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April 2, 2021

TO: The Honorable Senator Donovan M. Dela Cruz, Chair  
Senate Committee on Ways & Means

FROM: Cathy Betts, Director

SUBJECT: **HB 1284 HD2 HD1– RELATING TO THE DEPARTMENT OF HUMAN SERVICES.**

Hearing: April 7, 2021, 9:45 a.m.  
Via Videoconference, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports this measure. DHS is aware of various proposals that may impact the State Health Planning and Development Agency (SHPDA). DHS Health Analytics Program relies upon statutory provisions within SHPDA's statutory framework, therefore, appreciates the ability to continue the important work of the DHS Health Analytics Program and the State's All Payers Claim Data Warehouse.

The House Committee on Health, Human Services, and Homelessness, amended the measure by:

(1) deleting language and inserting language that:

- (A) Requires health insurance providers who provide health benefits plans funded by the Hawaii Employer-Union Health Benefits Trust Fund or the State Medicaid agency and providers providing Medicare Advantage health benefits to submit administrative data to the Health Analytics Program in the Department of Human Services;
- (B) Authorizes the Health Analytics Program to develop and update an annual plan for the analysis, maintenance, and publication of collected all-claims, all-payer data;

- (2) Changing the effective date to July 1, 2060, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

The House Committee on Judiciary & Native Hawaiian Affairs made additional technical amendments, and the House Committee on Finance passed the measure unamended.

DHS appreciates the amendments of the Senate Committee on Human Services that amended the measure by,

- (1) Changing its effective date from July 1, 2060, to January 1, 2022; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

**PURPOSE:** The purpose of the bill requires health insurance providers that provide health benefits plans funded by the Hawaii employer-union health benefits trust fund or the state Medicaid agency and providers that provide Medicare advantage (Medicare part C) health benefits plans to provide administrative data to the health analytics program in the department of human services. Requires the health analytics program to develop an annual plan for the analysis, maintenance, and publication of collected all-claims, all-payer administrative data. Effective 1/1/22. (SD1)

Given the significant impacts of the COVID-19 pandemic on the State's general revenue, DHS appreciates the efforts to reduce costs and make State government more efficient. However, there are program and statutory dependencies between executive branch agencies that proposed changes in one department may render a program in another department without requisite authority to continue its work. The uncertainty created with a number of proposals that may impact SHPDA, may remove the statutory authority needed by the DHS Med-QUEST's (MQD) Health Analytics Program to continue its work to operate the State's All Payer Claims Data (APCD) Warehouse. DHS is concerned that if SHPDA is significantly altered, then the State may lose its authority to collect claims data and operate the APCD.

This measure provides DHS MQD with the necessary statutory authority to continue the work of its Health Analytics Program to develop and maintain the State's APCD. Currently, MQD's Health Analytics Program is authorized as a designee of SHPDA to maintain the State's APCD by Chapter 323D, Hawaii Revised Statutes (HRS). This measure adds a new section to

DHS' Chapter 346, Part XX, Health Analytics Program, that is nearly the same as section 323D-18.5, HRS, which is the current SHPDA authority to operate the APCD.

Currently, SHPDA designates all functions of the APCD to the University of Hawaii and DHS MQD's Health Analytics Program. SHPDA does not provide any staffing or funding for the APCD. DHS MQD's Health Analytics Program funds the APCD and provides state oversight and management. The University of Hawaii is contracted by DHS to maintain the APCD. Adding programmatic authority within DHS MQD's Health Analytics Program will align the authority within the agency that funds the APCD.

As background, Hawaii's APCD is a database authorized to collect health care claims data from Hawaii Employer-Union Health Benefits Trust Fund (EUTF), MQD, and Medicare, to facilitate greater transparency and understanding of the State's healthcare costs, improve healthcare system quality, population health outcomes, and healthcare disparities. The APCD will help MQD and others evaluate health trends in the state, including the costs of healthcare, quality of care, and price transparency.

In 2018, Act 55, Session Laws of Hawaii (SLH) 2018, established the Health Analytics Program in the Med-QUEST Division (MQD) and authorized DHS to maintain an all-payers claims data warehouse (APCD). Act 55, SLH 2018, was 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. The collaborative efforts were the next steps to implement Act 139, SLH 2016, that authorized insurers contracted to provide health insurance benefits financed by the State, to submit administrative data, primarily health care claims for beneficiaries.

Significantly, as the State's Medicaid agency, MQD is positioned to enhance the State's analytic and technologic capabilities as it is able to leverage federal Medicaid matching funds, as community based analytics will lead to improvement of the State's Medicaid program. The APCD and resultant analyses will assist MQD 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

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the larger community will be essential to be able to work across payers and providers to transform the health care delivery system.

A steering committee comprised of multiple agencies who are strongly invested in the APCD provide oversight and direction for the operations and analytics of the APCD. These agencies include the Department of Health, Department of Commerce and Consumer Affairs Insurance Division, Department of Budget and Finance, Office of Enterprise Technology Services, Department of Human Services Med-QUEST Division, the University of Hawaii, and EUTF. The steering committee will continue to oversee the functions of the APCD.

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



**STATE OF HAWAII**  
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**WRITTEN ONLY**

TESTIMONY BY DEREK MIZUNO  
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON HOUSE BILL NO. 1284 H.D. 2, S.D. 1

**April 7, 2021**  
**9:45 a.m.**

**Via Videoconference & Conference Room 211**

RELATING TO THE DEPARTMENT OF HUMAN SERVICES

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees supports this bill to continue the important work of the all payer claims data warehouse (APCD). The information in the APCD will be used by EUTF to supplement group information provided by the EUTF's medical and prescription drug carriers 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 will assist the EUTF in designing plans and developing programs with the insurance carriers to encourage healthy behaviors.

Over the past few years, the APCD has made significant progress in developing the infrastructure and security of the warehouse, protocols for obtaining and receiving eligibility and claims information from the EUTF and its insurance carriers, and a

**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.

governance structure. This bill will allow the EUTF and the other parties to take the next step in developing action plans from analysis of the data.

Thank you for the opportunity to testify.