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STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
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March 3, 2009

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 1782, H.D. 1 – RELATING TO HEALTH INFORMATION EXCHANGE**

Hearing: Tuesday, March 3, 2009, 3:00 PM.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is to create an office of state coordinator of health information exchange within the Department of Health and creates a health information exchange program (HIE).

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill, provided there is no negative impact on the funding priorities of the Executive Biennium Budget; however, we do not support limiting efforts to just Medicaid recipients and those uninsured.

Providers are typically the users of information technology and provide care to both publicly and privately insured patients so the proposed HIE network should apply to all Hawaii residents, not just those who are Medicaid recipients. Once a provider has an electronic health record (EHR) and is interconnected, the patient's type of insurance has little relevance as far as exchange of clinical information. Expansion should occur by provider type, not by health insurance or employer.

The establishment of a health informatics infrastructure with interconnectedness and exchange of clinical data has the potential of having a tremendous positive impact for improving quality of care while reducing healthcare costs.

The infrastructure requirements include the use of EHRs, electronic prescribing, standardized electronic reporting of laboratory data, and a health information exchange (HIE). Another key aspect is a master patient index, the use of which will likely need to be mandated through legislation for the HIE to be effective.

Now is an excellent time to invest in health information technology (HIT) because the Federal stimulus package includes billions of dollars for HIT investment, including 100% Federal funding for EHRs. The limited duration of availability of these Federal funds may warrant a more expedient approach.

Since the payers have the greatest return from HIT and, therefore, have the biggest incentive for its implementation, the Council should include participation from the private health insurers. The hope is that this will be a statewide informatics infrastructure, so it is critical to involve all stakeholders at the beginning.

We believe DHS is best situated to evaluate, promote, and improve clinical care pertaining to our Medicaid clients. DHS has developed and revises its own quality strategy and is extremely interested in using clinical data to improve health outcomes and increase value-based purchasing. HIT does also hold substantial benefits for public health including syndromic surveillance and other epidemiologic data.

DHS has been working on advancing HIT in Hawaii and administers two transformation grants—one develops a web-based registry for EPSDT and the other funds the development of a low-cost open source EHR.

As the State agency for Medicaid in Hawaii, DHS should also be the one to develop an improved payment methodology in Medicaid using a combination of administrative and clinical data and consistent with the Federal Centers for Medicare & Medicaid Services (CMS) requirements.

DHS respectfully offers the following recommendations to help expedite the implementation and success of a health informatics infrastructure:

- 1) Section 321-B (1) - Recommend revising to include partnership with local payers and insurers. Additionally, in the last paragraph of this section, recommend striking "medicaid" to be more inclusive and reflect the intent to be statewide for all.
- 2) Section 321-C (a) - Recommend striking "Medicaid recipients and other low-income uninsured." DHS is committed to including these groups but believes the scope should be larger.
- 3) Section 321-C (a) (2) - Recommend striking "the Medicaid and low-income uninsured."
- 4) Section 321-C (a) (3) - Recommend striking this section. DHS has the responsibility to set its payment methodology and rates with approval from the Centers for Medicare & Medicaid Services utilizing administrative and clinical data. Financial incentives would need to be incorporated into this. Private payers may develop their own incentives.
- 5) Section 321-C (d) - Recommend striking this section. As stated above, participation is at the provider level. Since all of the hospitals have EHRs, getting interoperability among them would be an excellent start. Goals might better be based on number or percent of providers with EHRs and the number or percent exchanging data.
- 6) Section 321-D - Recommend offering invitations to all private insurers and to a representative from the University of Hawaii Social Science Research Institute Telecommunications and Information Policy Group.

In summary, DHS supports the intent of this bill, provided its funding does not negatively impact the priorities in the Executive Biennium Budget, recommends taking advantage of available Federal funding for HIT included in the stimulus bill, and prefers a more inclusive approach focused on providers.

Thank you for the opportunity to testify on this bill.

LINDA LINGLE
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

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In reply, please refer to:
File:

HOUSE COMMITTEE ON FINANCE

H.B. 1782 HD1, RELATING TO HEALTH INFORMATION EXCHANGE

**Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health**

March 3, 2009

3:00 p.m.

1 **Department's Position:** The Department offers comments to continue the discussion with public and
2 private stakeholders to explore how such an initiative might be achieved in Hawaii.

3 **Fiscal Implications:** State funding is not currently available for staffing, office space and equipment,
4 software and hardware equipment, training, and additional expenditures to implement this office.
5 Federal stimulus funding may be available by federal fiscal year 2009 to 2013.

6 **Purpose and Justification:** This bill establishes an office of state coordinator of health information
7 exchange within the Department of Health to coordinate local efforts, identify funding sources, integrate
8 state health programs, build the Hawaii Health Information Exchange system (HHIE) and participate in
9 the national health information technology network. The measure also establishes e-health council that
10 shall meet annually. The department recognizes the potential economic and health benefits of
11 establishing a HHIE infrastructure in Hawaii. If this bill is passed as currently drafted, the department
12 would assume the liability and responsibility of HHIE governance, which it is not currently equipped to
13 do.

14 The timeline proposed in the bill to establish the office within the department, secure funding,
15 create a functioning health information exchange infrastructure within the Medicaid system, and add

1 state employees to the system by 2012 is ambitious, particularly with no designated positions or funding
2 for this new initiative. The department proposes that the timeline on the measure be aligned with the
3 draft now available from the American Recovery and Reinvestment Act or federal stimulus package on
4 Health Information Technology (Title XIII). The funding for the development of a HHIE according to
5 the draft of Title XIII, would provide separate competitive planning and implementation grants. Funds
6 are available for five years from federal fiscal year 2009 and by 2011 states will need to meet match
7 10% of the federal funding, and by 2013, 33%.

8 The Department recommends that the measure be amended to not mandate the inclusion of data
9 sets, such as the inclusion of the state employee data [section 321C(a)(3)(d)], and that the measure be
10 silent on specific timelines of events. Rather, the first year may be better spent on the development of a
11 plan that would include these considerations and be preparation for the grant application to be submitted
12 for the impending federal stimulus funding opportunity during federal fiscal year 2009.

13 The Department is concerned about additional agency requirements during this current period of
14 financial constraints and possible workforce reduction. Currently a program does not exist in the
15 Department to absorb the office of the state coordinator. We respectfully request that this measure be
16 passed with reservations for the purpose of dialogue on advancing innovations in public health to
17 monitor the well-being of Hawaii's people.

18 Thank you for the opportunity to provide testimony.

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1782, H.D. 1

March 3, 2009

RELATING TO HEALTH INFORMATION EXCHANGE

House Bill No. 1782, H.D. 1, creates an Office of State Coordinator of Health Information Exchange and a Health Information Exchange program within the Department of Health to coordinate local efforts, identify funding sources, integrate State health programs and participate in the National Health Information Technology Network. The program would be financed by the Health Information Exchange Special Fund created by this bill. This special fund would generate revenues through legislative appropriations, federal funds, grants, and any other revenues designated for the fund. House Bill No. 1782, H.D. 1, appropriates \$1 from the general fund in Fiscal Years 2012 and 2013 for deposit into this fund and \$1 from the special fund in 2012. This bill makes no other appropriation to fund the program, which this bill establishes on July 1, 2020.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.



Hawai'i Primary Care Association

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To: **The House Committee on Finance**
The Hon. Marcus Oshiro, Chair
The Hon. Marilyn Lee, Vice Chair

Testimony on House Bill 1782, HD1 (Support with Amendments)
Relating to Health Information Exchange
Submitted by Beth Giesting, CEO
March 3, 2009, 3:00 p.m. agenda, Room 308

The Hawaii Primary Care Association agrees with the premise of this bill: that exchange of critical health information among providers needs to be actively and thoughtfully nurtured in Hawaii. However, we do not believe that creating an office to oversee health information exchange practices at the State Department of Health is a good strategy.

The Hawaii Primary Care Association is a member of the Hawaii Health Information Exchange (HHIE), which is in the process of incorporating as a charitable nonprofit organization. HHIE is a forum that brings together individuals and organizations which have the most to contribute toward and gain from successful health data exchange. Its vision includes ensuring that technology supports the exchange of crucial clinical information across institutions and providers to improve health care outcomes, reduce duplication of services, increase the accuracy and timeliness of transitional care between provider institutions, and eliminate errors. Its work focuses on addressing privacy and security concerns, appropriate system and technology solutions, and provider engagement.

Because HHIE is already well underway and has the commitment of health care leaders knowledgeable about data exchange issues, we support this bill only if DOH or the Department of Accounting and General Services contracts health information exchange activities to an entity, such as HHIE, experienced in addressing these complex and dynamic issues. HHIE would welcome the Department of Health as a member and partner in improving health through shared information.

Thank you for the opportunity to support this bill.



Tuesday, March 03, 2009, 3:00 pm, Conference Room 308

To: COMMITTEE ON FINANCE
Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair

From: Hawaii Medical Association
Gary A. Okamoto, MD, President
Philip Hellreich, MD, Legislative Co-Chair
Linda Rasmussen, MD, Legislative Co-Chair
April Donahue, Executive Director
Richard C. Botti, Government Affairs
Lauren Zirbel, Government Affairs

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Treasurer

April Donahue
Executive Director

Re: HB 1782 RELATING TO HEALTH INFORMATION EXCHANGE.

Chairs & Committee Members:

Hawaii Medical Association supports this measure because it will help physicians obtain more advanced technology.

Thank you for the opportunity to provide this testimony.

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To: **The House Committee on Finance**
The Hon. Marcus Oshiro, Chair
The Hon. Marilyn Lee, Vice Chair

**Testimony on House Bill 1782 (Support with Amendments)
Relating to Health Information Exchange
Submitted by: Christine Maii Sakuda, President Hawaii Health Information Exchange
March 3, 2009, 3:00 p.m. agenda, Room 308**

Dear Honorable Chair, Vice Chair and committee members,

I am submitting testimony on House Bill 1782 to you today on behalf of the Hawaii Health Information Exchange (HHIE); a non-profit established in 2006 by leading healthcare providers in Hawaii who are committed to facilitating statewide health information exchange. The HHIE agrees with the premise of this bill: that exchange of critical health information among providers needs to be actively and thoughtfully nurtured in Hawaii through a strong public-private partnership. However, due to the complexity needed to manage a statewide health information exchange effort and due to the recent fiscal constraints of the State, the HHIE recommends contracting the coordination of health information exchange efforts to an entity with the experience, neutrality, community involvement and track record in coordinating health information exchange activities.

With proper governance and resources, the benefits of a health information exchange to improve care coordination for Hawaii's patients are numerous and include: improved health care outcomes, reduced duplication of services, increased accuracy and timeliness of transitional care between provider institutions, and elimination of errors due to discontinuity.

The Hawaii Health Information Exchange is an organization dedicated to addressing these issues in Hawaii. Board members include the state's two leading laboratories, two of the largest hospital systems, the largest health care insurer, one of the largest health care databases providing administrative data for analysis and reporting, industry experts, providers and community organizations. A list of Board members is attached.

As President of the HHIE, I am proud to tell you that since inception, the HHIE Board members have met diligently to define a health information exchange model that serves the needs of patients for coordination of care while at the same time respects the concerns of providers over the ownership of medical records used in treatment decisions and of the privacy and security policies and procedures of patient health information.

It is a testament to the dedication of the Board when consensus on how to address the complex and myriad issues governing health information exchange is reached. As such, the goals of the HHIE are to:

- Coordinate complex technical, political, financial and social issues of HIE
- Build privacy and security standards into the business and technical infrastructures so
- legal requirements and public expectations related to privacy and security are met
- Build trust and goodwill among members and with the community
- Create a platform for shared investment and financial sustainability
- Create a sustainable non-profit organization

HHIE is committed to developing data sharing technology and standards for broad community benefit and great strides are taken to ensure that this is met without bias towards industry or company. An example of this is the coordination of a statewide Master Patient Index (MPI), which identifies what types of services the patient has had in the past, who provided it, and where it was provided using a matching patient algorithm. Another example of this is centralized access to laboratory and visit encounter information that provides a care provider with a list of the patient's medical history across institutions. These types of technologies help to facilitate care coordination between health care providers which decreases the time and cost expended by patients and providers managing care coordination issues.

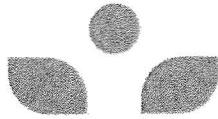
HHIE will continue to invite other organizations and individuals essential to this important cause, to participate with or become members of HHIE as it further develops health information exchange policies and procedures in the State of Hawaii. HHIE would welcome the Department of Health as a member and critical partner in improving health through shared information.

We support this bill only if the Department of Health contracts health information exchange activities to an entity, such as HHIE, experienced in addressing these complex and dynamic issues.

Thank you for the opportunity to support this bill.

HAWAII HEALTH INFORMATION EXCHANGE
MEMBERS OF THE BOARD
February 11, 2009

1. *Christine Sakuda* - Hawaii Primary Care Association
2. *Susan Forbes* - Hawaii Health Information Corporation
3. *Bruce "Skip" Keane* – Community Member
4. *Dew-Anne Langcaon* – Ho`okele Personal Health Planners, LLC
5. *Creighton Arita* - Team Praxis
6. *Francis Chan*- Clinical Laboratories of Hawaii, LLC
7. *William Donahue* - Hawaii Independent Physicians Association
8. *Georgiana Fujita* – Community Member
9. *Ron Haranda* – Health Information Exchange Advocate/Community Member
10. *Steve Hurlbut* - Phoenix Health Systems
11. *Kelly Roberson* - Hawaii Health Systems Corporation
12. *Steve Robertson* - Hawaii Pacific Health
13. *Brian Rothe* – Castle Medical Center
14. *Allan Shiraishi* - Queens Medical Center
15. *Raymond Yeung* – Diagnostic Laboratory Services, Inc



HO'OKELE

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To: **The House Committee on Finance**
The Hon. Marcus Oshiro, Chair
The Hon. Marilyn Lee, Vice Chair

Testimony on House Bill 1782 (Support with Amendments)

Relating to Health Information Exchange

**Submitted by: Dew-Anne Langaon, President, Ho'okele Personal Health Planners, LLC
March 3, 2009, 3:00 p.m. agenda, Room 308**

Dear Honorable Chari, Vice Chari and Committee Members,

I am submitting testimony on House Bill 1782 to you today as a member of the Board of the Hawaii Health Information Exchange (HHIE). The HHIE agrees with the premise of this bill: that the exchange of critical health information among providers needs to be actively and thoughtfully nurtured in Hawaii through a strong public-private partnership. However, due to the complexities involved in managing a statewide health information effort and due to the recent fiscal constraints of the State, the HHIE recommends contracting the coordination of health information exchange efforts to an entity with the knowledge, experience, community participation, political will and track record in coordinating health information exchange activities.

My name is Dew-Anne Langaon, and I am a co-founder of Ho'okele, a personal health navigation services company. Ho'okele navigators are RNs, social workers and retired physicians who help individuals navigate the complicated healthcare and eldercare systems. The very first step in our care coordination process is the gathering and compiling of medical records for individuals who often come to us in a crisis and need help quickly. Presently, this is an arduous and inefficient task that can delay our ability to respond to a family's needs. Requesting medical charts from multiple physicians and facilities, following up with busy offices, finally receiving stacks of paper and then sorting, organizing and analyzing the various pieces of information, takes a highly skilled professional hours to accomplish before any real help can begin. The timely electronic compilation of critical medical information via an information

exchange is critical in improving care coordination and empowering individuals to actively participate in their health care especially when faced with a crisis.

As such, I also serve as a Board member and the Treasurer of the Hawaii Health Information Exchange (HHIE), which is in process of incorporating as a charitable nonprofit organization. HHIE is a forum that brings together key providers, individuals and organizations which are committed to developing a health data exchange that can safely and securely allow data to flow smoothly and accurately between providers for all citizens in the state of Hawaii. Our members have been meeting diligently for the last four years in search of a model that can serve the needs of patients for coordinated care while at the same time respects the concerns of providers over the ownership of medical records used in treatment decisions. It is a testament to the dedication of the members of the Board who have persisted through hours of discussion to this point today when consensus has been reached amongst some of the largest providers of healthcare in the state on an overarching structure, data standardization process and a sustainable financial model for a nonprofit health information exchange.

Because HHIE is well underway and has the commitment of health care leaders who are knowledgeable about data exchange issues, we support this bill only if the Department of Health contracts such health information exchange activities to an entity, such as HHIE, which is experienced in addressing these complex, political and dynamic issues.

Thank you for the opportunity to support this bill.