

HB656, HD2

TESTIMONY

HTH-CPN HEARING

3-11-13



EXECUTIVE CHAMBERS

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Senator Rosalyn H. Baker, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brickwood Galuteria, Vice Chair

March 11, 2013, 4:10 p.m., Room 229

Testimony in favor of HB 656, HD 2: Relating to Health Care Administrative Uniformity

Testimony presented by: Beth Giesting, Healthcare Transformation Coordinator

The Governor's Office strongly supports this measure as a means to support discussion among stakeholders needed to improve our health care system by increasing administrative uniformity.

We offer amendments to further clarify the intent and scope of the activity related to this bill.

Thank you for the opportunity to testify on this measure.

A BILL FOR AN ACT

RELATING TO HEALTH CARE ADMINISTRATIVE UNIFORMITY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the State of Hawaii provides or pays for health insurance for nearly forty per cent of the population, and, therefore, is directly impacted by the escalating cost of health care services.

The legislature also finds that increases in premiums for health insurance coverage affect subscribers for such coverage, existing and new businesses, and the overall economy of the State.

The legislature further finds that the health care industry is undergoing a dramatic transformation, and that, in order to effectively harness new or improved approaches, concepts, and initiatives that have the potential to have a positive impact on the cost and quality of health care, the State must spearhead a statewide health care transformation, and strive to continuously improve the health care system.

The purpose of this Act is to establish within the office of the governor a temporary program specially targeted to

initiate this health care transformation. It is envisioned that the program will focus on processes, measures, and other matters directed at improving the quality and cost-effectiveness of health care service, opportunities for administrative uniformity or the standardization of processes, measures, and other matters, reducing unnecessary administrative burdens facing health care providers, health care facilities, and health plans, and supporting innovations in the delivery of care by using common definitions, criteria, and reimbursement approaches.

SECTION 2. (a) There is established and temporarily placed within the office of the governor the health care transformation program, which shall terminate on July 1, 2015. The principal mission of the program is to identify the issues that need to be addressed to achieve statewide healthcare transformation, and develop a strategy, framework, and timeline, as well as proposed legislation and rules, directed at the transformation, and to thereby improve the quality and cost-effectiveness of the health care delivery system, and ensure that Hawaii residents and visitors have access to high-quality and cost effective health care. The governor shall consider a broad range of initiatives, issues, and strategies, including:

- (1) The identification of ~~Standards~~ processes, measures, and goals to evaluate and improve the quality and cost-effectiveness of health care services;

- (2) Opportunities for administrative uniformity or the standardization of processes, measures, and other matters directed at improving the quality and cost-effectiveness of health care service;
- (23) Fair and efficient payment models for health care services;
- (34) Streamlined authorization procedures for health care services;
- (45) Improvement and expansion of the use of information technologies to organize, store, safeguard, exchange, and report clinical, cost, educational, technical, administrative, regulatory, and other health care-related data;
- (56) Improvement and promotion of the establishment and use of cost-effective preferred drug lists; and
- (67) Any other issue, solution, or initiative necessary or appropriate to further the principal mission of the program.

(b) To facilitate the development of the strategy, framework, and timeline, as well as legislation and rules pursuant to subsection (a), the governor may obtain information by informally consulting, individually or as a group, with any stakeholder or subject-matter expert selected by the program. The governor may informally collaborate, individually or as a

group, with any stakeholder or subject matter expert, to enable the program to plan and develop proposed strategies, including proposed legislation and rules.

SECTION 3. The governor shall submit a progress report containing the status of the health care transformation, including ~~their~~ findings and recommendations, to the legislature no later than twenty days prior to the convening of the regular session of 2014.

SECTION 4. This Act, upon its approval, shall take effect on July 1, 2013.

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The purpose of this Act is to establish within the office of the governor a temporary program specially targeted to

initiate this health care transformation. It is envisioned that the program will focus on processes, measures, and other matters directed at improving the quality and cost-effectiveness of health care service, opportunities for administrative uniformity or the standardization of processes, measures, and other matters, reducing unnecessary administrative burdens facing health care providers, health care facilities, and health plans, and supporting innovations in the delivery of care by using common definitions, criteria, and reimbursement approaches.

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SENATE COMMITTEE ON HEALTH

Senator Josh Green, Chair

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn Baker, Chair

March 11, 2013 at 4:10 p.m.

Conference Room 229

Supporting HB 656 HD 2: Relating to Health Care Administrative Uniformity

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, a majority of home health agencies and hospices, as well as long term care facilities and other health care organizations. Our members contribute significantly to Hawaii's economy by employing nearly 20,000 people statewide, delivering quality care to the people of Hawaii.

Thank you for this opportunity to testify in support of HB 656 HD 2, which creates a mechanism that enables the State to supervise discussions among health care entities when developing uniform administrative standards and procedures to enhance the quality of health care in Hawaii.

Such standards include pre-authorization forms, drug formularies, credentialing forms, quality metrics, accountable care organizations, bundled payments, and patient demographic information. In the development of these standards, it is important to encourage discussions and agreements among health care providers, insurers, and other health care organizations. However, antitrust laws are likely to have a dampening effect on such discussions. We believe that the bill will facilitate collaborative efforts among Hawaii's health care providers and other relevant health care entities to improve population health and curb costs.,

Thank you for this opportunity to testify in support of HB 656 HD 2.



March 10, 2013

Senator Joshua Green, Chair
Senate Committee on Health
Senator Rosalyn Baker, Chair
Senate Committee on Commerce and Consumer Protection
Hawaii State Legislature
State Capitol
Honolulu, HI 96813

RE: HB656, HD2—RELATING TO HEALTH CARE

Chairs Green and Baker:

The Hawaii Health Information Corporation supports the intent of HB 656, HD2—RELATING TO HEALTH CARE, to establish a structure for the State's efforts to transform the way healthcare is delivered in Hawaii. Such transformation is necessary for the system to provide for all in Hawaii care that is patient-centered, high quality and cost effective. We also support the original intent of this measure, which was to allow providers, payers and other groups interested in administrative change that brings more uniformity in forms, approaches and procedures to work together without being concerned with anti-trust statutes. We believe that the Governor's Office has language that will add such capacity to this measure and we support this bill with these changes.

The Hawaii Health Information Corporation is a private, not-for-profit organization that has, for nineteen years, maintained a database of hospital discharges for use by Hawaii's healthcare providers to improve quality and control costs. We have been working with the many other organizations in Hawaii who are part of the Governor's initiative to transform healthcare in Hawaii. This measure will enhance our collective efforts to provide better care at reasonable costs to all in Hawaii.

We appreciate the opportunity to testify in support of this measure.

Sincerely,

Peter A. Sybinsky, Ph.D.
President & CEO

733 Bishop St. • Suite 1870 • Honolulu, HI 96813

