



**HAWAII MEDICAL ASSOCIATION**

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**Tuesday, March 16, 2010, 2:00 pm, Conference Room 325**

To: COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
Rep. Robert N. Herkes, Chair  
Rep. Glenn Wakai, Vice Chair

COMMITTEE ON JUDICIARY  
Rep. Jon Riki Karamatsu, Chair  
Rep. Ken Ito, Vice Chair

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

RE: SB2529 RELATING TO HEALTHCARE CLAIMS

In Support

Chairs & Committee Members:

Hawaii Medical Association supports SB2529 as a measure to help provide comprehensive, accurate health insurance claims data collection for Hawaii. This can allow greater public awareness of the costs of health care, allow insurers and providers the ability to compare claims data across the state, and eventually help identify ways to stem the continued rise of health care expenses. This data collection is critical to allowing stakeholders to develop plans for improving the quality and cost-efficiency of health care in Hawaii.

We do have suggested amendments to the bill. It is necessary that representatives from Hawaii Medical Association and the Healthcare Association of Hawaii be included on the task force to ensure representation of a variety of providers and healthcare organizations.

Thank you for the opportunity to testify.

**OFFICERS**

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**Measures: SB 2529 SD2 HD1**

**Date and Time of Hearing: March 16, 2010, 2:00 p.m.**

March 16, 2010

Chairman Herkes and Chairman Karamatsu and Members of the House Consumer Protection and Commerce and Judiciary Committees:

Good afternoon! Thank you for this opportunity to testify in favor of SB 2529 SD2 HD1.

I am Susan Forbes, DrPH, President and Chief Executive Officer of Hawaii Health Information Corporation (HHIC). Our mission is to collect, analyze and disseminate statewide health information to support efforts to continuously improve the quality and cost-efficiency of Hawai'i's health care services.

HHIC supports SB 2529 SD2 HD1 which establishes a task force to develop policies and procedures necessary to establish a health care claims uniform reporting and evaluation system.

I would like to provide background on why the creation of this system is necessary.

It is widely accepted that there is a health care crisis not only in Hawaii, but throughout the U.S. The following concerns are specific to Hawaii; any one of which indicates that we must act with a sense of urgency:

- The financing of healthcare is in crisis: While Hawaii's health insurance premiums are among the lowest in the country and Medicare costs per beneficiary are the nation's lowest, physicians are leaving Hawaii and/or quitting practice citing insufficient payment. Hospitals have reported serious financial challenges for several years. Health Plans are now reporting losses due to high utilization. Health insurance premiums paid by employers are insufficient to support the costs of the providers, and employers are not likely to be able to pay more.
- The quality of healthcare must improve: Hawaii does not consistently deliver high-quality care or recommended evidence-based care. In terms of hospital care, we rank "worse than average" for providing recommended hospital care for heart attacks, heart failure, pneumonia, obstetric and birth trauma, and prenatal care. Hospital mortality for cardiac bypass surgery, congestive heart failure and pneumonia has also been reported to be below average. Further, only 55% of adults over age 50 receive recommended colonoscopy, sigmoidoscopy or proctoscopy.<sup>1</sup>

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<sup>1</sup> 2008 State Snapshots: Derived from *2008 National Healthcare Quality Report*. March 2009. Rockville, MD: Agency for Healthcare Research and Quality. <http://statesnapshots.ahrq.gov/>.

- For employers who purchase health insurance, health care providers and consumers, information to compare quality, cost and efficiency is limited, making it hard to determine value.

As rising costs and utilization continue to burden the health care system, everyone agrees that changes need to be made to increase affordability, access to care and improve quality. But, how much will it cost? How can the delivery system be more efficient? Where are the opportunities? How will we know we are getting the best value for the \$7 Billion spent on health care each year in Hawai'i?<sup>2</sup> Currently we cannot answer these questions. What is clear: Our collective ability to improve Hawai'i's health care system will diminish the longer we wait. And, for us to make improvements we must be able to measure it.

An all-payer, all-claims data collection program (for short hand purposes, this is referred to as an all payer claims database) is a necessary first step in creating a comprehensive collection of uniform information about the entire patient experience. Through this collection, analysis, and public reporting, providers can benchmark their performance, identify opportunities for quality improvement, and design effective quality improvement initiatives. With this information, purchasers can identify and reward high-performing providers who deliver high-quality, high-value care to their patients, and consumers can access information to help guide critical health care decisions. Policy makers can make better strategic decisions for the priorities of Hawaii, both by providing funding and also through the development of public-private partnerships at the local level for development of community specific initiatives.

The utility of claims information is that it can be used to assess utilization of services (answering questions such as: Is there significant variation of utilization of specific services in specific areas and, if so, why?), examine conditions or procedures (How many people in Honolulu have asthma and how many are being hospitalized with asthma compared to other areas of the state?), compare payments for specific services (What is the cost and quality variation of diabetes care in the Honolulu metropolitan area versus the Neighbor Islands?). Through the creation of a database that includes information about all claims paid across the state, the people of Hawaii will have access to comprehensive, uniform information, which will help shape successful strategies for providing consistent, high-quality health care to all people of Hawaii, and will provide the means to monitor progress toward that goal.

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<sup>2</sup> Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released September 2007; available at [http://www.cms.hhs.gov/NationalHealthExpendData/05\\_NationalHealthAccountsStateHealthAccountsResidence.asp#TopOfPage](http://www.cms.hhs.gov/NationalHealthExpendData/05_NationalHealthAccountsStateHealthAccountsResidence.asp#TopOfPage)

**National Standards**

Based on the feedback received during discussions about development of an all payer/all claims database held in November and January with stakeholders at the Capitol, we recommend the data specifications be consistent with “..the standard file layouts maintained by the National Association of Health Data Organizations. These standard file layouts describe the data elements and formats in use in many states across the country. The issue is not what data to collect, but what to do with the data once collected.

**Task Force to Address Reporting and Data Dissemination**

We believe there is a need for more discussion on the use and dissemination of the data once collected. The current version empowers the task force to recommend data release and reporting policies related to the Hawaii Healthcare Claims Uniform Reporting and Evaluation System and reports/reporting that will support the purpose of transparent public reporting of health care information including cost and quality reporting. We believe the work of this task force is essential.

Coincident with the work of the task force will be implementation of all payer claims databases in other states. In particular, Oregon is working through the reporting issues for Kaiser which is organized as an integrated delivery system. Hawaii will benefit from this work and will be able to adopt the same reporting accommodations for Kaiser in Hawaii.

Thank you for the opportunity to support SB 2529 SD2, HB 1.

Sincerely,

Susan Forbes, DrPH  
President and Chief Executive Officer

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 16, 2010

The Honorable Robert Herkes, Chair  
The Honorable Jon Riki Karamatsu, Chair  
House Committees on Consumer Protection and Commerce and Judiciary

**Re: SB 2529 SD2 HD1 – Relating to Healthcare Claims**

Dear Chair Herkes, Chair Karamatsu and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2529 SD2 HD1 which would create a task force to develop policies and procedures regarding a health care claims uniform reporting and evaluation system. HMSA supports this measure.

This legislative session has already seen a plethora of measures aimed at gaining more transparency in the health care system. We appreciate the intent of these measures in their attempts to work towards providing potentially useful information to consumers.

As you can imagine, working towards the goal of true transparency throughout the system is one which will take some time in order for all parties to work together. We believe that rather than legislate these efforts at this time, the creation of a task force is prudent to ensure that all stakeholders have the opportunity to work in a collaborative fashion.

We understand that this is a big challenge, but believe there is much that can be done to promote transparency. SB 2529 SD2 HD1 is the first step towards truly reforming our health care system. We would respectfully request the Committees see fit to pass this measure in its current form.

Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read "JD".

Jennifer Diesman  
Vice President  
Government Relations

Testimony of  
Phyllis Dendle  
Director Government Relations

Before:  
House Committee on Consumer Protection and Commerce  
The Honorable Robert N. Herkes, Chair  
The Honorable Glenn Wakai, Vice Chair  
and  
House Committee on Judiciary  
The Honorable Robert Jon Riki Karamatsu, Chair  
The Honorable Ken Ito, Vice Chair

March 16, 2010  
2:00 pm  
Conference Room 325

**Re: SB 2529 SD2 HD1 RELATING TO HEALTHCARE CLAIMS**

Chairs and committee members, thank you for this opportunity to provide testimony on SB 2529 SD2 HD2 establishing a health care claims uniform reporting and evaluation taskforce.

**Kaiser Permanente Hawaii supports this bill.**

We opposed this bill in earlier drafts because as drafted it is not possible for us to comply with it. Because Kaiser Permanente Hawaii is an integrated health care delivery system, we do not generate billing claims like a typical insurer. These claims are the basis for All Payer Claims Database (APCD) reporting. We provide services in the same way other hospitals and clinics do in Hawaii. The claims model therefore doesn't work for our system.

Following earlier hearings we sought information regarding how Kaiser Permanente programs in other states have participated with this kind of database looking for a model we could use. We cannot find any states that have included an integrated health care delivery system such as ours.

Kaiser operates in the following states which are pursuing health claims databases:

- Oregon: Oregon recently closed the comment period for rulemaking on a health care claims data reporting program. No data has been transmitted and the program is still being finalized.
- Colorado: Colorado has proposed a bill (HB 10-1330) which would create a commission to make recommendations regarding the development of an APCD.
- Maryland: Maryland has had a payer-based reporting system in place since 2007 limited to outpatient encounters. A new proposed all-payer database under consideration would expand reporting to all services in all settings, which would be comparable with the one proposed in Hawaii. However, in Maryland Kaiser operates more like a traditional HMO receiving and processing actual claims that they then can report to the state rather than providing health care services as we do in Hawaii.

In light of these difficulties, we believe it is a good idea to create a task force as proposed to work with all of the stakeholder to develop a system that accurately reflects health care in Hawaii.

Thank you for your consideration.