



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 25, 2018

TO: The Honorable Representative Sylvia Luke, Chair
House Committee on Finance

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 694 HD 1 – RELATING TO HEALTH**

Hearing: Tuesday, February 27, 12:00 p.m.
Conference Room 308, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports the bill as it is consistent with the administration's proposal HB2361.

PURPOSE: The purpose of the bill is to establish the health analytics program in the Med-QUEST division of DHS, establish four positions to support the program, appropriate funds for the positions, for administrative costs, planning and development for required technology, and services to maintain the data center and data infrastructure for claims data.

This bill is the same as the administration's proposed bill HB2361 Relating to Health Analytics that establishes the Health Analytics Program in the Med-QUEST Division of the DHS and authorizes DHS to maintain an all-payers medical claims (APCD) data base. The request includes appropriations for four positions, technical and administrative costs in the amount of \$768,480 in general funds and \$563,920 in matching federal funds. We would also add that a similar request for appropriations has been included in the Governor's supplemental budget request.

This bill is the result of a multi-agency, multi-year collaborative effort to analyze our collective health care claims data, and to effect change arising from unsustainable

health care costs. DHS agrees with Insurance Commissioner Ito that Hawaii's ballooning health care costs do not necessarily result in healthy outcomes for our community.

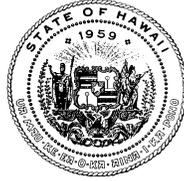
The Legislature passed Act 139 (2016) to facilitate greater transparency and understanding of healthcare costs, improve healthcare system quality, population health outcomes and healthcare disparities through the development of what is now called an all-payer claims data warehouse (APCD). The development work has been supported through a federal grant that will be ending this year.

Currently, the Department of Health, the State Health Planning and Development Agency, University of Hawaii, Employee-Union Health Benefits Trust Fund, the Department of Commerce and Consumer Affairs, Insurance Division, Enterprise Technology Services, the Department of Budget and Finance, and DHS form a multi-agency steering group to both develop and implement the APCD. The steering group also will work to ensure that the public's needs for the data are met. This group rapidly recognized the need to sustain the APCD, and invest further in the analytic capabilities so that the shared goals could be met.

With great consideration and deliberation, it was agreed that the Med-QUEST division of DHS would be best poised to enhance the analytic and technologic capabilities, while also being able to leverage federal matching funds via Medicaid, as community based analytics would lead to improvement of the state's Medicaid program.

Finally, the APCD and resultant analyses will enable Med-QUEST to meet critical Medicaid-specific operational and policy goals. For example, recent regulations require comparative analyses of provider networks and the provision of care to a community standard. Given the size and complexity of the Medicaid program, the ability to analyze the data that we already collect, and compare it to the larger community will be essential to be able to work across payers and providers to transform the health care delivery system. For these reasons, we ask for your support and pass the proposed HD 1.

Thank you for the opportunity to testify on this measure.



STATE OF HAWAII
DEPARTMENT OF HEALTH
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**Testimony in SUPPORT of HB694 HD1
RELATING TO HEALTH.**

REP. SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: February 27, 2018

Room Number: 309

1 **Fiscal Implications:** Unspecified appropriations request.

2 **Department Testimony:** The Department of Health strongly supports HB694 HD1, which
3 establishes a Health Analytics Program in the Med-QUEST Division of the Department of
4 Human Services and authorizes the Department of Human Services to maintain an all-payers
5 medical claims data base.

6 Act 139 SLH 2016 was a landmark statute that authorized the State Health Planning and
7 Development Agency to insurers contracted to provide health benefits management services
8 financed by the State to submit administrative data, primarily health care claims for EUTF and
9 Med-QUEST beneficiaries. HB694 HD1 follows up with legal authority and resources for a
10 formal health analytics capacity that will facilitate the State's efforts to improve transparency in
11 the healthcare sector and improve understanding of healthcare costs, quality, population health
12 conditions, and healthcare disparities.

13 The "all payer claims database" is a joint initiative that involves the Department of Health, the
14 Office of Enterprise Technology Services, the Department of Human Services, the State Health
15 Planning and Development Agency, the Hawaii Employee-Union Health Benefits Trust Fund,
16 the Department of Commerce and Consumer Affairs Insurance Division, the Department of
17 Budget and Finance, and the University of Hawaii.

18 **Offered Amendments:** N/A.



DAVID Y. IGE
GOVERNOR

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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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CATHERINE P. AWAKUNI COLÓN
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JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Tuesday, February 27, 2018
12:00 p.m.

TESTIMONY ON HOUSE BILL NO. 694, H.D. 1, RELATING TO HEALTH.

TO THE HONORABLE SYLVIA LUKE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 694, H.D. 1, Relating to Health. My name is Gordon Ito, and I am the Insurance Commissioner for the Department’s Insurance Division. The Department supports this bill.

The purpose of this bill is to establish the Health Analytics Program in the Med-QUEST Division of the Department of Human Services and authorize the Department of Human Services to maintain an all-payers medical claims database.

The Department supports advancements to improved healthcare data analytics on the healthcare cost drivers in the State. The data from an all-payers medical claims database will lead to public health policies and programs such as those aimed at reversing the prevalence of obesity in Hawaii. According to the State’s Department of Health, obesity has more than doubled from 10.6% in 1994 to 22.7% in 2015. This healthcare trend, if left unchecked, will result in poorer health outcomes for our communities, higher healthcare costs, and an increase in health insurance premiums.

Thank you for the opportunity to testify in support of this measure.

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
ACTING DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 694, H.D. 1

February 27, 2018
12:00 p.m.
Room 308

RELATING TO HEALTH

House Bill (H.B.) No. 694, H.D. 1, establishes the Health Analytics Program (HAP) in the Med-QUEST Division of the Department of Human Services (DHS); authorizes DHS to maintain an all-payers medical claims database; and appropriates \$768,480 in general funds and \$563,920 in federal funds for FY 19 for the establishment and filling of four exempt positions and to carry out the purposes of the HAP. The four exempt positions will be funded with general funds.

The Department of Budget and Finance supports this measure as it mirrors the Administration's Proposal HMS-6(18), which is also identified as H.B. No. 2361 and Senate Bill No. 2788.

Thank you for your consideration of our comments.



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON HOUSE BILL NO. 694 H.D. 1

February 27, 2018
12:00 p.m.
Room 308

RELATING TO HEALTH

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The EUTF Board of Trustees has not had an opportunity to take a position on this bill. The EUTF Board's next meeting is February 27, 2018. At this time, EUTF staff would like to provide comments on the bill.

The EUTF is not immune to rising healthcare costs – over the past five years EUTF's most popular medical and prescription drug plan for active employees (HMSA 80/20 PPO plan) has seen annualized increases of 5.8%. Additionally, the State and its employees and retirees have seen total paid healthcare premiums increase from \$640.6 million in fiscal year 2013 to \$791.4 million in fiscal year 2017 (an annualized increase of 5.4%).

Seeing the rising healthcare costs and the negative impact to the members, in late 2016, the EUTF Board adopted a vision statement to "Actively partner with our beneficiaries to improve their health." To fulfill this goal, the EUTF and its insurance

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

carriers must first understand the health of the EUTF membership through the accumulation and analysis of healthcare data. Over the past few years, the EUTF has been obtaining aggregate data from the insurance carriers on the health of the EUTF population, how diseases are being managed, high cost claim areas, areas for improvement, etc. What has proven difficult is digging below the aggregate data to better understand the cost drivers at an individual level (e.g. the cost trend for different claims over time, the utilization trend for specific claims, the range of costs by provider for specific claims, and cost trend over time for individuals with specific conditions). Such individual level information that the all payer claims database will be able to provide will assist the EUTF in designing plans and developing programs with the insurance carriers to encourage healthy behaviors.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



TODD NACAPUY
CHIEF INFORMATION
OFFICER

STATE OF HAWAII
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

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Testimony of
TODD NACAPUY
Chief Information Officer, State of Hawai'i

Before the

HOUSE COMMITTEE ON FINANCE
Tuesday, February 27, 2018
Noon
State Capitol, Conference Room 308

HOUSE BILL NO. 694, HD1
RELATING TO HEALTH

Dear Chair Luke, Vice Chair Cullen and members of the committee:

I am Todd Nacapuy, Chief Information Officer of the State of Hawai'i and head of the Office of Enterprise Technology Services (ETS), testifying in **support** of House Bill No. 694 HD1, Relating to Health, which 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.

For the past several years, the Office of Enterprise Technology Services, the Department of Human Services, the Department of Health and the State Health Planning and Development Agency, the Hawaii Employee-Union Health Benefits Trust Fund, the Department of Commerce and Consumer Affairs Insurance Division, the Department of Budget and Finance, and the University of Hawaii have been working together to build the "all payer claims data warehouse" which supported the State's efforts to improve transparency in the healthcare sector and improve understanding of healthcare costs, quality, population health conditions, and healthcare disparities.

That experience highlighted the benefits of closely integrating the collection and analysis of health data with those making health policy decisions. As such, ETS fully supports this measure that establishes the health analytics program in the Med-QUEST Division of the Department of Human Services to "improve the State's healthcare delivery system, and the overall long-term health and well-being of the State's workforce and retirees, and of its Medicaid beneficiaries, with the ultimate goal to reduce overall state-funded healthcare costs."

Thank you for this opportunity to testify in support of this bill.

HB-694-HD-1

Submitted on: 2/26/2018 8:36:06 AM

Testimony for FIN on 2/27/2018 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Romala Radcliffe	Hawaii State Health Planning and Development Agency	Support	Yes

Comments:



An Independent Licensee of the Blue Cross and Blue Shield Association

February 27, 2018

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
House Committee on Finance

Re: HB 694, HD1 – Relating to Health

Dear Chair Luke, Vice Chair Cullen, and Committee Members:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB 694, HD1, which establishes the Health Analytics Program (HAP) 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.

HMSA shares the Department of Human Service's interest in working toward a better understanding of the cost drivers associated with healthcare in our state. We have worked collaboratively with the State and other stakeholders to safely and effectively advance the all payers medical claims data base and we will continue to lend our expertise to this effort.

Thank you for the opportunity to testify on HB 694, HD1.

Sincerely,

Pono Chong
Vice President, Government Relations



**Testimony to the House Committee on Finance
Tuesday, February 27, 2018; 12:00 p.m.
State Capitol, Conference Room 308**

RE: SUPPORTING HOUSE BILL NO. 694, HOUSE DRAFT 1, RELATING TO HEALTH.

Chair Luke, Chair Cullen, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 694, House Draft 1, RELATING TO HEALTH.

Among other things, the bill, as received by your Committee, would:

- (1) Establish within the Department of Human Services (DHS) the Health Analytics Program (Program) to develop, design, or implement databases, primarily an all-claims, all-payer database, and an encompassing data center to collect and analyze healthcare data;
- (2) Allow the Program to procure services in consultation with the Department of Health (DOH) and perform technical tasks such as data management, data cleansing, data quality, data analytics;
- (3) Permit the Program to serve as contracting and data designee of the State Health Planning and Development Agency (SHPDA), and contract with the Pacific Health Informatics and Data Center of the University of Hawaii as a data analytics partner to the State;
- (4) Require the Program to develop a plan for the analysis, maintenance, and publication of data, in consultation with DOH, the Hawaii Employee-Union Health Benefits Trust Fund, Enterprise Technology Services, the Department of Commerce and Consumer Affairs' Insurance Division, and the University of Hawaii, and update the plan annually;
- (5) Allow DHS to adopt rules to facilitate the foregoing;

Testimony on House Bill No. 694, House Draft 1
Tuesday, February 27, 2018; 12:00 p.m.
Page 2

- (6) Appropriate \$768,480 in general funds for fiscal year 2018-2019, to be expended by DHS, to implement the foregoing, including the hiring of four full-time equivalent positions exempt from the Civil Service Law;
- (7) Appropriate \$563,920 in federal funds for fiscal year 2018-2019, to be expended by DHS, to implement the foregoing;
- (8) Provide for severability if any provision is invalidated; and
- (9) Take effect on July 1, 3000.

Federally Qualified Health Centers (FQHCs) provide desperately needed medical services at the frontlines in rural communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of health.

Because the majority of our patients are Medicaid recipients, reimbursement for services provided at FQHCs is extremely complex given the multiple streams of funding received from the federal and State governments. The availability of funding is often volatile due to changes in federal and State laws as well as the manner in which these laws are implemented and enforced. In this environment, it is not only prudent but necessary for the State to seek new sources of funding and devise creative ways of capturing and securing resources.

In advance, thank you for your consideration of our testimony.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
Tuesday, February 27, 2018 at 12:00 p.m.

LATE

By

Denise Eby Konan, PhD
Dean, College of Social Sciences

And

Michael Bruno, PhD
Interim Vice Chancellor for Academic Affairs and Vice Chancellor for Research
University of Hawai'i at Mānoa

HB 694 HD1 – RELATING TO HEALTH

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance:

I am testifying on behalf of the University of Hawai'i at Mānoa and the College of Social Sciences **in strong support** of HB 694 HD1. This bill will help to better inform State of Hawai'i priorities for health care policy and programs by establishing a health analytics program in the Med-QUEST Division of the Department of Health and Human Services and maintaining an all-payers medical claims data base.

In 2016, the legislature amended section 323D-18.5, Hawai'i Revised Statutes, in Act 139 creating the Hawai'i All-Payer Claims Database to compile health insurer enrollment and claims data. This act also designated the Pacific Health Informatics and Data Center (PHIDC) in the College of Social Sciences of the University of Hawai'i at Mānoa as the data center "to receive the data and to conduct analysis to further transparency and understanding of health care and to provide information to consumers." Since that time, PHIDC has collaborated with other members of the Hawai'i Health Data Center All-Payer Claims Database Steering Committee in a multi-agency collaboration to bring the APCD to fruition.

In 2016, health care expenditures were estimated to be \$3.3 trillion dollars or 18% of the U.S. GDP. Health care costs are rapidly increasing and finding ways to identify, manage, and bend the cost curve is of critical importance. The All-Payer Claims Database will serve as a valuable tool for the State, as the costs of health care continue to rise for the people of Hawai'i, the State Medicaid program, the Employer-Union Health Benefits Trust Fund, the Department of Health, and other State agencies.

Across the nation, there are 19 other All-Payer Claims Databases in existence or in implementation. The All-Payer Claims Databases have also been used to identify trends in population health, health care utilization, insurance coverage, among many other topics. The Hawai'i All-Payer Claims Database intends to provide data and

reports to inform greater transparency, and to foster better decision making in health care purchasing and spending, service utilization, population health, and policymaking.

The University of Hawai'i through the PHIDC remains strongly committed to its role as a partner in data management, data analytics, and independent research and analysis on this critical initiative to produce and provide reliable data on health services, insured care costs, and public health.