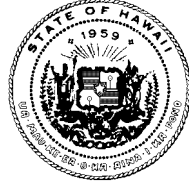


LATE

DAVID Y. IGE  
GOVERNOR



CATHY BETTS  
DIRECTOR

JOSEPH CAMPOS II  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 8, 2021

TO: The Honorable Representative, Chair Ryan I. Yamane, Chair  
House Committee on Health, Human Services, & Homelessness

FROM: Cathy Betts, Director

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

Hearing: February 9, 2021, 9:30 a.m.  
Conference Room 329, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent, respectfully opposes the measure as written, provides comments, and suggests an amendment.

**PURPOSE:** The purpose of the bill reorganizes the administrative structure of the department of human services. Requires the department of human services to submit a report to legislature prior to the regular session of 2022 proposing any additional legislation required to complete the reorganization.

DHS agrees in principle that assessing efficacy of programs and re-organizing is necessary to operate a large department and to modernize its service delivery. DHS has several re-organizations on-going and has completed several re-organizations over the last decade. After the 2009 economic downturn, budget cuts and a significant reduction in force required the department to re-organize to continue to deliver core programmatic functions while overseeing drastic statewide programmatic changes department wide.

Currently, underway are re-organizations, coupled with business process re-design, organizational change management, and a keen assessment of programmatic metrics and success measures.

The following is a brief summary of the impact of the proposed consolidation and will be further updated if the measure proceeds.

Staff Offices. Each staff office has distinct obligations and responsibilities, governed by state and federal laws and regulations. Combining the Budget, Planning, and Management Office (BPMO), the Fiscal Management Office (FMO), and Audit, Quality Control, and Research office (AQCRO) would likely not lead to more efficiency nor cost savings. In reality, combining these offices would likely lead to less efficiency and crucial responsibilities may fall to the wayside, especially if consolidation included a reduction in force.

Med-QUEST Division (MQD). No re-organization or moving of positions and functions are taken without the goal of improved effectiveness and efficiency. The bill mandates that the MQD Program and Policy office's functions be transferred to the newly established Health Analytics office, and that all staff report to the Health Analytics office.

For the past two years, MQD has been actively engaged in business process redesign focused on those branches and offices that directly serve the public. Before launching into a re-organization, it is necessary to review and re-design processes, to thoughtfully evaluate the functions needed in a modernized program, and to revise and re-design the various position descriptions to ensure that the staff are best equipped to perform their work most efficiently and effectively.

Currently, MQD is in the midst of expanding their business process re-design work and reviewing all MQD branches to ensure it can be as effective in meeting the mission of the organization – ensuring Hawaii residents receive timely, quality health care with Aloha.

The MQD Program and Policy office manages all of the myriad of federal and state eligibility, Medicaid benefit and coverage rules and programs, all of the waiver authorities MQD has to operate the program, all of the Hawaii Administrative Rules. This high level policy and programmatic work have been essential during the pandemic with rapidly changing policies, disaster waivers, and review of sub-regulatory guidance that the federal government has

prolifically released, has used allowed us to quickly adopt and adapt to meet the more than 22% increase in enrollees since March 2020, or more than 400,000 Hawaii residents.

A major addition to DHS and MQD was the addition of the Health Analytics Program that is a result of the work done by multiple departments and agencies with support of the Legislature. Act 55, Session Laws of Hawaii 2018, established the Health Analytics Office in MQD, and since then MQD is actively engaged in re-organizing to consolidate positions and functions working on various analytics into the newly established office.

The Health Analytics Office works with all of the various branches and offices to support their analytic needs, as well as with other state agencies in the implementation of the State's All Payer Claims Datawarehouse. Therefore, while MQD appreciates the inter-relatedness of analytics and policy, the functions of the two offices are very different. Combining them would lead to greatly diminished effectiveness of both offices, instead of increasing efficiency and effectiveness.

However, given that the Legislature is focused upon improving government efficiencies, DHS respectfully requests the measure be amended to include an update to our Health Analytics statute to give the Health Analytics Program sufficient authority to seamlessly carry on its necessary work. Please see the attached proposed amendment.

Benefit, Employment and Support Services Division (BESSD). BESSD has, and continues to pursue, looking into ways to better its processes to streamline efforts and realize efficiencies. In December 2011, BESSD embarked on a bold initiative to transform its business processes involving eligibility determination for public welfare benefits. BESSD undertook this effort as the State emerged from the Great Recession that reduced the public work force and created low morale among the DHS employees as they faced crushing increases in caseloads and demand for public benefits and services. The economic impact to residents and the reduction in force lead to large backlogs of applications, operational inconsistencies, unhappy customers, and resulted in a federal injunction. Under federal judicial oversight, DHS improved the statewide timeliness rate of disposition of federal Supplemental Nutrition Assistance Program (SNAP) applications to 95% (from 66%) by December 2012. Lessons learned and processes dramatically improved, and BESSD is able to maintain SNAP timeliness currently at 96%.

These efforts to transform the existing business processes involved moving away from the case management model wherein a caseworker assists customers through all the steps necessary to a new task-based process management model of determining eligibility for public welfare benefits. In a case management model, a caseworker handles a customer's case from the day they applied to the day they exited the system. The success of a customer depends heavily on a customer's ability to meet the eligibility requirements in a timely manner and on the caseload size and the competency of the caseworker. In process management models, the success of a customer depends on a team of caseworkers executing key processes to move cases along as quickly as possible.

As it relates to its Investigations Office (INVO), BESSD began the process of developing this same business process to improve the investigations across the department. Through development of a process where potential fraud complaints can be triaged to prioritize the likelihood that a reported complaint will result in confirmation of fraud, this will result in more productive time and effort of the existing INVO resources and will also result in greater amount of restitution to the State.

As demand continues to increase for services for BESSD, as witnessed by the growth of SNAP beneficiaries from about 150,000 pre-COVID, to over 180,000 currently, BESSD continues to look for ways to continue to provide services timely within the resources it currently has available.

The bill also proposes to merge BESSDs Vocational Rehabilitation program with the Division of Vocational Rehabilitation (DVR) to seek efficiencies of programs that appear on paper to have similar services such as employment and vocational training. The BESSD and DVR programs receive the majority of their federal funding through different federal agencies, BESSD – US Department of Health & Human Services and US Department of Agriculture, and DVR – US Department of Education. Consequently, they each follow different programmatic and oversight requirements and have demographically different clientele.

Specifically, the work programs under BESSD are mandatory programs for beneficiaries as a condition of receiving continued financial benefits. DVR provides vocational rehabilitation training that is voluntary and is provided to those individuals with disabilities that are

interested in receiving such services, and where participation compliance monitoring including taking adverse actions is not a required part of the services as it is in BESSD. These are important distinctions between the programs and merging of the programs would add complexity – as federal funding and programmatic distinctions would remain.

Social Services Division (SSD). With regard to SSD, this bill proposes to 1) move the foster and adoptive care program, currently within the child welfare services branch of the social services division into a new unit whose head shall report to the director of human services, and: 2) create a new division where most of the programs in the Adult Protective and Community Services Branch (APCSB) would be transferred to by July 1, 2021, less than five months from now.

This proposed re-organization would not likely achieve any significant improvement and given the time frame, would create chaos and delay in necessary services to social services programs, especially given the loss of general funds rendered by Act 9, SLH 2020 coupled with little projection of additional general funds in the biennium.

Currently, both the Child Welfare Services Branch (CWSB) and APCSB are in SSD, in the Department of Human Services (DHS) and the SSD Administrator reports directly to the Director of DHS (Director). This bill proposes two newly created positions that would report directly to the Director. This would add additional salary costs to DHS as well as add additional supervisory duties to the Director's Office that already supervises administrators of four divisions and oversees leaders of five administratively attached agencies. Further, there are other operational and administrative necessities and costs that would come with additional administrative positions.

Currently, CWSB is participating in the Program Improvement Plan (PIP 3) overseen by the US HHS, Administration of Children and Families. This oversight requires CWSB to meet requirements that are necessary to demonstrate that the foster care and adoptive programs are providing adequate services. In the past year, even with the COVID-19 pandemic, CWSB has shown improvements in its practice and service delivery. APCSB, despite having “freezes” on its vacant positions, continues to meet the needs of all the programs it provides.

From an operational level, if the bill passed as written, in addition to diverting human resources from attending to delivering services, and implementing the State's Family First Prevention Services Act program, significant impacts to SSD would include:

1. Fiscally, new accounts and accounting codes would need to be changed or created because accounting that is currently contained in one division would be split into separate programs that would remain in SSD, the new foster care and adoptive care program unit, and the new division that most APSCB program would fall under. This would take time, staff power, and a complete fiscal restructuring.
2. It would create staff instability and negatively impact staff morale. The COVID-19 pandemic reflects how efforts to build capacity and morale have improved in SSD over the past year. Staff in both CWSB and APCSB worked together to develop schedules to make sure the public continued to be adequately served while telework options were provided. Despite having to adapt to the pandemic staff came up with creative ways to provide direct services while still maintaining recommended safety precautions. Splitting staff up for any reorganization at this time would be devastating to morale as staff will have to adapt to yet another change in how they do their jobs.
3. Delivery of services would be delayed. A re-organization as proposed, would take time to develop the policies and procedures of the newly transferred program and created unit. It would also take time for staff to adjust to the new structure of the programs. Delay in services may put the State at risk of greater oversight of federal regulators and other entities as complaints would increase.
4. There is insufficient time to plan and execute a re-organization as proposed. For any reorganization to be successful, it must be well thought out, planned and prepared for, and executed in a meaningful process. Five months is simply not enough time to undertake such a huge task that this bill is proposing regarding CWSB and APCS.

DHS understands that in these fiscally dire times, that the Legislature is trying to improve efficiencies of government. We ask for its support of the efforts currently underway, that have been years in the making and are a result of work done during past legislative sessions. Disabling DHS at this time, when nearly one-third of Hawaii's residents rely upon one or more benefits and services delivered by DHS, would result in additional suffering and likely delay Hawaii's recovery.

Thank you for the opportunity to provide comments on this measure.

SECTION. 1 Chapter 346, Part XX, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"Section 346- Access to health and dental insurance data; mandatory reporting for certain insurers.**

(a) Providers of health insurance doing business in the State and who are not subject to subsection (b) may submit to the health analytics program or its designee, upon request of the health analytics program, administrative data that the health analytics program deems necessary to perform its functions.

(b) Providers of health insurance subject to this subsection shall submit administrative data as follows:

- (1) Beginning November 1, 2016, providers of health insurance that provide health benefits plans funded by the Hawaii employer-union health benefits trust fund, the state medicaid agency, or both, shall provide to the health analytics program or its designee, administrative data required by the health analytics program to determine health benefits costs, including health care services claims and payment data regarding beneficiaries of health benefits plans funded by the Hawaii employer-union health benefits trust fund, the state medicaid agency, or both; and



(2) Beginning July 1, 2019, providers of health insurance that provide medicare advantage (medicare part C) health benefits plans to residents of the State shall provide to the health analytics program, or its designee, administrative data required by the health analytics program, including health care services claims and payment data.

(c) Subject to available funding, the health analytics program may contract with entities for the analysis of all-claims, all-payer data collected under this section and processed by a data center pursuant to this subsection to benefit medicaid and medicare recipients, public employees, and public sector retirees and for other public purposes.

(d) The health analytics program shall develop and update an annual plan for the analysis, maintenance, and publication of all-claims, all-payer data collected pursuant to this section. The health analytics program shall seek approval for the annual plan from the director of health, administrator of the Med-QUEST division of the department of human services, and the chief information officer of the State.

(e) The health analytics program shall adopt rules, pursuant to chapter 91, for the schedule and frequency with which providers of health insurance shall provide all-claims, all-payer administrative data to the health analytics

program. Administrative rules shall also include provisions relating to data governance, data submission, use and sharing, information security, privacy protection, reporting, and any other matter necessary for the health analytics program to perform its functions under this section. In adopting administrative rules, the health analytics program shall consider the measures necessary to implement all-claims, all-payer data submission requirements by providers of health insurance subject to this section, using methods that are reasonable and cost-effective for data submitters.

(f) The health analytics program or its designee shall not disclose any individual patient's personal health information in violation of state or federal law.

(g) To minimize any risk of data breaches and re-identification of data, the all-claims, all-payer data and information submitted to the health analytics program shall include only the minimum protected health information identifiers necessary to link public and private data sources and the geographic and services data to undertake studies.

(h) The health analytics program or its designee, and any recipient of data collected pursuant to this section, shall maintain the original all-claims, all-payer protected health information identifier in a separate database that is not linked with any other

data and shall use a proxy or encrypted record identifier for data analysis.

(i) Under no circumstances shall a person attempt to re-identify subjects of protected health information from the all-claims, all-payer data submitted to the health analytics program or its designee. No person may disclose all-claims, all-payer data that contains direct personal identifiers, including but not limited to name, mailing address, e-mail, telephone number, date of birth, or social security number.

(g) The health analytics program or its designee may acquire federal medicare data sets specific to Hawaii and made available to states. Any public agency that possesses medicare data sets specific to Hawaii shall share the data with the health analytics program or its designee at no additional cost to the health analytics program or its designee.

(k) No later than twenty days prior to the convening of each regular session, the health analytics program shall submit an annual report to the legislature on the submission, maintenance, and use of all-claims, all-payer data submitted to the health analytics program pursuant to this section.

(l) For the purposes of this section:

"Administrative data" means:

- (1) Statistical and financial reports of information;
- (2) Patient invoices or similar patient encounter data;

- (3) Records of services used for or resulting from administering delivery of health care, pharmacy benefits, or dental care, including records of services provided under health benefits plans as defined in section 87A-1; and
- (4) Any other records as established pursuant to administrative rules adopted pursuant to chapter 91.

"Provider of health insurance" means a group health insurance contract or service agreement that may include medical, hospital, surgical, prescription drug, vision, or dental services, in which a carrier agrees to provide, pay for, arrange for, or reimburse the cost of the services, including third party administrators."

DAVID Y. IGE  
GOVERNOR



LATE

JOHN S.S. KIM  
CHAIRPERSON

STATE OF HAWAII  
**STATE PUBLIC CHARTER SCHOOL COMMISSION**  
**(‘AHA KULA HO‘ĀMANA)**

<http://CharterCommission.Hawaii.Gov>  
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813  
Tel: (808) 586-3775 Fax: (808) 586-3776

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FOR: HB 1294 Relating to Charter Schools  
DATE: February 9, 2021  
TIME: 2:00 P.M.  
COMMITTEE: Committee on Education  
ROOM: Conference Room 309  
FROM: Yvonne Lau, Interim Executive Director  
State Public Charter School Commission

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Chair Woodson, Vice Chair Kapela, and members of the Committee:

The State Public Charter School Commission (“Commission”) appreciates the opportunity to submit this testimony providing **COMMENTS on HB 1294** which requires the transfer of non-facility general fund per-pupil allocations of special education students of a Department of Education (DOE) school to a charter school upon enrollment of the student at a charter school subject to certain conditions.

The Commission is aware of the issues pertaining to charter schools that are approved for the expansion of grades or the number of students in the charter school and makes its best efforts in approving expansion requests on a time table which will allow for notification of the DOE and other funding agencies. The Commission is further aware that it is difficult for this process to anticipate the number of special education students that could enroll at the charter school and the level of services needed by these students.

For the allocation of special education funding to charter schools, the Commission must defer to the DOE as it is the DOE that serves as the State Education Agency (SEA) and Local Education Agency (LEA) that is directly responsible for the provision of special education and resources to charter schools. We will continue to work with the DOE to ensure that our public Charter Schools and their special education students receive the support required and that these issues can be addressed.

Thank you for the opportunity to provide this testimony.

LATE

**HB-1284**

Submitted on: 2/8/2021 4:38:13 PM

Testimony for HHH on 2/9/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Catherine Betts	Department of Human Services	Comments	No

Comments:

I will be available for questions and comments. Please kindly send the link.

Thank you!

LATE

**HB-1284**

Submitted on: 2/8/2021 4:42:34 PM

Testimony for HHH on 2/9/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Scott Nakasone	Department of Human Services	Comments	No

Comments:

I am available for comments

LATE

**HB-1284**

Submitted on: 2/8/2021 4:45:10 PM

Testimony for HHH on 2/9/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brian Donohoe	HMS-BESSD-Brian Donohoe	Comments	No

Comments:

I am available for comments.