
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 Association of State Budget Officers'
10 November 2017 State Expenditure Report found that medicaid has
11 grown from about twenty per cent of total state spending to
12 twenty-nine per cent of total state spending for 2017.
13 Excluding federal funds, medicaid accounted for nearly seventeen
14 per cent of state fund expenditures, or a 7.1 per cent increase
15 in state fund spending.

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



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

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



1 union health benefits trust fund, as well as medicaid and
2 medicare recipients, and analysis of claims data will serve
3 other public purposes.

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

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

20 The department of health and the state health planning and
21 development agency are tasked with promoting accessibility to



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

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

20 As part of the overall continuous improvement of the
21 administration of the State's medicaid program, the med-QUEST



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

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

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



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

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



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

13 The purpose of this Act is to:

- 14 (1) Establish the health analytics program in the med-
15 QUEST division of the department of human services;
16 (2) Require the health analytics program to maintain an
17 all-claims, all-payer database;
18 (3) Establish and appropriate general funds for four
19 positions, exempt from civil service, to be known as
20 the health analytics and informatics program
21 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 TASI-Pacific health informatics and data center of the
19 University of Hawaii, as a data analytics partner to the State.
20 The University of Hawaii may conduct core or additional



1 analytics functions and produce reports for the program and the
2 state 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 \$ 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 state
6 treasury received from federal funds the sum of \$ 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 on July 1, 2050;
19 provided that sections 3 and 4 shall take effect on July 1,
20 2050.



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 the health analytics program. Effective 7/1/2050. (SD2)

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