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# A BILL FOR AN ACT

RELATING TO HEALTH ANALYTICS.

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

1           SECTION 1. In the 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, or \$9,990 per person, on healthcare, which  
5 represents 17.8 per cent of gross domestic product of the United  
6 States. The Centers for Medicare and Medicaid Services further  
7 projected that national health spending would continue to grow  
8 at an average rate of 5.6 per cent per year from 2016 to 2025.  
9 Healthcare premium growth has far outpaced inflation and wages,  
10 with family health insurance premiums growing one hundred  
11 thirty-one per cent from 1999 to 2009, while workers' earnings  
12 increased only 38.1 per cent over that same time period.

13           The Kaiser Family Foundation reported that, in 2014, the  
14 total health spending in the State of Hawaii was approximately  
15 \$10,338,000,000. In Hawaii, according to the department of  
16 commerce and consumer affairs' insurance division, health  
17 premiums have increased from \$1,262,118,865 in 1995 to



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

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

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



1 increasing healthcare costs are also part of the increasing  
2 trends.

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



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

3 Reports from and analysis of the all-payers claims data  
4 would serve the public purpose for use in program planning by  
5 the department of human services med-QUEST division, Hawaii  
6 employer-union health benefits trust fund, department of health,  
7 department of commerce and consumer affairs' insurance division,  
8 and department of budget and finance. Also, reports and  
9 analytics will assist the efforts to improve the State's  
10 healthcare delivery system and the overall long-term health and  
11 well-being of the State's workforce, retirees, and medicaid  
12 beneficiaries, with the ultimate goal to reduce overall state-  
13 funded healthcare costs.

14 Act 139 also required the Pacific health informatics and  
15 data center of the University of Hawaii to provide data  
16 stewardship and conduct analysis to further transparency and  
17 understanding of healthcare and to provide actionable  
18 information to healthcare programs and consumers.

19 The department of health and the state health planning and  
20 development agency are tasked with promoting accessibility to  
21 quality healthcare services for residents of the State at a



1 reasonable cost. To implement and operationalize the provisions  
2 of Act 139 since its enactment, the department of health and the  
3 state health planning and development agency have been working  
4 with the department of human services, Hawaii employer-union  
5 health benefits trust fund, department of commerce and consumer  
6 affairs' insurance division, department of budget and finance,  
7 department of accounting and general services' office of  
8 enterprise technology services, and University of Hawaii. Data  
9 and health analytics have emerged as key aspects in the  
10 comprehensive use of the data to be collected.

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

19 As part of the overall continuous improvement of the  
20 administration of the State's medicaid program, the med-QUEST  
21 division may be able to access federal matching funds to perform



1 the desired healthcare analytics, which would help sustain the  
2 health analytics program. The health analytics program of the  
3 med-QUEST division will act as the state health planning and  
4 development agency's designee and data center to receive  
5 administrative data required to determine health benefits costs  
6 from health insurance plans funded by the Hawaii employer-union  
7 health benefits trust fund, as contemplated by section 323D-  
8 18.5, Hawaii Revised Statutes.

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

16 The health analytics program and the all-payers claims data  
17 warehouse are key for administering state-run health programs,  
18 including medicaid. For example, improving and expanding health  
19 informatics and analytics capabilities are critical for the  
20 State and the med-QUEST division to respond to the current  
21 congressional and federal administration's proposals to



1 undermine Affordable Care Act health insurance coverage,  
2 including the medicaid program. Also, as indicated above, the  
3 State is facing rapidly increasing costs for healthcare in both  
4 the private and public sector, especially in medicaid and the  
5 Hawaii employer-union health benefits trust fund, that may slow  
6 or stagnate economic growth and take up an increasing share of  
7 limited state general funds that may be invested in other  
8 sectors to promote overall community health and well-being.

9 Finally, the all-payers claims data warehouse is a needed  
10 tool for medicaid to administer the program. In addition to  
11 essential basic functions of analyzing standardized comparative  
12 quality indicators, cost trends and cost drivers, several  
13 federal medicaid mandates can only be met by utilizing a  
14 functioning all-payers claim data warehouse. For example, new  
15 federal rules regarding medicaid managed care and network  
16 adequacy require examining community standards for accessing  
17 care. This standard-setting activity is only possible for med-  
18 QUEST to accomplish via readily accessible datasets and  
19 informatics capability provided by the all-payers claims data  
20 warehouse. This work will require four permanent exempt full-  
21 time positions: a health analytics and informatics program



1 director, senior healthcare analytics and research coordinator,  
2 program and contracts financial coordinator, and healthcare  
3 statistician. The highly specialized technical, analytic,  
4 statistical and programmatic skills required, the limited  
5 applicant pool of individuals with these specialized skills, and  
6 the large demand in the private and public healthcare sector for  
7 such individuals necessitate the positions to be exempt from  
8 civil service provisions of chapter 76, Hawaii Revised Statutes.  
9 There is the potential of the availability of federal medicaid  
10 matching funds for an appropriation of general funds for these  
11 positions.

12 The purpose of this Act is to:

- 13 (1) Establish the health analytics program in the med-  
14 QUEST division of the department of human services;
- 15 (2) Require the health analytics program to maintain an  
16 all-claims, all-payer database;
- 17 (3) Establish and appropriate general funds for four  
18 positions, exempt from civil service, to be known as  
19 the health analytics and informatics program  
20 administrator, senior healthcare analytics and



1 research coordinator, program and contracts financial  
 2 coordinator, and healthcare statistician; and  
 3 (4) Appropriate federal funds for the health analytics  
 4 program.

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

8 "PART . HEALTH ANALYTICS

9 §346- Definitions. As used in this part, unless the  
 10 context requires others, "analytics administrator" means the  
 11 health analytics and informatics program administrator.

12 §346- Health analytics program; appointments. (a)  
 13 There is established within the department the health analytics  
 14 program.

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



1 (c) The director may make further necessary position  
2 appointments to the health analytics program to conduct data  
3 analytics, informatics product development to support health  
4 care services programs, and any other necessary services  
5 including administrative services, required to perform the  
6 duties of the program.

7 (d) The health analytics program shall develop, design, or  
8 implement databases, primarily an all-claims, all-payer  
9 database, and an encompassing data center to collect and analyze  
10 healthcare data. The health analytics program may provide, in  
11 consultation with the state health planning and development  
12 agency, department of health, department of commerce and  
13 consumer affairs, Hawaii employer-union health benefits trust  
14 fund, and University of Hawaii, comparative cost and quality  
15 information about the State's healthcare systems and health plan  
16 networks to consumers, providers, and purchasers of healthcare  
17 in order to provide comparative information to government policy  
18 makers and the public.

19 (e) The health analytics program may procure services in  
20 consultation with the department of health and perform technical  
21 tasks including but not limited to data management, data



1 cleansing, data quality, data analytics, and related activities  
2 that the program finds necessary to produce reports. The  
3 program and all associated technical vendors shall be required  
4 to make use of the best available privacy and security measures  
5 as required by law to protect access to electronic protected  
6 health information, and shall provide for further analysis data  
7 that is in limited datasets or de-identified formats, within the  
8 confines of the established data governance framework as  
9 provided in rules adopted pursuant to chapter 91. All data  
10 sharing, use, and research shall be done in accordance with all  
11 applicable laws, including laws regarding privacy,  
12 confidentiality, and research.

13 (f) Subject to available funding, the health analytics  
14 program is authorized to serve as the contracting and data  
15 center designee of the state health planning and development  
16 agency.

17 (g) The health analytics program may contract with the  
18 Pacific health informatics and data center of the University of  
19 Hawaii, as a data analytics partner to the State. The  
20 University of Hawaii may conduct core or additional analytics



1 functions and produce reports for the program and the state  
2 health planning and development agency in this capacity.

3 (h) The health analytics program shall develop a plan for  
4 the analysis, maintenance, and publication of data, in  
5 consultation with the department of health, Hawaii employer-  
6 union health benefits trust fund, office of enterprise  
7 technology services, department of commerce and consumer  
8 affairs' insurance division, and University of Hawaii. The plan  
9 shall be updated annually.

10 (i) The department of human services shall adopt rules  
11 pursuant to chapter 91, to implement this part."

12 SECTION 3. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$768,480 or so much  
14 thereof as may be necessary for fiscal year 2018-2019 for the  
15 department of human services to establish the health analytics  
16 program and carry out the purposes of the health analytics  
17 program pursuant to this Act, including the establishment and  
18 hiring of four full-time equivalent (4.0 FTE) positions exempt  
19 from chapter 76, Hawaii Revised Statutes, and any other  
20 administrative staff as may be required and any operating  
21 expenses. Notwithstanding section 76-16(b)(17), Hawaii Revised



1 Statutes, to the contrary, the civil service exemption for these  
2 positions shall not expire in three years.

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

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

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

12 SECTION 5. If any provision of this Act, or the  
13 application thereof to any person or circumstance, is held  
14 invalid, the invalidity does not affect other provisions or  
15 applications of the Act that can be given effect without the  
16 invalid provision or application, and to this end the provisions  
17 of this Act are severable.

18 SECTION 6. This Act shall take effect upon its approval;  
19 provided that sections 3 and 4 shall take effect on July 1,  
20 2018.

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**Report Title:**

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

**Description:**

Establishes the health analytics program in the med-QUEST Division of the Department of Human Services and authorizes the Department to maintain an all-payers medical claims database. Establishes and appropriates funds for four positions. Appropriates funds for health analytics program. (SD1)

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