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# A BILL FOR AN ACT

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RELATING TO HEALTH.

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

1       SECTION 1. In the last National Health Expenditures report  
2 published in 2015, the Centers for Medicare and Medicaid  
3 Services reported that as a nation the United States expended  
4 \$3,200,000,000,000 on healthcare or \$9,990 per person, which  
5 represents 17.8 per cent of Gross Domestic Product (GDP) of the  
6 United States. The Centers for Medicare and Medicaid Services  
7 further projected that national health spending would continue  
8 to grow at an average rate of 5.6 per cent per year for 2016-  
9 2025. Healthcare premiums growth have far outpaced inflation  
10 and wages, with family health insurance premiums growing one  
11 hundred thirty-one per cent over ten years (1999-2009), where  
12 workers' earning increased only 38.1 per cent over that same  
13 time period (Economic Policy Institute).

14       The Kaiser Family Foundation reported that, in 2014, the  
15 total health spending in the State of Hawaii was approximately  
16 \$10,338,000,000. In Hawaii, according to Hawaii department of  
17 commerce and consumer affairs' insurance division, health



1 premiums have increased from \$1,262,118,865 in 1995 to  
2 \$6,343,949,857 in 2015, an average increase of twenty per cent  
3 each year. Healthcare premiums in Hawaii are an increasing  
4 percentage of wages, growing from 2.8 per cent in 1974 with the  
5 passage of the Prepaid Health Care Act to 14.7 per cent in 2015.  
6 From 2010 to 2015, the small group healthcare premiums have  
7 increased each year on average six per cent, and increased 7.5  
8 per cent on average from 2013 through 2015.

9 Medicaid enrollment and spending growth has also increased.  
10 The National State Budget Officers' November 2017 State  
11 Expenditure Report found that medicaid has grown from about  
12 twenty per cent of total state spending to twenty-nine per cent  
13 of total state spending for 2017. Excluding federal funds,  
14 medicaid was nearly seventeen per cent of state fund  
15 expenditures, or a 7.1 per cent increase in state fund spending.

16 In Hawaii, medicaid makes up sixteen per cent of total  
17 state expenditures, eleven per cent of the State's general  
18 funds. General fund expenditures for the State increased by 7.3  
19 and 8.8 per cent from fiscal years 2015-2016 and 2016-2017  
20 respectively. Medicaid state fund expenditures increased by 6.3  
21 per cent and 12.3 per cent during this same period. While this



1 is largely due to increased enrollment, increasing healthcare  
2 costs are also part of the increasing trends.

3 In 2016, the legislature amended section 323D-18.5, Hawaii  
4 Revised Statutes, in Act 139, to facilitate greater transparency  
5 in the healthcare sector and improve understanding of healthcare  
6 costs, healthcare system quality, population health conditions,  
7 and healthcare disparities through the development of what is  
8 called an "all-payer claims data warehouse." This Act broadened  
9 the scope of health and healthcare data, and other information,  
10 including certain healthcare services claims and payment  
11 information, to be submitted to the state health planning and  
12 development agency for analysis, dissemination of medical  
13 treatment claims and payment information, lend transparency to  
14 the healthcare sector, and to support public policy decision  
15 making. In Act 139, the legislature found that consumers of  
16 health care and state decision makers who regulate health care  
17 and insurance should have access to health care claims payment  
18 data and analytics, that access to such data will benefit  
19 members and retirants under the Hawaii employer-union health  
20 benefits trust fund, as well as medicaid and medicare



1 recipients, and that analysis of claims data will serve other  
2 public purposes.

3 The state health planning and development agency reports  
4 that the all-payer claims database is approaching full  
5 operability and will begin receiving data from some insurers in  
6 2018. Reports from and analysis of the all-payers claims data  
7 will be used in program planning by the department of human  
8 services Med-QUEST division, employer-union health benefits  
9 trust fund, department of health, department of commerce and  
10 consumer affairs' insurance division, and department of budget  
11 and finance. Also, reports and analytics will assist the  
12 efforts to improve the State's healthcare delivery system, and  
13 the overall long-term health and well-being of the State's  
14 workforce, retirees, and medicaid beneficiaries, with the  
15 ultimate goal to reduce overall state-funded healthcare costs.

16 Act 139 also tasked the pacific health informatics and data  
17 center of the University of Hawaii to provide data stewardship  
18 and conduct analysis to further transparency and understanding  
19 of healthcare and to provide actionable information to  
20 healthcare programs and consumers.



1       The department of health and the state health planning and  
2 development agency are tasked with promoting accessibility to  
3 quality healthcare services for residents of the State at a  
4 reasonable cost. Since enactment of Act 139, to implement and  
5 operationalize its provisions the department of health and the  
6 state health planning and development agency have been working  
7 with the department of human services, the Hawaii employer-union  
8 health benefits trust fund, the department of commerce and  
9 consumer affairs' insurance division, the department of budget  
10 and finance, the department of accounting and general services'  
11 office of enterprise technology services, and the University of  
12 Hawaii. Data and health analytics have emerged as key aspects  
13 in the comprehensive use of the data to be collected.

14       After careful consideration and to enhance and sustain  
15 critical analytics of the State's medical claims data, these  
16 entities reached consensus that a health analytics program be  
17 established in the Med-QUEST division of the department of human  
18 services. The Med-QUEST division already maintains or has  
19 access to the required medical claims and administrative data of  
20 the State's medicaid health insurance program that provides  
21 coverage for one in four of Hawaii's residents.



1       As part of the overall continuous improvement of the  
2   administration of the State's medicaid program, the Med-QUEST  
3   division may be able to access federal matching funds to perform  
4   the desired healthcare analytics. This would help sustain the  
5   health analytics program. The health analytics program of the  
6   Med-QUEST division will act as a state health planning and  
7   development agency's designee and data center to receive  
8   administrative data required to determine health benefits costs  
9   from health insurance plans funded by the Hawaii employer-union  
10   health benefits trust fund as contemplated by section 323D-18.5,  
11   Hawaii Revised Statutes.

12       Continuing to work with the department of health, the  
13   department of commerce and consumer affairs, the state health  
14   planning and development agency, and the University of Hawaii,  
15   the health analytics program will provide analytics to achieve  
16   the goals of Act 139 of increased transparency, better health,  
17   better healthcare, and lower costs for beneficiaries of state  
18   funded health insurance plans, including the medicaid program.

19       The health analytics program and the all-payers claims data  
20   warehouse are key for administering state-run health programs,  
21   including medicaid. For example, improving and expanding health



1 informatics and analytics capabilities are critical for the  
2 State and the Med-QUEST division to respond to the current  
3 congressional and federal administration's proposals to  
4 undermine the Affordable Care Act health insurance coverage,  
5 including the medicaid program. Also, the State is facing  
6 rapidly increasing costs for healthcare in both the private and  
7 public sectors, especially for medicaid and Hawaii employer-  
8 union health benefits trust fund, that may slow or stagnate  
9 economic growth and take up an increasing share of limited state  
10 general funds that may be invested in other sectors to promote  
11 overall community health and well-being.

12 Finally, the all-payers claims data warehouse is a needed  
13 tool for medicaid to administer the program. In addition to  
14 essential basic functions of analyzing standardized comparative  
15 quality indicators, cost trends and cost drivers, several  
16 federal medicaid mandates can only be met by utilizing a  
17 functioning all-payers claims data warehouse. For example, new  
18 federal rules regarding medicaid managed care and network  
19 adequacy require examining community standards for accessing  
20 care. This standard-setting activity is only possible for Med-  
21 QUEST to accomplish via readily accessible datasets and



1 informatics capability provided by the all-payers claims data  
2 warehouse. To do this work will require four permanent exempt  
3 full-time positions: health analytics and informatics program  
4 director, the senior healthcare analytics and research  
5 coordinator, the program and contracts financial coordinator,  
6 and the healthcare statistician. The highly specialized  
7 technical, analytic, statistical and programmatic skills  
8 required, the limited applicant pool of individuals with these  
9 specialized skills, and the large demand in the private and  
10 public healthcare sectors for such individuals make it necessary  
11 that the positions are exempt from civil service provisions of  
12 chapter 76, Hawaii Revised Statutes. There is the potential of  
13 federal medicaid match of an appropriation of general funds for  
14 these positions.

15 The purpose of this Act is to establish the health  
16 analytics program in the Med-QUEST division of the department of  
17 human services, including by:

18 (1) Establishing four positions exempt from chapter 76,  
19 Hawaii Revised Statutes, to be known as the health  
20 analytics and informatics program administrator, the  
21 senior healthcare analytics and research coordinator,





1 the program and contracts financial coordinator, and  
2 the healthcare statistician, and appropriating funds  
3 for those positions; and .

- 4 (2) Appropriating funds for administrative costs and for  
5 planning and development of required technology and  
6 services to maintain the data center and data  
7 infrastructure for claims data.

8 SECTION 2. Chapter 346, Hawaii Revised Statutes, is  
9 amended by adding a new part to be appropriately designated and  
10 to read as follows:

11 "PART . HEALTH ANALYTICS

12 §346- Health analytics program; appointments. (a)

13 There is established within the department of human services the  
14 health analytics program.

15 (b) The head of this program shall be known as the health  
16 analytics and informatics program administrator, hereinafter  
17 referred to as analytics administrator. The analytics  
18 administrator shall have professional training in the field of  
19 health analytics or a related field; and recent experience in a  
20 supervisory, consultative, or administrative position. The  
21 analytics administrator shall be appointed by the director and



1 shall be exempt from chapter 76. Notwithstanding section 76-  
2 16(b)(17), this exemption shall not expire.

3 (c) The director may make further necessary position  
4 appointments to the health analytics program to conduct data  
5 analytics, informatics product development to support health  
6 care services programs, and any other necessary services  
7 including administrative services, required to perform the  
8 duties of the program. Three of these positions shall be a  
9 senior healthcare analytics and research coordinator, a program  
10 and contracts financial coordinator, and a healthcare  
11 statistician, which shall all be exempt from chapter 76.  
12 Notwithstanding section 76-16(b)(17), the exemptions for these  
13 positions shall not expire.

14 (d) The health analytics program will develop, design, or  
15 implement databases, primarily an all-claims, all-payer  
16 database, and an encompassing data center to collect and analyze  
17 healthcare data. The health analytics program may provide, in  
18 consultation with the state health planning and development  
19 agency, the department of health, the department of commerce and  
20 consumer affairs, the employer-union health benefits trust fund,  
21 and the University of Hawaii, comparative cost and quality



1 information about Hawaii's healthcare systems and health plan  
2 networks to consumers, providers, and purchasers of healthcare  
3 in order to provide comparative information to government policy  
4 makers and Hawaii residents.

5 (e) The health analytics program is authorized to procure  
6 services in consultation with the department of health, and to  
7 perform technical tasks including but not limited to data  
8 management, data cleansing, data quality, data analytics, and  
9 related activities that the program finds necessary to produce  
10 reports. The program and all associated technical vendors shall  
11 be required to make use of the best available privacy and  
12 security measures as required by law to protect access to  
13 electronic protected health information, and shall provide for  
14 further analysis data that is in limited datasets or de-  
15 identified formats, within the confines of the established data  
16 governance framework as provided in Hawaii administrative rules  
17 adopted pursuant to chapter 91. All data sharing, use and  
18 research shall be done in accordance with all applicable laws,  
19 including laws regarding privacy, confidentiality, and research.

20 (f) Subject to available funding, the health analytics  
21 program is authorized to serve as the contracting and data



1 center designee of the state health planning and development  
2 agency.

3 (g) The health analytics program is authorized to contract  
4 with the Pacific health informatics and data center of the  
5 University of Hawaii, as a data analytics partner to the State.  
6 The University of Hawaii may conduct core or additional  
7 analytics functions and produce reports for the program and the  
8 state health planning and development agency in this capacity.

9 (h) The health analytics program shall develop a plan for  
10 the analysis, maintenance, and publication of data, in  
11 consultation with the department of health, Hawaii employer-  
12 union health benefits trust fund, enterprise technology  
13 services, department of commerce and consumer affairs' insurance  
14 division, and the University of Hawaii. The plan shall be  
15 updated annually.

16 (i) The department of human services shall adopt  
17 administrative rules to implement this part pursuant to chapter  
18 91."

19 SECTION 3. There is appropriated out of the general fund  
20 revenues of the State of Hawaii the sum of \$768,480 or so much  
21 thereof as may be necessary for fiscal year 2018-2019, for the



1 department of human services to establish the health analytics  
2 program and carry out the purposes of the health analytics  
3 program pursuant to this Act which includes the establishment,  
4 hiring, and filling of four full-time equivalent (4.0 FTE)  
5 positions exempt from chapter 76, Hawaii Revised Statutes, any  
6 other administrative staff, and any operational expenses as may  
7 be required. Notwithstanding section 76-16(b)(17), Hawaii  
8 Revised States, the civil service exemption for these positions  
9 shall not expire in three years.

10 The sum appropriated shall be expended by the department of  
11 human services for the purposes of this Act.

12 SECTION 4. There is appropriated from moneys in the  
13 treasury received from federal funds the sum of \$563,920 or so  
14 much thereof as may be necessary for fiscal year 2018-2019, to  
15 carry out the purposes of the health analytics program  
16 established pursuant to this Act.

17 The sum appropriated shall be expended by the department of  
18 human services for the purposes of this Act.

19 SECTION 5. If any provision of this Act, or the  
20 application thereof to any person or circumstance, is held  
21 invalid, the invalidity does not affect other provisions or



1 applications of the Act that can be given effect without the  
2 invalid provision or application, and to this end the provisions  
3 of this Act are severable.

4 SECTION 6. This Act shall take effect on July 1, 3000.



**Report Title:**

Department of Human Services; Med-QUEST Division; State Health Planning and Development Agency; Health and Healthcare Information and Data; Health Analytics Program

**Description:**

Establishes the Health Analytics Program in the Med-QUEST Division of the Department of Human Services and authorizes the Department of Human Services to maintain an all-payers medical claims data base. (HB694 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

