hospital in the state, Kapiolani is concerned that allowing SHPDA's mandated responsibilities may lead to a reduction in both quality pediatric specialty services and maternal fetal and specialty care for women that currently exist due to the thoughtful management of regionalization of services.

The CON process is vital to ensuring that children's hospitals provide continue to provide specialized health care services that are enabled through the thoughtful regionalization of services. For example, children's health needs are specialized and require interventions that differ greatly from the expertise needed to treat adults. The threat of unmanaged healthcare capacity could have upon pediatric sub-specialty pediatric services is of particular concern given the small population of our state and the access required to deliver that care across all regions across our State.

SHPDA's administration of the CON process helps manage the risk of undermining regionalization of services and ultimately quality of care that can easily occur when the introduction of a new service does not consider the impact to the larger healthcare delivery system.

The CON review process has been a helpful state-based management tool for hospital systems and patients to help ensure that any provider seeking to provide health care in the state has a good track record, sufficient finances, and a mission-driven approach that keeps patients and their families safe.

For these reasons, we ask that SHPDA's requirements under HRS 323D remain required and not be allowed to become permissive and respectfully oppose SB 1231 as written.

Thank you for the opportunity to testify.

Monday, February 8, 2021 at 1:00 PM
Via Video Conference

Senate Committee on Health

To: Senator Jarrett Keohokalole, Chair
Senator Rosalyn Baker, Vice Chair

From: Jen Chahanovich
CEO, Wilcox Medical Center

**Re: Testimony in Opposition of SB 1231
SB 1231 Relating to Statewide Health Planning**

My name is Jen Chahanovich and I am the chief executive officer of Wilcox Medical Center. Founded in 1938, Wilcox Medical Center is a not-for-profit hospital dedicated to providing the Kaua'i community with accessible, quality health care. Wilcox is the largest medical facility on Kaua'i and has been recognized as one of the nation's best small hospitals. With 185 physicians on staff, Wilcox Medical Center offers island residents and visitors expert diagnosis and treatment for more than 22 specialties. It is a state-of-the-art acute care facility with a full suite of services including emergency, OB/GYN, pediatrics, cardiology, gastroenterology, ophthalmology, pulmonology, nephrology, orthopedics, neurology, internal medicine and family practice.

I write in opposition to SB 1231 which proposes to provide flexibility to deploy statewide health planning and resource development programs and resources by amending the word "shall" to "may".

As the largest and only private non-profit medical facility on Kauai, Wilcox plays a crucial role in providing access to high quality health care to the community we serve. Together with the HHSC Kaua'i region – we work collaboratively to ensure that our community has access to the full range of much-needed health care services – on island - a large portion of which is rural and medically underserved.

The risks from the fragmentation of care are always of great concern due to the small size and geographic challenges Kaua'i faces. SHPDA's administration of the CON process helps manage the risk of fragmentation of care that can easily occur when the introduction of a new service by an existing or new provider does not consider the impact to the larger healthcare delivery system.

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The CON process is vital to ensuring that medical facilities like Wilcox meet the necessary requirements and qualifications to provide high quality care to the communities they serve. It is a helpful state-based tool for hospital systems and other interested parties to help ensure that any company seeking to provide health care in the state has a good track record, sufficient finances, and a mission-driven approach that keeps patients and their families safe. Just as important, the CON process provides us notice of new proposed services on island to help us plan and better effectively manage our island's healthcare resources.

We appreciate and are aware of the difficult budget decisions that the State must make into the future. However we are compelled to oppose SB 1231 as written due to the potential risk to access and quality of health care resources on Kaua'i that this bill's language will introduce.

We ask that this Committee carefully consider this measure relaxing SHPDA's obligations under HRS 323D and ask that this Committee not allow SHPDA's duties to become permissive under this bill.

Thank you for the opportunity to testify.

WRITTEN TESTIMONY OF
MICHAEL G. DUICK, M.D.

February 8, 2021 at 1:00 PM via Videoconference

TO: Senate Committee on Health

RE: Comments on proposed Senate Bill 1231 relating to Statewide Health Planning

Dear Chair Jarrett Keohokalole, Vice Chair Rosalyn Baker and Members of the Committee:

With great respect, I submit my concern with the proposed changes to the State Health Planning and Development Agency as outlined in Senate Bill 1231.

I am an internal medicine physician with subspecialty board certification in hospice and palliative medicine. I have held an active, unrestricted license to practice medicine in the state of Hawaii since July 2004. Over the past decade, I have dedicated my career to caring for hospice patients, their family members and caregivers. During that time, I have provided care to thousands of patients with terminal illness. I serve as a Volunteer Board Member of Kōkua Mau, which is our state's hospice and palliative care organization. I am an active member of the National Hospice and Palliative Care organization and also serve as a voluntary faculty member at the University of Hawaii, where I teach medical students about hospice and end-of-life care. Lastly, I am a resident of Kailua, where I live with my wife and children.

During my career, I have authored and submitted four separate Certificate of Need (CON) applications to the State Health Planning and Development Agency (SHPDA) pertaining to hospice. **In my experience, I have found that the mandatory CON application process in Hawaii safeguards the integrity of our healthcare system.** This process currently ensures the following:

- 1) That the Health Services and Facilities Plan, as required by law in HRS §323D-15, is addressing the health care needs of the state by providing for the reduction or elimination of underutilized, redundant, or inappropriate health care facilities and health care services while focusing on increasing cost-effective access to necessary health care services. **The Health Services and Facilities Plan specifically addresses that access is distinguished from convenience.**
- 2) That the CON Program, as required by law in HRS §323D-43(c) and HAR §11-186, demands that applicants for hospice care demonstrate the ability and good faith to meet important requirements including:
 - a) The relationship of the hospice proposal to the state Health Services and Facilities Plan.
 - b) The need that the population served (i.e., terminally ill patients) has for the proposed hospice service. In particular, the hospice proposal must show how the elderly, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups are likely to have access to such hospice services.
 - c) That the applicant has or will comply with federal and state licensure requirements. It is important to note that Hawaii has no licensure requirement for hospice services.
 - d) That the proposed hospice services will not have an impact on the overall costs of health care services to the community, which would include increased costs to the current providers of hospice care.

- e) That the proposed hospice services will have a relationship with the existing hospice providers of the state with the ability to provide less costly or more effective alternative methods of hospice services.
- f) That the proposed hospice service has adequate resources, including health care personnel and funds to provide such services.

In summary, my main concern is that Senate Bill 1231 proposes that SHPDA “may” perform the forementioned critical functions as opposed to the mandatory status quo (i.e., “shall”) thereby potentially rendering SHPDA and the mandatory CON process as discretionary and optional.

To protect our community’s most sick and frail patients, I hope that SHPDA and the mandatory CON process remain intact to properly vet hospice companies who wish to enter our communities. The potential removal of the mandatory CON requirement for hospice agencies could remove a critical safeguard for our overall healthcare system’s stability and eliminate public participation in major decisions that affect our local healthcare needs with respect to end-of-life care.

I hereby attest that I drafted this testimony and have knowledge of the content and the information contained herein. I declare that the testimony submitted is true and correct to the best of my knowledge and belief.

Thank you for your time and consideration.

Respectfully yours,



Michael G. Duick, M.D.



LATE

Monday, February 8, 2021, 1:00 p.m.
Senate Bill 1231
Testifying in Opposition

Aloha Chair Keohokalole, Vice Chair Baker, and Members of the Committee on Health:

The Health Committee of the Democratic Party of Hawaii stands in opposition of SB 1231. While this bill is designed “to establish a more coordinated and cost-effective statewide health planning and resource development program” it is unnecessary. The Health Committee stands in opposition in light of Chapter 322H-1, Hawai`i Revised Statutes, as it is already provided that the Hawai`i Health Authority “shall be responsible for overall health planning for the state and shall be responsible for determining future capacity needs for health providers, facilities, equipment, and support services.”

The Democratic Party of Hawai`i (Party) has adopted at its State Convention in 2018, clear healthcare safeguards for our community on page 11 of the Party Platform:

”B. HEALTHCARE, HOUSING, AND SOCIO-CULTURAL WELLBEING

HEALTHCARE

We believe that healthcare is a right, not a privilege, and our healthcare system must put people before profits. The high costs of insurance and insufficient coverage mean that many people do not have access to the care they need, which creates devastating social costs that are also a significant economic burden to the State.

Therefore, we support robust funding of the Hawai`i Health Authority (HHA) . . . to design a statewide, unified, cost-effective healthcare system that includes comprehensive healthcare services for all, and then submit that design to the legislature for evaluation.

Such a universal, comprehensive healthcare system would: (1) Unify the delivery of healthcare in Hawai`i by establishing a single network, benefit structure, reimbursement system, drug formulary, and prior authorization policies; (All state-regulated payers would be required to pay into this unified system, including Medicaid, Medicare Advantage, and health insurance provided by the state and counties, and commercial health insurance plans funded by employers and individuals.); (2) provide parity of mental and physical health coverage; (3) provide cost-effective regulation of comprehensive health care delivery systems with an administrative overhead of less than 3%; (4) include and protect all women’s healthcare needs including reproductive rights and the healthcare needs of the LGBTQIA community; (5) provide preventative health programs; (6) provide long-term care, dental, and vision care; and (7) provide healthcare to Compact of Free Association (Federated States of Micronesia, the Marshall Islands, and Palau) (COFA)) citizens and other non-citizens lawfully residing in Hawai`i on an equal basis with US citizens and permanent residents.

SB 1231 expands the role of the State Health Planning and Development Agency (SHPDA), which is currently responsible for determining certificates of need for new hospitals and other health care facilities.

The expansion would be into territory within the purview of the HHA. As such, this Senate Committee on Health should consider re-activating and empowering the HHA rather than expanding SHPDA.

The Health Committee's concern is that this bill specifically directs an expanded SHPDA to "review . . . strategies for increasing competition in the health insurance field." This expansion would further entrench the health insurance plans and increase costs.

As such, while the Health Committee supports the role of SHPDA, we recommend re-activating the HHA rather than expanding the role of SHPDA in these ways directed by legislation which may not be in the best interest of cost-effective care for Hawaii.

For these reasons, we urge you to defer this bill as it expands the role of SHPDA in ways directed by legislation which may not be in the best interest of cost-effective care for Hawaii. In addition, it is consistent with the Democratic Party Platform among other things.

Mahalo for this opportunity to testify,

/s/ **Melodie Aduja**

Melodie Aduja

Chair, Health Committee

Democratic Party of Hawai'i



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-First Legislature, State of Hawaii
The Senate
Committee on Health

LATE

Testimony by
Hawaii Government Employees Association

February 8, 2021

S.B. 1231 – RELATING TO STATEWIDE HEALTH PLANNING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes the purpose and intent of S.B. 1231 which changes mandates in the statewide health planning and resource development programs to be discretionary and optional.

Due to the complexities of delivering accessible healthcare at a reasonable cost to everyone in Hawai'i, our state utilizes a highly regulated certificate of need (CON) process where applications are subject to a standard or administrative review by community advisory councils who ensure transparency and accountability of all healthcare providers. Any new service from either an existing or new provider is considered based on six statutory criteria categories with the opportunity for public input. This process ensures new services are assessed against our entire statewide healthcare system and not via a piecemeal, island-specific approach. Without the current regulatory mechanism, there will be absolutely no oversight to protect our local, non-profit providers from out-of-state, for-profit mainland providers which will result in increased costs for insurers and patients. Further, if the CON process is made discretionary, it will allow for health care decisions to be guided by political whim which is contrary to ensuring a fair and comprehensive health care system for our community.

Although S.B. 1231 purports to reform the statewide health planning and resource development program, these proposed changes will only fragment our healthcare system and therefore offers no benefit to our state. Thank you for the opportunity to testify in opposition of S.B. 1231.

Respectfully submitted,

Randy Perreira
Executive Director

LATE

Aloha everyone,

Changing some of the aspects of a CON process does not require that we leave the very existence of a CON process as an open question, but that is what SB1231 will do as it is currently written.

I have been involved in Certificate of Need processes in Hawaii (mostly on Maui) for the past 31 years. I have been involved in drafting, submitting, supporting, and opposing numerous applications, including, on the service side of health care, hospice services and home health services, and on the facility side, hospice inpatient units, a skilled nursing facility, and a startup hospital.

From my perspective, the CON is the single common element, and I would argue the most important element, in the healthcare landscape. It allows community scrutiny of proposals that can affect thousands of people, and it requires prospective service providers to show in detail what they are planning to do, what it will cost, and whether they have the human and financial capital to succeed.

The success or failure of healthcare ventures have more far-reaching effects than most other businesses ventures, and even when it is determined that they can succeed, the CON process examines whether there is an unmet need and whether other healthcare entities will be harmed—considerations that speak to fundamental values that we hold dear in Hawaii.

I am not alone in stating that I cannot say whether the political and circumstantial forces that support this bill are acting in the best interest of the State of Hawaii, because the legislative process is not as transparent or as thorough as the CON process. And the importance of having such a process should not be trivialized, either by accident or by design.

Greg LaGoy, CEO
Hospice Maui

LATE

SB-1231

Submitted on: 2/8/2021 7:34:23 AM

Testimony for HTH on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Katherine W. Brooks	Testifying for North Hawaii Hospice, Inc.	Comments	No

Comments:

February 8, 2021 at 9:30am

Senate Committee on Health

To: Chair Jarrett Keohokalole

Vice Chair Rosalyn H. Baker

From: Katherine Werner Brooks, MHA

Executive Director

North Hawaii Hospice, Inc.

Re: Submitting Comments

SB 1231, Relating to Statewide Health Planning,

In the state of Hawaii the State Health Planning Office has performed effectively and there are concerns that moving the process to the health department and making the CON process optional would cause disruption and significant expenditure of resources.

In the case of hospice organizations there is great concern regarding elimination of the CON process. Currently the neighbor island hospices struggle with a limited ability to grow a census that is large enough to reach a financial break-even point. These non-profit entities must have community support through fundraising in order to survive.

On the mainland there are several large for-profit hospice chains and several of them have made applications for a CON over the past 15 years. These corporate organizations desire to open locations in Hawaii and spend a large amount of money gaining market share. On the neighbor islands the fear is that there isn't adequate population/census to support multiple hospices.

The other concern is entry into the market of smaller start-ups that want to open hospices in Hawaii. Over the past 15 years we have managed to fend off many of them through the CON process. At the hearings it has been obvious that some of the applicants were of questionable integrity, were lacking in clinical expertise or were very poorly funded. Luckily they were not granted certificates of need.

Hospice is a unique service because end-of-life only affects a single individual once (and for a limited time frame)so there is no "shopping around" possible. We feel that the CON process is protective of the community members of the neighbor islands at a very fragile time.

Katherine Werner Brooks, MHA, BSN

Executive Director

North Hawaii Hospice, Inc.

[\(808\) 895-2633](tel:8088952633)

On Jan 12, 2021, at 12:43 PM, Paige Heckathorn Choy
<pchoy@hah.org> wrote:

SB-1231

Submitted on: 2/7/2021 3:11:28 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Erin Hamilton	Individual	Comments	No

Comments:

SHPDA has served as an efficient, effective administrator of the certificate of need (CON) process and has allowed for Hawaii Healthcare providers to offer fair and balanced community input. There is concern this measure would compromise the states continued ability to carry out these essential functions & protection of patients.

LATE

Dear Sen. Jarrett Keohokalole, chair of the Senate Committee on Health

My name is Michael Gibson, I work for the Kauai Fire Department as Deputy Fire Chief.

I am in opposition to bill SB1231 because it amends HRS Section 323D-12 relating to the health planning and development functions of SHPDA by changing the word "shall" to "may." By doing this, it makes the performance of these functions discretionary instead of mandatory. This weakens the authority of SHPDA as a regulatory body to implement the law and administer the Certificate of Need program. It contradicts the stated purpose of the bill to make the program more effective.

The State Health Planning & Development Agency (SHPDA) was established by law and plays a very important role in ensuring that the people of Hawaii have access to quality health services at reasonable cost. Through SHPDA, the State is enabled to evaluate the need for health care within an area based on the financial impact to residents and communities, and through the Certificate of Need (CON) process, ensure that there is an effective mechanism to keep unscrupulous entities from entering into the state and providing care.

Sincerely,

Michael Gibson
Kaua'i County Fire and Ocean Safety

SENATE COMMITTEE ON HEALTH
Senator Jarrett Keohokalole, Chair
Senator Rosalyn H. Baker, Vice Chair



Date: February 8, 2021
From: Stephen Kemble, MD

Re: SB 1231 Relating to Statewide Health Planning
Position: Oppose

Chair Keohokalole and members of the Senate Committee on Health,

I fully support the role of the State Health Planning and Development Agency, but the expanded responsibilities proposed in this bill are already included in the listed responsibilities of the Hawaii Health Authority, now in statute as HRS 322H. Instead of expanding the role of SHPDA, the Governor and Legislature should re-activate the Hawaii Health Authority to fulfill its statutory mission.

I was one of the original members of the Hawaii Health Authority, and we met regularly from 2011 to 2013 and submitted 3 reports to the legislature, outlining a road map for how to transition Hawaii toward a more cost-effective universal health care system covering all residents of the state. The administrator for SHPDA attended many of our meetings and we were in full support of the mission of SHPDA.

However, achieving the administrative savings necessary for cost-effectiveness would have required restrictions on the competitive insurance business model, resulting in opposition from the health insurance companies, and Gov. Abercrombie withdrew his support for the HHA.

After a decade of leaving health care reform in the hands of the health insurance plans, we have seen an average of 7% rise in premium cost per year and we now have a steadily worsening shortage of physicians, especially in primary care. Payment reforms have made primary care practice more complicated, administratively burdensome and costly, and result in so much uncertainty in income that almost no doctors are now willing to open a private practice here. Physicians must now spend over 15% of their practice income just on coping with payment systems, a figure that would be outrageous for any other profession. The large health systems are not hiring enough primary care physicians to fill the need, so we are losing doctors much faster than they can be replaced.

Our problems with cost and access to care are a direct result of health insurance driven reforms, and I do not believe we would be in this predicament if the recommendations of the Hawaii Health Authority back in 2011-2013 had been heeded. Now that we are in a pandemic induced budget crisis, we need the Hawaii Health Authority as a planning agency more than ever. It needs to be re-activated and empowered to do what HRS 322H says it should do.

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



LATE

February 7, 2021

Senator Jarrett Keohokalole, Chair
Senate Committee on Health

**Hearing, Monday, February 8, 2021
Testimony in Opposition of SB1231**

Dear Senator Keohokalole and Members of the Senate Health Committee,

Thank you for the opportunity to submit testimony against bill SB1231 because it amends HRS Section 323D-12 relating to the health planning and development functions of the State Health Planning & Development Agency (SHPDA) by changing the word “shall” to “may.”

My name is Emelyn S. Kim and I have a consulting business, Elder Care 808 that provides counseling and assistance to caregivers of older adults. Also, I am the current Chair of the Health Planning Council, West Oahu Subarea (WOSAC). As a volunteer, I believe citizen involvement in government is integral part of a healthy democracy. One of my duties and responsibilities is to assist in the review of the Certificate of Need (CON) applications from service providers and make recommendations as to whether these proposals meet the certificate of need criteria of the Department of Health (DOH).

This bill would weaken the authority of SHPDA as an independent regulatory body to implement the law and administer the Certificate of Need program. By changing this one word, it makes the performance of these functions discretionary instead of mandatory. It does not make the program more effective. Instead, it could give the DOH reason to eliminate the agency as a cost-saving effort to balance the state budget. This could lead to a conflict of interest by placing the CON directly under the director of health because the DOH is also a service provider (as it oversees the State Hospital and HHSC). Therefore, the DOH would be regulating itself. I strongly oppose bill SB1231 for these reasons.

Respectfully submitted,

Emelyn S. Kim, MS

Consultant

Elder Care 808

(808) 754-1599

emelyn@eldercare808.com

LATE

SB-1231

Submitted on: 2/8/2021 6:53:23 AM

Testimony for HTH on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Curt S. Morimoto	Individual	Oppose	No

Comments:

Thank you for hearing SB1231. There are vital responsibilities of SHPDA to include the CON process. This healthcare 'check & balance' program may be eliminated if this bill is passed. Please do not approve SB1231 from moving forward this session. Thank you.

LATE

SB-1231

Submitted on: 2/8/2021 7:26:58 AM

Testimony for HTH on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
David Kingdon	Individual	Oppose	No

Comments:

While I respect the intent of introducers feeling that this bill provides "flexibility," in the context of a regulatory environment I fear this could actually render the State Health Planning & Development Agency (SHPD) ineffectual in its oversight of the Certificate of Need (CON) process. A rigorous, evidence-based, and enforceable CON process is of paramount importance to ensuring that a state's healthcare system has an appropriate and effective distribution of available services.

Thank you for your consideration.

David Kingdon, MPH, Paramedic

LATE

SB-1231

Submitted on: 2/8/2021 8:53:13 AM

Testimony for HTH on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Speedy Bailey	Individual	Oppose	No

Comments:

I support HPH's testimony in opposition!