

**STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I**  
**STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
CONSUMER PROTECTION & COMMERCE  
FEBRUARY 16, 2023, 2:00 PM

HOUSE BILL 517, HD1  
RELATING TO HEALTH DATA SHARING

Chair Nakashima, Vice Chair Sayama, and members of the committee, thank you for the opportunity to submit testimony on House Bill 517, HD1. The State Procurement Office (SPO) opposes the Chapter 103D, Hawaii Revised Statutes (HRS), exemption language in SECTION 4, page 12, lines 8-21, and page 13, lines 1-2 set forth below.

“(j) For purposes of implementing this Act, including but not limited to hiring staff and consultants, facilitating, and conducting meetings, conducting research and analysis, and developing the required reports, the working group and department of health may enter into exclusive or nonexclusive contracts on a bid or negotiated basis. Any contract executed pursuant to this Act shall be exempt from chapter 103D, Hawaii Revised Statutes; provided that the working group shall ensure transparency when executing the contract.

(k) All actions to implement the Hawaii health data exchange framework, including the adoption or development of any data sharing agreement, requirements, policies and procedures, guidelines, subgrantee contract provisions, or reporting requirements, shall be exempt from chapter 103D, Hawaii Revised Statutes; provided that the stakeholder advisory group shall ensure transparency.”

The SPO objects to the procurement exemption and testifies that services for this project should be competitively procured.

Chapter 103D, HRS, Hawaii Public Procurement Code (Code), is the State's single source of public procurement policy to be applied equally and uniformly, while providing fairness, open

competition, a level playing field, government disclosure, and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with both Chapter 103D and 103F, HRS, conveys a sense of disproportionate equality in the law's application.

Exemptions to the Code mean that all procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning, or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

The National Association of State Procurement Officials states that "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies are removed from the Hawaii Public Procurement Code, it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices. Moreover, a public body often can no longer achieve the benefits of aggregation by using another public body's contract because different state laws and regulations may apply to the various public bodies making compliance more difficult.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costly, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

Thank you.



February 16, 2023

The Honorable Mark Nakashima, Chair  
The Honorable Jackson Sayama, Vice Chair  
House Committee on Consumer Protection and Commerce

Re: HB 517 – Relating to Health Data Sharing

Dear Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

Hawai'i Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB517, which will require future health data sharing and establish a stakeholder advisory group to develop a uniform agreement to facilitate the standardized exchange of health information in Hawaii. This is aligned with current federal data sharing trends and standards.

Health equity and access to high quality health care need to improve, especially for underserved Hawaii residents. While health data is currently shared in pockets, we lack standardization across the sector, we lag behind other industries in real-time sharing, and not everyone participates. This lack of participation creates incomplete data sets and large gaps. The ability to share standardized data in real-time is essential to improve outcomes, identify Hawaii's unique social risk factors, and lower administrative, financial, and technical burdens.

By modeling this bill on successful legislation passed in the state of California<sup>1</sup>, we can avoid reinventing the wheel and instead capitalize on the work of hundreds of experts and members of the public who spent the last year shaping a framework built on the following guiding principles:

- Advancing Health Equity
- Making Data Available to Drive Decisions and Outcomes
- Supporting Whole Person Care
- Promoting Individual Data Access
- Reinforcing Individual Data Privacy and Security
- Establishing Clear and Transparent Terms and Conditions for Data Collection, Exchange, and Use
- Adhering to Data Exchange Standards
- Ensuring Accountability

We appreciate that this bill's language is inclusive and not meant to be a government-run data exchange or a single, mandated solution, but rather an approach to convening the relevant parties to develop a mutually beneficial agreement around health data sharing. We also appreciate the

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<sup>1</sup> <https://www.chhs.ca.gov/data-exchange-framework/>



legislature's intent to leave flexibility for the expansion of, and not replace, any existing technology or infrastructure. We also support that the agreement will not mandate HOW the data must be shared, but instead create standardization and uniformity and a foundation for which we can build upon.

We respectfully request the following change and addition:

- 1) Page 6, line 2 to read "the entities listed in subsection ~~(b)~~ (c) shall exchange health information"
- 2) Page 8, line 13 subsection (b) to also include a representative from "Hawaii Association of Health Plans" as a member of the advisory group.

We cannot afford to delay the effort to put in place a real-time, health data sharing framework based on mandated national standards. Further delays will result in continued fragmentation of data sharing in Hawaii's health care ecosystem as each Hawaii health organization pursues its own unique data sharing strategy. Instead, we need to collaboratively work together to improve health outcomes and lower health care costs. Every dollar saved on health care is a dollar that we can put toward Hawaii's housing, education, and infrastructure. We support the legislature's intent to give our state the best chance of accomplishing this by bringing all parties to the table to create a data solution that will work for everyone.

Thank you for the opportunity to testify in support of HB517.

Sincerely,

Jennifer A. Diesman  
Senior Vice President  
Government Policy and Advocacy



**February 16, 2023 at 2:00 pm**  
**Conference Room 329**

**House Committee on Consumer Protection and Commerce**

**To:** Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama

**From:** Hilton R. Raethel  
President and CEO  
Healthcare Association of Hawaii

**Re: Oppose**  
**HB 517 HD 1, Relating to Health Data Sharing**

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 more than 30,000 people statewide.

Thank you for the opportunity to provide testimony in **opposition** of this measure, which seeks to require the establishment of a Hawaii Health Data Exchange Framework. The framework would apply to a variety of provider types, including hospitals, nursing homes, and physician organizations, along with health insurance plans. Our members generally agree with the principles and goals that prompted this legislation. However, we have the following concerns:

The timing is not good for healthcare providers to embark on this initiative. Many of our members are in survival mode because of the impact of the COVID-19 pandemic on their finances and workforce, and are focusing all their efforts on taking care of their patients and residents while dealing with a variety of operational challenges.

Hawaii already has a statewide health information exchange (HHIE) that has broad based community support. As participants and leaders in creating agreements and policies that govern the statewide HIE, providers, insurers, and government agencies have worked for several years to expand the capabilities of health systems to share real-time patient information to improve outcomes and reduce costs. This work has been most evident at larger institutions like hospitals, which were provided with financial resources and incentives through various Medicare programs and payments to expand their interoperability and data-sharing capabilities. As a result, hospitals in Hawaii are generally able to share real-time information.

What is not yet known are the potential benefits of this proposed legislation, whether this legislation would result in supplementing or replacing the HHIE, nor what technology platform

would be needed to fulfill the aspirations of this legislation. There is a remaining concern that ultimately this measure will create financial and labor burdens on all involved entities, and especially smaller entities that do not have robust IT departments and personnel.

It is important to note there are emerging federal requirements on data-sharing that have not been finalized. In 2016, Congress passed the 21st Century Cures Act, which mandated the development of a trusted exchange framework and common agreement, similar to what this bill seeks to recreate at the state level. On January 18, 2022, the U.S. Department of Health and Human Services' Office of the National Coordinator (ONC) announced the publication of the Trusted Exchange Framework and the Common Agreement (TEFCA), which sets out important standards for health information sharing.<sup>1</sup> The agreement also enables entities to apply for and be designated as Qualified Health Information Networks (QHINs), which seek to connect participants across the entire country in exchanging health information. Our understanding is that agencies like the Hawaii Department of Health could apply to serve as one of these QHINs and receive support and guidance that meet national best practices.

Achieving true interoperability and data-sharing is laudable, but challenging and time-consuming. We concur that there are areas where improvements could be made in order to bring the full potential of data-sharing between providers, patients, and community organizations to bear, but there is a lack of clarity regarding these potential benefits, or their magnitude, especially in relation to the time and costs involved. We are, however, concerned that this bill will not ultimately achieve the goal of true interoperability. Instead, it would enshrine potentially onerous and conflicting data-sharing requirements for many providers that have few financial resources, creating an unfunded mandate that will further stress the healthcare industry.

This is an important discussion that cannot nor should be rushed. Further, community organizations and small organizations should be given the opportunity to provide input on how best to implement any agreement so that we can have a thoughtful, comprehensive data-sharing system that meets the ultimate goal of improving care and outcomes.

As such, we support the creation of a working group to define and refine what data-sharing and interoperability can look like in the state, how it can be achieved and funded, and make sure that it does not conflict with federal requirements. Thank you for the opportunity to comment on this important measure.

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<https://www.hhs.gov/about/news/2022/01/18/onc-completes-critical-21st-century-cures-act-requirement-publish-es-trusted-exchange-framework-common-agreement-health-information-networks.html>

Thursday, February 16, 2023 – 2:00pm  
Conference Room 329

**House Committee on Consumer Protection & Commerce**

To: Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair

From: James Lin, MD  
Vice President, Information Technology

**Re: HB 517, HD1 Relating to Data Sharing – Testimony in Opposition**

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My name is Dr. James Lin, MD, Vice President Information Technology and Pediatric Hospitalist at 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 seventy locations statewide with a mission of creating a healthier Hawai'i.

Hawai'i Pacific Health writes in OPPOSITION to HB 517, HD1 which establishes the Hawai'i health data exchange framework and a stakeholder advisory group to assist the department of health in the development of the framework; requires certain health care organizations to execute a health data sharing agreement by 9/1/2030; and establishes deadlines for certain entities to begin sharing health information.

Since the prior hearing on this bill where we expressed our concerns regarding the scope, duplication of efforts and potential costs of implementation, additional information has been brought to our attention which now requires that we oppose HB 517, HD1. Our primary objection is that the bill creates an unfunded mandate and does not take into consideration the cost of implementation and compliance to the state, health systems and providers. In California, funding in the amount of \$250 million was needed to support a similar data exchange platform. It is anticipated that an investment of state funds in an amount equal to the amount needed in California would also be required in Hawai'i. Such spending would be imprudent in light of the operations of the Hawaii Health Information Exchange (HHIE).

This bill could result in the undermining of the HHIE which has existed as the State's designated Data Exchange since 2009. As a Board Member of the HHIE, HPH is concerned that HB 517, HD1 could undermine and distract from the work that has been done by HHIE. For example, we estimate approximately 80% of the efforts envisioned by HB 517 is already being collected – and resourced – by and within the HHIE member network for real time data exchange. Data sharing agreements, policies and procedures,



and governance across all types of health care providers in Hawai'i already exist. The main barriers to HHIE participation from the wider community have been financial burden and technology expertise. It is not from lack of desire by the health care community. Requiring data exchange without addressing these barriers will cause an undue burden in increased overhead costs and administrative burden especially on independent providers or smaller health care entities, further exacerbating current health care provider shortages. The technological expertise to deliver what is envisioned in HB 517 will require the marshalling of resources that is also beyond the capabilities of any State Department to manage and will more than likely result in the outsourcing to a 3<sup>rd</sup> party vendor at great expense for the State to achieve the same goals aspired to by HHIE.

HB 517, HD1 further authorizes implementation on work and activities without consideration or awareness of duplication with efforts that the provider community has been engaged and organized under Federal guidance. As written, HB 517, HD1 risks creating unnecessary State level standardization that duplicates and could potentially be in conflict or redirect focus around the priorities established under the 21<sup>st</sup> Century Cures Act Final Rule. The CURES Act was enacted in 2016 by Congress and has been in effect since April 5, 2021 to ensure healthcare network to network exchange of health information between parties as contemplated in HB 517.

For example, the next phase of the establishing of a trusted exchange framework contemplated in HB 517, HD1 has already been finalized by the U.S. Department of Health and Human Services Office of the National Coordinator (ONC) following the enactment of the Federal CURES Act through the establishment of the Trusted Exchange Framework and Common Agreement (TEFCA). TEFCA will serve as an on ramp to connectivity for groups including healthcare provider organizations, public health agencies, individual service providers, Federal agencies (e.g. Social Security Administration), Health plans, and other insurers. TEFCA was published in Q1 of 2022 with ongoing updates and stakeholder feedback being provided to amend version 1. Since Q2 2022, Qualified Health Information Networks (QHIN) – including the electronic health record vendor Epic used by Hawaii Pacific Health and the majority of healthcare systems in Hawaii – have signed on as signatories in adopting TEFCA as their standard. The first QHINs announced on Feb 14, 2023, include national health exchanges who support the Veteran's Administration, Department of Defense, Epic, and many other electronic medical records currently used in Hawai'i today. QHINs are expected to pilot real time exchanges in the next quarter.

The TEFCA standard is a standard that healthcare providers across county are moving towards, which raises concerns regarding the rationale and feasibility of HB 517, HD1 given the ongoing participation and response to Federal guidance in this area amongst the provider community. The TEFCA standards also enables entities, such as the Department of Health, to apply for and be designated as Qualified Health Information Network (QHINs) to have access to the data being collected across various electronic healthcare systems both within our State and across the nation.

Second, the stated go-live dates and workplans announced in HB 517's workplans such as a stated go-live date of September 1, 2032 appear arbitrary and unsupported by any stakeholder participation. The efforts stakeholders have made toward being compliant with TEFCA standards are significant and complex. Therefore, the introduction of State led timelines – as stated in HB 517 -- without an opportunity of understanding the complexities to move such processes forward would seem imprudent without an understanding by stakeholders of the purpose, resources, and compatibility in relation to actual work being done on the ground.

In lieu of HB 517, we recommend that this Committee consider a concurrent resolution that would bring stakeholders together in a working group to study, discuss and give more thought and consideration on the technical and practical aspects of achieving the laudable goals of this measure. HPH would welcome participation on the task force which we believe is a critical first step prior to embarking on implementing such a far-reaching project as called for in HB 517.

Thank you for the opportunity to testify.

**Testimony of Hawaii Health Information Exchange  
Comments for H.B. 517 H.D.1-Relating to Health Data Sharing  
House Committee on Consumer Protection and Commerce**

**Thursday, February 16, 2023, at 2:00 p.m. via Videoconference/Conference Room 329**

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Dear Chair Nakashima, Vice Chair Sayama, and Committee members:

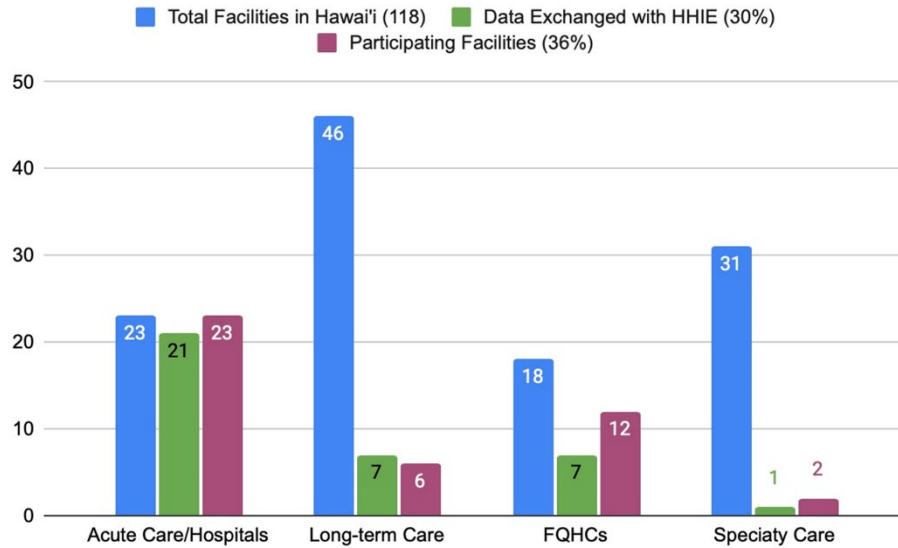
Thank you for the opportunity to submit **COMMENTS** for H.B. 517 H.D.1, Relating to Health Data Sharing, which would establish a health data exchange framework to expand health information exchange among health care entities and government agencies and establish a working group to assist the Department of Health with developing the health data exchange framework.

Hawaii Health Information Exchange (HHIE) does not believe that the State needs legislation to reinvent a health data exchange framework, given that HHIE has been in existence for over 16 years, and has successfully enabled data sharing in the State. HHIE supports broad participation in data exchange by all providers. Creating this data exchange framework took many years of arduous community effort and growing pains, and tens of millions of dollars of investment from private and public partners. **Allocating funds immediately to support providers and facilities who are ready and willing to build data connections to HHIE, and who are constrained by financial resources, will be much more effective in advancing the bill's goals.**

HHIE was founded in 2006 by Hawaii's major healthcare entities, including hospitals, health systems, and health plans, to serve as Hawaii's neutral, trusted entity to aggregate and securely exchange patient-level health and medical records between health plans, health systems, and providers. HHIE's mission and vision support this purpose.<sup>1</sup> **HHIE has been sharing patient-level data with hospitals, providers, and health plans since 2015.**

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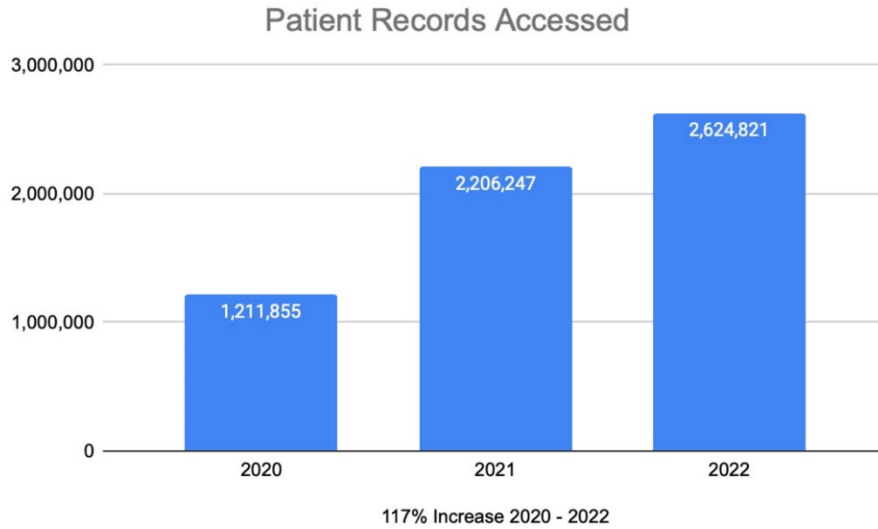
<sup>1</sup> <https://www.hawaiihiic.org/mission>



In 2009, HHIE became the State’s Designated Entity to facilitate exchange of health information. In February 2012, the designation was re-affirmed in a Memorandum of Agreement between the Hawai‘i HIE and Governor Neil Abercrombie. In 2014, HHIE was recognized and designated as the only functional statewide HIE in Hawai‘i through a 2014 Hawai‘i Senate Concurrent Resolution No. 36 (2014)/2014 Hawai‘i House Concurrent Resolution No. 40 (2014). Under the Concurrent Resolution, it was resolved that HHIE continue to advance health care transformation initiatives, including the electronic exchange of health information as a partner with the Hawaii State Legislature and Administration. In 2015, Governor David Ige affirmed the role of HHIE as key partner in Hawaii’s strategies for system-wide health innovation.

HHIE has in place data sharing agreements, a governance framework, and infrastructure compliant with federal standards that connects most major health systems, hospitals, and both major laboratories statewide. Healthcare providers across Hawaii’s healthcare spectrum, including independent providers, cancer centers, and Federally Qualified Health Centers, share data and/or access patient records through HHIE to provide the best treatment to their patients. Additionally, HHIE played a pivotal role in the COVID-19 pandemic by transmitting COVID-19 testing results to the Department of Health for their reporting to policymakers at the local and federal level. HHIE’s data sources come from Oahu, Hawaii Island, Maui, Lanai, Kauai, and Molokai. Today, we can aggregate and securely exchange data for nearly four million patients who have obtained healthcare services in Hawaii, including residents, visitors, veterans, military personnel, and their dependents. In addition, HHIE monitors about 700,000 patients identified by their providers as “high risk” because of chronic illnesses. HHIE sends real-time electronic alerts and notifications to their care managers to ensure those individuals receive follow-up care and achieve optimal health outcomes, reduce preventable readmissions, and help hospitals save costs. **During an average week, about 3,600 providers and their staff access records for over 24,000 patients. Using HHIE saves lives and betters patient care.**<sup>2</sup>

<sup>2</sup> [Testimonials - Hawaii Health Information Exchange - Healthenet \(hawaiihiic.org\)](https://www.hawaiihiic.org/testimonials)



Because HHIE has made such extensive progress in advancing patient data exchange in our state, HHIE’s Board of Directors, comprised of leaders from Hawaii’s healthcare and business community, affirmed through a board resolution that HHIE should remain the focal point for health information exchange throughout the state.

Mahalo for allowing HHIE to share its perspectives on H.B. 517 H.D.1.

Francis Chan  
 Chief Executive Officer  
 Hawai‘i Health Information Exchange  
 Email: [fchan@hawaiihie.org](mailto:fchan@hawaiihie.org)  
 808-441-1431



## THE QUEEN'S HEALTH SYSTEM

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To: The Honorable Mark M. Nakashima, Chair  
The Honorable Jackson D. Sayama, Vice Chair  
Members, House Committee on Consumer Protection & Commerce

From: Harold Moscho, Vice President and CIO, The Queen's Health System  
Jace Mikulanec, Director, Government Relations, The Queen's Health System

Date: February 16, 2023

Re: **Testimony opposed to HB 517, HD1: Relating to Health Data Sharing**

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The Queen's Health System (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 10,000 affiliated physicians, caregivers, and dedicated medical staff 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 testimony in **opposition** to HB 517, HD1, relating to data sharing. This measure establishes the Hawai'i health data exchange framework and establishes a stakeholder advisory group to assist the Department of Health in the development of the framework. The bill also requires certain health care organizations to execute a health data sharing agreement (DSA) by September 1, 2030. Queen's appreciates the intent of this measure to help comply with federal data sharing requirements adopted and promulgated via the 21<sup>st</sup> Century Cures Act (2016) however, as drafted, the HD1 creates an unfunded mandate and duplicates work efforts already being undertaken by the Hawai'i Health Information Exchange (HHIE).

As noted in the previous committee's report for this measure, the California legislature who most recently passed legislation establishing a similar framework appropriated approximately \$250 million to assist hospitals, providers, and other facilities with compliance. This bill includes no such appropriation or incentives aimed at providers to help them comply with state and/or federal requirements.

We echo the comments expressed by the Healthcare Association of Hawai'i (HAH) and the Hawai'i Health Information Exchange regarding challenges faced by smaller and independent practices, skilled nursing facilities, and other home health agencies who lack financial and workforce resources necessary to fully participate in the HHIE and question whether this legislation ultimately helps address this. Furthermore, we have concerns that the proposed health data exchange could conflict or, at the very least, duplicate work set forth under the federal Cures Act (and existing efforts of the

*The mission of The Queen's Health System 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.*

HHIE). Under the Cures Act, the Trusted Exchange Framework and Common Agreement (TEFCA) provides the basis for broad data sharing agreements and also provides for a common set of policies and procedures to govern such agreements. Queen's and other health systems support this framework aimed at realizing the goal of the Cures Act to ensure greater standardization of health data and thus broader interoperability. Furthermore, just two days ago, on February 13, 2023 the U.S. Department of Health and Human Services announced the first six organizations approved as Qualified Health Information Networks (QHINs) under the TEFCA, a requirement under the Cures Act to create the network for sharing health data nationwide.

Additionally, it is worth noting that one of the critical barriers to the mission of the HHIE, and the Cures Act, was information blocking; defined within the Act as business, technical, and organizational practices that prevent or materially discourage the access, exchange or use of electronic health information (EHI). For example, this can happen when physicians try accessing patient records from other providers or when providers try migrating from one EHR to another, etc. In October 2022 the final rule relating to information blocking went into effect and expanded interoperability requirements further to include all physicians, providers, health IT developers of health IT, and health information networks or exchanges.

As a member of HHIE, Queen's sees no reason to duplicate work efforts proposed in HB 517, HD1 by establishing a separate state mandate; relevant stakeholders are currently working to address the data sharing goals outlined in the measure and can continue to execute on those efforts without establishing such work in statute.

HHIE is ideally positioned to address broader data sharing and interoperability agreements and can continue to act as the primary convener of relevant stakeholders that have a vested interest in meeting the goals of the 21<sup>st</sup> Century Cures Act and addressing outstanding gaps in participation in the HHIE. As such, we urge the committee to instead create a working group via concurrent resolution to address concerns raised by stakeholders and come back to the legislature with a more targeted plan of action; Queen's stands ready to take part in this effort.

Queen's appreciates the Committee taking the time to seriously consider the implications of this measure on the provider community and we request the Committee defer HB 517, HD1.

Testimony of  
Greg Carlson  
Executive Director, Care Delivery Technology Services

Before:  
House Committee on Consumer Protection & Commerce  
The Honorable Mark M. Nakashima, Chair  
The Honorable Jackson D. Sayama, Vice Chair

February 16, 2023  
2:00 p.m.  
Via Videoconference  
Conference Room 329

**Re: HB 517, HD1, Relating to Health Data Sharing**

Chair Nakashima, Vice Chair Sayama, and committee members, thank you for this opportunity to provide testimony on HB 517, HD1, which establishes the Hawai'i health data exchange framework and requires the deadline to execute a health plan sharing agreement by 9/1/2032.

**Kaiser Permanente Hawai'i OPPOSES HB 517, HD1.**

Kaiser Permanente Hawai'i is one of the nation's largest not-for-profit health plans, serving 12.6 million members nationwide, and more than 269,000 members in Hawai'i. In Hawai'i, more than 4,200 dedicated employees and more than 650 Hawai'i Permanente Medical Group physicians and advance practice providers work in our integrated health system to provide our members coordinated care and coverage. Kaiser Permanente Hawai'i has more than 20+ medical facilities, including our award-winning Moanalua Medical Center. We continue to provide high-quality coordinated care for our members and deliver on our commitment to improve the health of our members and the 1.4 million people living in the communities we serve.

While KP supports the intent of HB 517, HD1 to enable deeper interoperability that advances the availability of high-quality, affordable health care services and improves the health of our members and communities, we are concerned that establishing an additional Statewide Health Data Exchange in Hawai'i is problematic for several reasons. First, we are concerned that it would be redundant and duplicate existing efforts given that Hawai'i already has a health information exchange, Hawai'i Health Information Exchange (HHIE), which is connected to a national exchange and uses federal standards.

We are also concerned that the Statewide Health Data Exchange created by HB 517, HD1 could conflict with national standards. The federal 21st Century Cures Act Trusted Exchange Framework and Common Agreement (TEFCA) and its Standard Operating Policies and Procedures should



serve as the basis for establishing a single Data Sharing Agreement and a Common Set of Policies and Procedures in Hawai‘i. It is imperative that Hawai‘i avoids adopting different standards that conflict with the current national standards, as this would impede interoperability both regionally and nationally.

Additionally, we are concerned that there is not sufficient funding to enable successful implementation of a new comprehensive statewide data sharing framework. Before moving forward, Hawai‘i should identify necessary resources and allocate sufficient funding to establish and run the program in addition to setting aside funds to provide technical assistance to small or under-resourced providers or community organizations.

We believe the best way to achieve the goal and intent of HB 517, HD1 is to leverage existing frameworks and work currently underway to improve and advance health care information interoperability via the adoption of national HL7 FHIR standards and the TEFCA framework. This approach will ensure consistency across lines of business and reduce administrative burden for plans and providers. It will also ensure that Hawai‘i remains current with nationwide advancements in information access and exchange. To promote interoperability and adoption of national standards it is crucial that any state requirements to participate in a statewide data exchange can be fulfilled by participation in a national health exchange that connects to the state exchange.

**We request the committee defer HB 517, HD1 and create a working group, via substantive resolution,** to evaluate the proposal and develop recommendations that consider the true scale of duplicative work, financial impact to participants and the state, and resources needed to support participation by more vulnerable sectors of the provider continuum such as post-acute facilities, small independent rural health care practitioners, and community-based providers.

Mahalo for the opportunity to testify on this important measure.



Thursday, February 16, 2023 – 2:00pm  
Conference Room 329

**House Committee on Consumer Protection & Commerce**

To: Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair

From: Geri Young, MD  
HPHMG, Medical Director of Kauai

**Re: HB 517, HD1 Relating to Data Sharing – Testimony in Opposition**

My name is Dr. Geri Young, MD, Medical Director for the Hawai'i Pacific Health Medical Group (HPHMG) with Wilcox Health on the island of Kaua'i. Wilcox Health comprises Wilcox Medical Center and Kauai Medical Clinic. A not-for-profit medical center founded in 1938, Wilcox Medical Center is the largest medical center on Kauai with a full suite of services offering 30 specialties and programs, including cardiology, emergency, family practice, gastroenterology, health management, internal medicine, neurology, OB-GYN, oncology, orthopedics, pediatrics and urology. Its 18-bed Emergency Department serves as the island's Primary Stroke Center, and its state-of-the-art acute care facility has four birthing suites, seven intensive care beds and 20 same-day surgery beds. Wilcox is the first American College of Surgeons-verified Level III Trauma Center in the state of Hawaii.

Kauai Medical Clinic is the island's largest multispecialty medical group with more than 90 physicians and midlevel providers offering primary and specialty care at clinics in Eleele, Kapaa, Koloa and Lihue. Kauai Medical Clinic also offers an Urgent Care Clinic in Lihue.

I am writing in OPPOSITION to HB 517, HD1 which establishes the Hawai'i health data exchange framework and a stakeholder advisory group to assist the department of health in the development of the framework; requires certain health care organizations to execute a health data sharing agreement by 9/1/2030; and establishes deadlines for certain entities to begin sharing health information.

Data sharing is a laudable goal and one that we have been committed to since the Hawai'i Health Information Exchange (HHIE) was formed. However, we are concerned that this bill will create confusion with stakeholders involved in ongoing efforts by establishing a duplicative state mandate to run parallel with existing stakeholder efforts occurring nationally under Federal guidance under the 21 Century Cures Act.

We understand that this bill is modeled after similar legislation passed in California. However since the introduction of this bill we have learned that the conditions in California at the time their bill was introduced and passed were significantly different than the conditions on Hawai'i, and most definitely on the island of Kaua'i. For example, California unlike Hawai'i did not have a single statewide designated Data Exchange – and instead a network of regional data exchanges - making the introduction of California legislation a necessity to accomplish their goal This is a

much different situation where HHIE has served as the State's designated Exchange since 2009. Additionally, California budgeted \$250 million – large state funding – to support the effort to implement their vision. That level of support has not been studied or contemplated in HB 517. We therefore caution the wholesale adoption of California legislation to address Hawai'i issues on something as complex as data sharing in the health and social determinants of health space.

On the island of Kaua'i, the health care infrastructure is fragile. As a larger health care system, we will likely be able to manage through the requirements of HB 517 more easily than our partners in the post-acute and independent practitioner setting. However, the effects of HB 517 upon independent providers or smaller health care entities – as this bill prescribes – would not help address the health care provider shortage that we are experiencing right now. Adding complexity from a state bill to an already complicated regulatory and national health exchange environment at minimum will add additional administrative burden and stress to the independent practitioner.

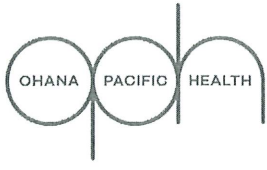
Most troubling with HB 517, HD1 is that the bill combines an advisory board to assist the DOH in planning *simultaneously* with establishing defined implementation date and is silent on funding. For example, the stated go-live dates and workplans mandated in HB 517's workplans of September 1, 2032, is unsupported by any stakeholder participation. While we appreciate the urgency that defined dates provide, for an effort as far reaching as this bill contemplates it would be prudent to gather thoughtful stakeholder input

Finally, if data transparency is a policy objective, then a less disruptive solution to achieve that policy goal is to have the Department of Health apply for and be designated as Qualified Health Information Network (QHINs) enabling them to have access to the data being collected across various electronic healthcare systems – not just within our State but also across the nation. That capability is allowed and encouraged under the 21<sup>st</sup> Century Cures Act for public health agencies that would like to join in on existing effort.

We also would welcome participation by a task force that incorporates a much broader and community grounded voice than suggested in this bill. An effort this large should not be decided solely amongst conversation between large acute care hospital systems and a health insurer. Instead, we support a work group that includes rural health providers, independent physician voices, community-based providers, and contracted organizations providing safety net services and others as a necessary first step before diving into implementation. A resolution to establish a work group is a critical first step prior to embarking on implementing such as far-reaching project as called for in HB 517.

We therefore ask that this Committee to defer this bill and instead replace this effort with a concurrent resolution to bring various stakeholders together in a working group to study, discuss and give more thought and consideration on the technical and practical aspects of achieving the laudable goals of this measure.

Thank you for the opportunity to testify.



February 16, 2023 at 2:00 pm  
Conference Room 329

House Committee on Consumer Protection and Commerce

To: Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama

From: Randall Hata  
Vice President  
Ohana Pacific Health

Re: **OPPOSE**  
HB 517 HD1, Relating to Health Data Sharing

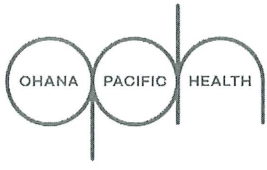
Thank you for the opportunity to provide testimony in **OPPOSITION** of this bill.

Ohana Pacific Health (OPH) / Hale Makua Health Services (HMHS) is the largest provider of post-acute care services in the State of Hawai'i and also, the largest provider of Medicaid nursing facility services. Our organization employs almost 1,500 healthcare workers and manages approximately 950 skilled nursing facility beds that provide short-term rehab and long-term care, adult day health services and home health care, and Care Management/Navigation Services on all four major islands.

As the largest provider of Medicaid nursing facility services, we understand the issues surrounding health equity and access, as well as population health. Relevant timely data is indeed a necessity of managing those issues. However, mandating a health information exchange without careful consideration of the issues including unintended consequences of this legislation would have severe effects on the entire health care system in Hawai'i.

Specifically, the skilled nursing facility (SNF) sector, as a whole does, not have the robust IT systems and staffing, to accommodate any mandate for information, like many of the acute care hospitals. Federal SNF data mandates are very different from acute care hospitals. There were no Federal incentives for SNFs to adopt, implement or upgrade Electronic Health Records (EHR) as was available to hospitals and physician groups. As a result, our EHR platforms are not consistent across facilities and have varying degrees capabilities of data capture. Due to the fundamental differences of services provided, the data elements that are required for skilled nursing facility operations are significantly different from hospitals and physician offices. Our past efforts to collaborate with payors and other providers have required manual data entry by each of our facilities due to limitations in the compatibility of electronic records. This required additional costs and made data more prone to error. Also, the SNFs in Hawaii are in





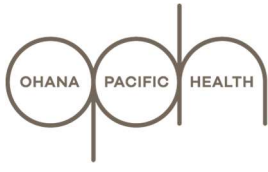
somewhat of a financial crisis due to the severe staffing shortages resulting in lower occupancy coupled with the low reimbursement for the majority of our business which is Medicaid. A recent review of the average operation margins for SNFs reflected a negative margin of -3%. Facilities that take care of our more vulnerable Medicaid population have lower margins, and face difficult financial decisions including closure (similar to the recent closure of Wahiawa General Hospital’s long term care operations). Accordingly, to mandate this data exchange without factoring in the financial implications could lead to unintended consequences throughout Hawai’i.

Other concerns also need to be addressed prior to implementing health information exchange such as the governance of data, who can have access to data and how can the data be used. As an alternative to this bill, we would support the creation of a working group to work through the complex issues of this initiative to ensure that we achieve the goals of all interested parties, including the State, the various health care providers (acute care hospitals, skilled nursing facilities, physician organizations, etc.) as well as the health care plans and insurance providers.

Sincerely,

Randall Hata  
*Vice President*





February 16, 2023 at 2:00 pm  
Conference Room 329

**House Committee on Consumer Protection and Commerce**

To: Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama

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

Re: **Oppose**  
**HB 517 HD1, Relating to Health Data Sharing**

The Villas is a beautifully renovated 119-bed, post-acute care facility located on the St. Francis Kupuna Village in the heart of Honolulu. The Villas is an innovative, short-stay, high acuity facility that serves those who require clinical and rehabilitative care until they can safely go home or transfer to a traditional long-term care facility. Ohana Pacific Health (OPH) / Hale Makua Health Services (HMHS) is the largest provider of post-acute care services in the State of Hawai'i and also, the largest provider of Medicaid nursing facility services. Our organization employs almost 1,500 healthcare workers and manages approximately 950 nursing home beds that provide short-term rehab and long-term care, adult day health services and home health care, and Care Management/Navigation Services on all four major islands.

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

In general, we agree that as we move to Population Health and providing the “right care at the right price at the right time”, the need for comprehensive data is compelling; however, mandating an exchange without consideration of the actual goals and use of the data and the unintended consequences of this legislation could have severe effects on the whole healthcare industry

From an operational perspective, the long-term care industry as a whole does not have robust IT systems and staffing, to accommodate any mandate for information, like many of our Hospital partners. Our Electronic Medical Record platforms are not consistent across facilities and they do not have significant capabilities with data capture. Also, the data fields that are required for operations are significantly different than for Hospitals and Physician Offices. A recent effort by a major Payor in the



KĀLELE



LUANA LIVING



THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha



State for data capture, required manual entry by each of our facilities, since we did not have the ability to electronically provide the information that they needed.

Related the value and governance of this data needs to be worked out. As there is skepticism across the industry on what the information will be used for and who will own and govern the data From a financial perspective, it is anticipated that the funding to accommodate this needs to be factored in before any UNFUNDED MANDATE. The long-term care facilities in Hawaii are in somewhat of a financial crisis due to the severe staffing shortages resulting in “unfilled beds” and low occupancy numbers as well as the low reimbursement for the majority of our business (Medicaid). A recent review of the average operation margins for nursing facilities reflected a negative margin of -3%. For the facilities that take care of our more vulnerable Medicaid population have lower margins, and would be faced with difficult financial decisions like closure (similar to the recent closure of Wahiawa General Hospitals long term care operations). Accordingly, to mandate this data exchange without factoring in the financial implications could lead to unintended consequences throughout Hawai’i.

As an alternative to this bill, we would support the creation of a working group to work through the complex issues of this initiative to ensure that we achieve the goals “of all parties”, including the variety of different providers (Hospitals, Nursing Homes, Home Health, Physicians, etc.) that represent the delivery of care for the entire health care system and yet still satisfy the needs of the Payors. It is clear that this needs to be a collaborative effort.

Thank you for the opportunity to testify in OPPOSITION of this legislation

Wesley Lo  
Chief Executive Officer  
Ohana Pacific Health / Hale Makua Health Services





45-181 Waikalua Rd., Kaneohe, HI 96744

**P** 808.247.0003

**F** 808.247.0018

**W** [ohanapacific.com](http://ohanapacific.com)

[acifichealth.com](http://acifichealth.com)



KĀLELE



LUANA LIVING



THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha





# Legacy Hilo

REHAB & NURSING



February 16, 2023 at 2:00 pm  
Conference Room 329

## House Committee on Consumer Protection and Commerce

To: Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama

From: Alisa Racelo  
Administrator  
Legacy Hilo Rehab and Nursing

Re: **Oppose**  
**HB 517 HD1, Relating to Health Data Sharing**

Legacy Hilo Rehab and Nursing is a 100 bed skilled nursing facility in Hilo, Hawaii. Our organization employs almost 150 healthcare workers. We provide both short term rehab and long term care for the Hilo community.

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

In general, we agree that as we move to Population Health and providing the “right care at the right price at the right time”, the need for comprehensive data is compelling; however, mandating an exchange without consideration of the actual goals and use of the data and the unintended consequences of this legislation could have severe effects on the whole healthcare industry

From an operational perspective, we do not have robust IT systems and staffing, to accommodate any mandate for information, like many of our Hospital partners. Our Electronic Medical Record platforms do not have significant capabilities with data capture. Also, the data fields that are required for operations are significantly different than for Hospitals and Physician Offices. A recent effort by a major Payor in the State for data capture, required manual entry by each of our facilities, since we did not have the ability to electronically provide the information that they needed.

Related the value and governance of this data needs to be worked out. As there is skepticism across the industry on what the information will be used for and who will own and govern the data.



KĀLELE



LUANA LIVING



THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha



# Legacy Hilo

REHAB & NURSING



As an alternative to this bill, we would support the creation of a working group to work through the complex issues of this initiative to ensure that we achieve the goals “of all parties”, including the variety of different providers (Hospitals, Nursing Homes, Home Health, Physicians, etc.) that represent the delivery of care for the entire health care system and yet still satisfy the needs of the Payors. It is clear that this needs to be a collaborative effort.

Thank you for the opportunity to testify in OPPOSITION of this legislation

Alisa Racelo  
*Administrator*  
Legacy Hilo Rehab and Nursing



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THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha



## ALOHA NURSING REHAB CENTRE

45-545 Kamehameha Hwy. • Kaneohe, HI 96744  
Phone 808-247-2220 Fax 808-235-3676

www.alohanursing.com

**February 16, 2023 at 2:00 pm**  
**Conference Room 329**

### **House Committee on Consumer Protection and Commerce**

**To:** Chair Mark M. Nakashima  
Vice Chair Jackson d. Sayama

**From:** Amy Lee  
Chief Executive Officer  
Aloha Nursing Rehab Centre

**Re:** **Testimony in Opposition**  
**HB517 HD 1, Relating to Health Data Sharing**

Aloha Nursing Rehab Centre is a 141-bed Skilled Nursing Facility located in Kaneohe, ministering to the needs of 250 seniors and their families annually and employing 160 dedicated staff. For over thirty years, Aloha Nursing has been contributing positively to the community and to the state economy.

Thank you for the opportunity to provide testimony in **strong opposition** to this measure which seek to require the establishment of a Hawaii Health Data Exchange Framework. The framework would apply to provider types, including skilled nursing facilities.

We do not fully understand the purpose of this legislation and the burdens that it will impose on our organization. We are already required to report to many different government agencies that take away valuable labor hours that really should be focused on resident care.

Over the last three years, we've endured mandates after mandates with no additional funding. We are currently all in survival mode and have not fully recovered financially from the COVID-19 pandemic. We also continue to struggle with staffing shortages and low Medicaid rates. We cannot afford to have another mandate that will inject more cost and labor burdens to our organization.

Aloha Nursing Rehab Centre cannot support HB 517, however we are open to support the creation of a working group to allow further discussion and opportunity to provide input that will allow data-sharing and interoperability between the providers and the Department of Health that will be beneficial to all parties. Thank you for the opportunity to comment on this measure.



**PALOLO CHINESE HOME**  
*Better Care. Better Lives*

**February 15, 2023**  
**Conference Room 225**

**Senate Committee on Health and Human Services**

To: Chair Mark Nakashima  
Vice Chair Jackson Sayama

From: Darlene H. Nakayama, RN, CEO  
Palolo Chinese Home

Re: **Strong Opposition**  
**HB 517 HMSA Data Sharing**

Palolo Chinese Home is a private, 501(c)(3) non-profit charitable organization and has been serving Hawaii's seniors for more than 125 years. Palolo Chinese Home was originally established to serve Chinese plantation workers who had no families in Hawaii to support them. Today, it serves all seniors, regardless of race, religion, nationality, or ethnic origin. PCH provides hospice, skilled rehab/nursing, residential care, day care, home care and meals to go. Almost 50% of PCH's nursing home residents are Medicaid. Medicaid services are also provided in PCH's meals to go, day care and home care programs.

Thank you for the opportunity to provide testimony in **strong opposition** of this bill. The bill as written will require skilled nursing facilities and independent practitioners, among others to be mandated to report data to the DOH. We believe the bill is duplicative of what HHIE already provides, duplicative of Federal CURES Act, and most importantly an unfunded state mandated that your organizations will have to cover as written.

Once again, thank you for the opportunity to provide our testimony.



February 16, 2023 at 2:00 pm  
Conference Room 329

**House Committee on Consumer Protection and Commerce**

To: Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama

From: Bronson Ho  
Administrator  
Garden Isle Rehab & Nursing

Re: **Oppose**  
**HB 517 HD1, Relating to Health Data Sharing**

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

Garden Isle Rehab & Nursing is the largest provider of skilled nursing services on the island of Kaua'i. ~~Our organization employs almost 150 healthcare workers and manages, with approximately 110 nNursing hHome bBeds that provide short-term rehab and long-term care. Ohana/Hale Makua is the largest provider of Medicaid Nursing Facility Services in the State of Hawaii.~~

In general, we agree that as we move to Population Health and providing the “right care at the right price at the right time”, the need for comprehensive data is compelling; however, mandating an exchange without consideration of the actual goals and use of the data and the unintended consequences of this legislation could have severe effects on the whole healthcare industry

From an operational perspective, the long term care industry as a whole does not have robust IT systems and staffing, to accommodate any mandate for information, like many of our Hospital partners. Our Electronic Medical Record platforms are not consistent across facilities and they do not have significant capabilities with data capture. Also, the data fields that are required for operations are significantly different than for Hospitals and Physician Offices. A recent effort by a major Payor in the State for data capture, required manual entry by each of our facilities, since we did not have the ability to electronically provide the information that they needed.

Related the value and governance of this data needs to be worked out. As there is skepticism across the industry on what the information will be used for and who will own and govern the data



From a financial perspective, it is anticipated that the funding to accommodate this needs to be factored in before any mandate. The long-term care facilities in Hawaii are in somewhat of a financial crisis due to the severe staffing shortages resulting in “unfilled beds” and low occupancy numbers as well as the low reimbursement for the majority of our business (Medicaid). A recent review of the average operation margins for nursing facilities reflected a negative margin of -3%. For the facilities that take care of our more vulnerable Medicaid population have lower margins, and would be faced with difficult financial decisions like closure (similar to the recent closure of Wahiawa General Hospitals long term care operations). Accordingly, to mandate this data exchange without factoring in the financial implications could lead to unintended consequences throughout Hawai’i.

As an alternative to this bill, we would support the creation of a working group to work through the complex issues of this initiative to ensure that we achieve the goals “of all parties”, including the variety of different providers (Hospitals, Nursing Homes, Home Health, Physicians, etc.) that represent the delivery of care for the entire health care system and yet still satisfy the needs of the Payors. It is clear that this needs to be a collaborative effort.

Thank you for the opportunity to testify in OPPOSITION of this legislation

A handwritten signature in black ink, appearing to read "Bronson Ho", written in a cursive style.

Bronson Ho  
*Administrator*



## Hawaii Medical Association

1360 South Beretania Street, Suite 200 • Honolulu, Hawaii 96814  
Phone: 808.536.7702 • Fax: 808.528.2376 • hawaiimedicalassociation.org

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE  
Representative Mark Nakashima, Chair  
Representative Jackson D Sayama, Vice Chair

Date: February 16, 2023  
From: Hawaii Medical Association  
Beth England MD, Co-Chair, HMA Public Policy Committee

**Re: HB 517 HD1 Health Data Sharing**  
**Position: Comments**

This measure will (1) Establish a Hawaii health data exchange framework that will accelerate and expand the exchange of health information among health care entities and government agencies in Hawaii; and (2) Establish a stakeholder advisory group to assist the department of health with developing the Hawaii health data exchange framework.

The rapid exponential growth of healthcare information technology requires careful evidence-based policies for the secure sharing of data among providers, payers and government. The analyses and application of national standards for information exchange and data content is necessary to ensure alignment of Hawaii state and federal data requirements, including the federal Health Insurance Portability and Accountability Act of 1996.

Prioritization of data solutions that improve healthcare access for our patients, particularly in our rural and underserved communities, is greatly needed. HMA has carefully reviewed this proposed legislation and the testimony submitted. Due to significant concerns raised by several stakeholders and with the desire to foster greater community consensus on how to implement the admirable and important goals of this legislation, we believe that this bill would benefit from further discussion and development.

Thank you for allowing the Hawaii Medical Association to provide comments on this measure.

References and Quick Links:

ONC Completes Critical 21st Century Cures Act Requirement, Publishes the Trusted Exchange Framework and the Common Agreement for Health Information Networks. [HealthIT.gov. Jan 18 2022.](#)

ONC Final Rule AMA Summary. [2020 American Medical Association.](#)

### 2023 Hawaii Medical Association Officers

Angela M. Pratt, MD, President • Elizabeth Ann Ignacio, MD, President Elect • Michael Champion, MD, Immediate Past President  
Nadine Tenn-Salle, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

### 2023 Hawaii Medical Association Public Policy Coordination Team

Elizabeth Ann Ignacio, MD, Chair • Beth England, MD, Co-Chair  
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director



February 16, 2023 at 2:00 pm  
Conference Room 329

**House Committee on Consumer Protection and Commerce**

To: Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama

From: Rebecca Canon-Fratis  
Administrator  
Ann Pearl Nursing Facility

Re: **Oppose**  
**HB 517 HD1, Relating to Health Data Sharing**

Ann Pearl Nursing Facility is a member of the largest Post-Acute Care Provider organization in the State of Hawai'i Ohana Pacific Health. We are one of many who provide Medicaid nursing facility services to Hawai'i's communities. Ann Pearl provides short term skilled nursing and rehabilitation, long term care, hospice, and adult day health services.

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

In general, we agree that as we move to Population Health and providing the "right care at the right price at the right time", the need for comprehensive data is compelling; however, mandating an exchange without consideration of the actual goals and use of the data and the unintended consequences of this legislation, could have severe effects on the entire healthcare industry.

From an operational perspective, the long-term care industry as a whole does not have robust IT systems and staffing to accommodate any mandate for information, like many of our Hospital partners do. Our Electronic Medical Record platforms are not consistent across facilities, and they do not have significant capabilities with data capture. In addition, the data fields that are required for operations are significantly different than for Hospitals and Physician Offices. A recent effort by a major payor in the State for data capture required manual entry by our facilities, since we did not have the ability to electronically provide the information that they needed.

From a financial perspective, it is anticipated that the funding to accommodate this needs to be factored in before any mandate. The long-term care facilities in Hawai'i are struggling financially due to the severe staffing shortages resulting in "unfilled beds" and low occupancy numbers, as well as the low Medicaid reimbursement for the majority of our business. A recent review of the average operation margins for nursing facilities reflected a



negative margin of -3%. For the facilities that take care of our more vulnerable Medicaid population, we have lower margins and would be faced with difficult financial decisions as drastic as closure (similar to the recent closure of Wahiawa General Hospital's long term care operations). Accordingly, to mandate this data exchange without factoring in the financial implications could lead to unintended consequences throughout Hawai'i.

As an alternative to this bill, we would support the creation of a group to work through the complex issues of this initiative that would ensure we achieve the goals "of all parties", including Hospitals, Nursing Homes, Home Health agencies, Physicians, etc.). Doing this would represent the delivery of care for the entire health care system, as well as satisfy the needs of the Payors. This needs to be a collaborative effort.

Thank you for the opportunity to testify in OPPOSITION of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebecca Canon-Fratis". The signature is fluid and cursive, with a large initial "R" and "C".

Rebecca Canon-Fratis  
Administrator  
Ann Pearl Nursing Facility  
45-181 Waikalua Road  
Kaneohe, HI 96744  
(808) 791-4443

Thursday, February 16, 2023 - 2:00pm  
Conference Room 329

**House Committee on Consumer Protection & Commerce**

To: Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair

From: Christina Marzo, MD, MPH  
Legislative Committee Chair, Hawaii Academy of Family Physicians

**Re: HB 517, HD1 Relating to Data Sharing - Testimony in Opposition**

My name is Dr. Christina Marzo, MD, Chair of the Legislative Committee of the Hawaii Academy of Family Physicians (HAFP). We are an organization representing member family physicians across the state of Hawaii. One primary aim of our organization is to reduce the amount of administrative burden on physicians and their practices in order to keep independent practices viable, as these are a key component to the healthcare landscape in our state.

I am writing in OPPOSITION to HB 517, HD1 which establishes a stakeholder advisory group to assist the Department of Health in the development of the framework; requires certain health care organization to execute a health data sharing agreement by 9/1/2030; and establishes deadlines for certain entities to begin sharing health information. We, as an organization, are generally in support of the spirit of the measure, as increased interconnectivity and improved data sharing will improve the value and safety of healthcare delivered. However, we do have some concerns with the legislation moving forward.

There is already movement at the federal level going towards this type of legislation, and this legislation seems redundant, which may cause increased confusion among providers and reporting entities. Furthermore, there will be challenges regarding electronic medical record systems (EMRs) especially among small independent practices to improve their interoperability with the central data repository. Practices that are utilizing an EMR that may not be compatible with the proposed data repository may need to purchase a new or different EMR, or engage in costly updates to maintain data reporting compliance. Without financial support to these practices, many may be overwhelmed by this financial burden and be forced to close. Many small practices are still struggling to manage the financial pressures brought about due to the COVID-19 pandemic, and additional financial burden may be too much for these small practices to absorb. Federally Qualified Health Centers would be particularly at risk for undue financial burden secondary to this legislation, as many of them utilize simplified EMRs for their affordability. These FQHCs serve many of our poor and indigent populations, and most certainly will have difficulty shouldering any additional financial burden.

The proposed work group does not specifically direct that there be any physician representation, and as this is a measure that would impact many of our members, we feel that it is important to

make physician involvement explicitly stated in the structure of the work group should this bill move forward despite reservations delineated here.

Thank you for the opportunity to testify on this matter.







**February 16, 2023, at 2:00 p.m.**

**Via Videoconference**

**House Committee on Consumer Protection & Commerce**

To: Chair Mark Nakashima  
Vice Chair Jackson Sayama

From: Lisa Anne Gruebner  
VP, Planning & Development  
Ohana Pacific Management Company, Inc. dba Ohana Pacific Health

Date: February 15, 2023

Re: **OPPOSITION**  
**HB517, HD1, Relating to Health Data Sharing**

Ohana Pacific Health manages and owns several skilled nursing facilities that care for kupuna and is the largest provider for such services in the State of Hawaii.

The bill would require that skilled nursing facilities be included in the Hawaii health data exchange framework. Ohana Pacific Health's skilled nursing facilities do not have the IT infrastructure or staff to comply. Ohana Pacific Health's skilled nursing facilities are already struggling with staffing shortages. Mandating that skilled nursing facilities be a part of this exchange without providing funding for implementation will further strain our operations and adversely affect our ability to provide services to the community. This will in turn affect Hawaii's healthcare system as a whole since hospitals are already unable to discharge to our facilities due to lack of staffed beds. The financial and operational ramifications will be significant.

Based on the above, we OPPOSE this bill.



## **'Ahahui o nā Kauka**

**677 Ala Moana Blvd., Suite 1015**

**Honolulu HI 96813**

**Phone 808.548.0270**

**E-mail huikauka@gmail.com**

### **2022-2023 Advocacy Committee**

*Marcus Kāwika Iwane, MD  
President*

*Martina Kamaka, MD  
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*Mahealani Lum, DO  
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*Kara Wong Ramsey, MD  
Treasurer*

*Kapono Chong-Hanssen, MD  
Advocacy Chair*

*H. Nalani Blaisdell-Brennan, MD*

*S. Ku'ulei Christensen, MD*

February 14, 2023

### **COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

Rep. Mark M. Nakashima, Chair  
Rep. Jackson D. Sayama, Vice Chair

#### **Group Testimony Comments on HB517HD1 RELATING TO HEALTH DATA SHARING**

'Ahahui o nā Kauka (Association of Native Hawaiian Physicians) supports the intent of HB 517 to enable a network for communication amongst health care organizations, systems and practices to better serve our community and ensure continuity of care. However, we are concerned that establishing an additional Statewide Health Data Exchange in Hawai'i can be problematic for several reasons.

First, we are concerned that it would be redundant and duplicate efforts given that Hawai'i already has a health information exchange, Hawai'i Health Information Exchange (HHIE).

We are also concerned mandating physician organizations and medical groups to exchange health information, or provide access to health information would be a burden for small physician groups who do not use EPIC electronic health record and do not have the infrastructure to meet the requirements of this health exchange framework. We are concerned that without dedicated State funds to support this effort, the data exchange will be financially difficult and not viable for small physician groups which will adversely impact access to healthcare, especially for our rural communities.

We also honor and protect the privilege of access to health care information and hold this to the highest of responsibility to protect the privacy of our patients. We are concerned that a mandate without systematic support to enable the development of a data exchange framework can lead to the compromise of protected health information.



February 16, 2023 at 2:00 pm  
Conference Room 329

**House Committee on Consumer Protection and Commerce**

To: Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama

From: Dusty Davis  
*Executive Director*  
Ohana Pacific Management Company/The Villas

Re: **Oppose**  
**HB 517 HD1, Relating to Health Data Sharing**

[The Villas is a beautifully renovated 119-bed, post-acute care facility located on the St. Francis Kupuna Village in the heart of Honolulu. The Villas is an innovative, short-stay, high acuity facility that serves those who require clinical and rehabilitative care until they can safely go home or transfer to a traditional long-term care facility.](#)

The Villas is part of Ohana Pacific ~~Management Company~~ Health (OPH) family of entities. OPH is the largest provider of ~~pPost-aAcute cCare sServices~~ in the State of Hawai'i ~~and also thus, the largest provider of Medicaid nursing facility services. Our organization employs almost 1,500 healthcare workers and manages, with~~ approximately 950 ~~nNursing hHome bBeds~~ that provide short-term rehab and long-term care-, ~~Aadult Dday Hhealth services and in addition to hHome hHealth care, and Care Management/Navigation Services on all four major islands services on all four major islands.~~ ~~Ohana/Hale Makua is the largest provider of Medicaid Nursing Facility Services in the State of Hawaii.~~

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

In general, we agree that as we move to Population Health and providing the “right care at the right price at the right time”, the need for comprehensive data is compelling; however, mandating an exchange without consideration of the actual goals and use of the data and the unintended consequences of this legislation could have severe effects on the whole healthcare industry

From an operational perspective, the [long-term](#) care industry as a whole does not have robust IT systems and staffing, to accommodate any mandate for information, like many of our Hospital partners. Our Electronic Medical Record platforms are not consistent across facilities and they do not have







significant capabilities with data capture. Also, the data fields that are required for operations are significantly different than for Hospitals and Physician Offices. A recent effort by a major Payor in the State for data capture, required manual entry by each of our facilities, since we did not have the ability to electronically provide the information that they needed.

Related the value and governance of this data needs to be worked out. As there is skepticism across the industry on what the information will be used for and who will own and govern the data From a financial perspective, it is anticipated that the funding to accommodate this needs to be factored in before any UNFUNDED MANDATE. The long-term care facilities in Hawaii are in somewhat of a financial crisis due to the severe staffing shortages resulting in “unfilled beds” and low occupancy numbers as well as the low reimbursement for the majority of our business (Medicaid). A recent review of the average operation margins for nursing facilities reflected a negative margin of -3%. For the facilities that take care of our more vulnerable Medicaid population have lower margins, and would be faced with difficult financial decisions like closure (similar to the recent closure of Wahiawa General Hospitals long term care operations). Accordingly, to mandate this data exchange without factoring in the financial implications could lead to unintended consequences throughout Hawai’i.

As an alternative to this bill, we would support the creation of a working group to work through the complex issues of this initiative to ensure that we achieve the goals “of all parties”, including the variety of different providers (Hospitals, Nursing Homes, Home Health, Physicians, etc.) that represent the delivery of care for the entire health care system and yet still satisfy the needs of the Payors. It is clear that this needs to be a collaborative effort.

Thank you for the opportunity to testify in OPPOSITION of this legislation,

Dusty Davis  
*Executive Director*  
The Villas



KĀLELE



LUANA LIVING



THE VILLAS



Ann Pearl



Garden Isle



Hale Kupuna



Hale Makua



Hale O Meleana



Legacy Hilo



Pu'uwai O Makaha

**House Committee on Consumer Protection & Commerce**

From: Angela Pratt, MD

To: Representative Mark Nakashima, Chair  
Representative Jackson Sayama, Vice Chair

**Re: HB 517, HD1 R elating to Data Sharing – Testimony in Opposition**

My name is Dr. Angela Pratt, MD. I am an obstetrician-gynecologist in Honolulu, Hawaii and is affiliated with multiple hospitals in the area, including Kapiolani Medical Center for Women and Children and Queen's Medical Center. I am also the current President of the Hawai'i Medical Association (HMA) and am testifying here in my individual capacity.

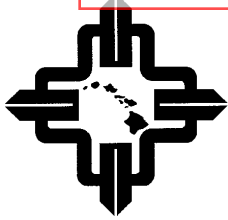
**I am writing in OPPOSITION to HB 517, HD1.** This bill requires certain health care organizations to execute a health data sharing agreement by 9/1/2030; and establishes deadlines for certain entities to begin sharing health information.

I am deeply concerned that the requirements of this bill will create an unfunded state mandate as it includes specific implementation dates to “go live” without consideration of the resources required to allow small independent practices to participate. Independent practitioners already are required to report data on a number of quality measures and therefore it is unclear what the additional requirements of HB 517 will require of us in terms of resources. It is not entirely clear why this bill is needed given the ongoing data exchange exchanges that are currently ongoing throughout the state and the nation through Federal guidelines.

Before we jump into the implementing requirements of what this bill proposes, I would like to recommend a task force be formed before implementation to determine the feasibility, resources, and desired outcomes of this measure. The justification for this bill and the methods to proceed should be discussed amongst a broader stakeholder group – including independent practitioners before implementation.

I ask that you please defer this bill and instead form a work group to provide some transparency around the purposes of this bill before requiring independent practitioners to be mandated to report data.

Mahalo for the opportunity to testify.



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

"Quality Healthcare For All"

**House Committee on Consumer Protection & Commerce**  
**Representative Mark Nakashima, Chair**  
**Representative Jackson Sayama, Vice Chair**

February 16, 2023  
Conference Room 329 & Videoconference  
2:00 p.m.  
Hawaii State Capitol

**Testimony In Opposition**  
**H.B. 517**

**Relating to Health Data Sharing**

Establishes the Hawai'i health data exchange framework. Establishes a working group to assist the department of health on legislation developing and implementing the framework. Requires certain health care organizations to execute a health data sharing agreement by 9/1/2032. Establishes deadlines for certain entities to begin sharing health information. Appropriates funds. Effective 6/30/3000.

Linda Rosen, M.D., M.P.H.  
Chief Executive Officer  
Hawaii Health Systems Corporation

Thank you for the opportunity to present testimony in **opposition** to H.B. 517, Relating to Health Data Sharing.

In line with the concerns raised by the Healthcare Association of Hawai'i (HAH), all the major hospital systems in Hawai'i, and the Hawai'i Health Information Exchange (HHIE), the Hawai'i Health Systems Corporation (HHSC) is opposed to this measure as it is duplicate of existing efforts through the HHIE. The proposed health data exchange could conflict or, at the very least, duplicate work set forth under the Cures Act which, through the Trusted Exchange Framework and Common Agreement (TEFCA) provides the basis for broad data sharing agreements and also provides for a common set of policies and procedures to govern such agreements. HHSC is also very concerned with the unknown costs that would be associated with this measure.

Thank you for the opportunity to testify in opposition to this measure.