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DIRECTOR OF HEALTH

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In reply, please refer to:
File:

HOUSE COMMITTEE ON HEALTH

H.B. 1782, RELATING TO HEALTH INFORMATION EXCHANGE

Testimony of Chiyome Leinaala Fukino, M.D.

Director of Health

February 13, 2009

8:30a.m.

1 **Department's Position:** The Department cannot support this measure as written, but we would like to
2 continue the conversation with public and private stakeholders to explore how such an initiative might
3 be achieved in the State of Hawaii.

4 **Fiscal Implications:** Unquantified funding for staffing, office space and equipment, software and
5 hardware equipment, training, and additional expenditures to implement this office.

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, and participate in the national health information technology network. The
9 department recognizes the potential economic and health benefits of establishing a health information
10 exchange infrastructure in Hawaii. If this bill is passed as currently drafted, the department would
11 assume the liability and responsibility of health information exchange governance, which it is not
12 currently equipped to do.

13 The timeline proposed in the bill to establish the office within the department, secure funding,
14 create a functioning health information exchange infrastructure within the Medicaid system, and add
15 state employees to the system by 2012 is ambitious, particularly with no designated positions or funding

1 for this new initiative. Should funds from the federal stimulus package become available for such an
2 effort, we might want to consider a more modest approach to take advantage of the time-limited funds.

3 Currently a program does not exist in the Department to absorb the office of the state coordinator
4 of the health information exchange. Some upfront organizational activities involved are assessment of
5 current information systems in the agency by purpose and technological inter-operability, functional
6 study of the organizational placement of the health information exchange and meeting due process
7 requirements for re-organizing to develop a new office of the state coordinator.

8 The Department is not equipped to function as the lead agency in such an effort, but we have
9 much to offer as a participant in such an effort.

10 Thank you for the opportunity to provide testimony.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

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DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
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LATE

February 13, 2009

MEMORANDUM

TO: Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Lillian B. Koller, Director

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

Hearing: Friday, February 13, 2009, 8:30 AM.
Conference Room 329, 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.

HMSA

LATE



Blue Cross
Blue Shield
of Hawaii

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February 13, 2009

The Honorable Ryan Yamane, Chair
The Honorable Scott Nishimoto, Vice Chair
House Committee on Health

Re: HB 1782 – Relating to Health Information Exchange

Dear Chair Yamane, Vice Chair Nishimoto and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1782. HMSA supports the intent of this measure.

A health information exchange (HIE) is defined as the mobilization of healthcare information electronically across organizations within a region or community. A HIE provides the capability to electronically move clinical information among different health care information systems while maintaining the meaning of the information being exchanged. The goal of a HIE is to provide safer, more timely, efficient, effective, equitable, patient-centered care. This goal is one that works in concert with those which HMSA is currently promoting including e-prescribing and increased use of electronic medical records.

As you are aware, Hawaii is on its way to becoming a national leader in the field of health care technology. Our unique geographic location necessitates that cutting edge ideas and technologies are fostered to help overcome issues regarding access to medical care especially in rural areas. Last month, HMSA launched its Online Care program, aimed at improving access to care throughout the Islands. Residents can speak with a local physician from HMSA's network of credentialed participating physicians 24 hours-a-day, 7 days-a-week. In conjunction with this project HMSA is talking with other community entities to examine how an initiative such as a HIE could be developed in Hawaii.

It is also important to note that the federal economic stimulus package contains language which would encourage the increased use of health information technology (HIT) through the awarding of grant monies to states. Grants must be used to "facilitate and expand the electronic movement and use of health information among organizations according to nationally recognized standards."

Sincerely,

A handwritten signature in black ink, appearing to read 'JD' followed by a flourish.

Jennifer Diesman
Assistant Vice President
Government Relations