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TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
HEALTH
ON
March 20, 2009

H.B. 1782, H.D. 2

RELATING TO HEALTH INFORMATION EXCHANGE

Chair Ige and members of the Committee, thank you for the opportunity to testify on H.B. 1782, H.D.2.

The Department of Accounting and General Services (DAGS) opposes this bill if funding for it negatively impacts the priorities and programs in the Executive Biennium Budget. DAGS understands the intent of this bill and believes that the State's citizens will benefit greatly from a well-implemented health information exchange (HIE) program. If this bill passes and the HIE program it proposes can be implemented without adversely affecting the Executive Biennium Budget, DAGS would be willing to assume responsibility of establishing the "integrated electronic health information infrastructure". DAGS would perform this responsibility either as a service provider or as a contract administrator for the outsourced or private-public shared integrated electronic health information infrastructure.

Technical costs that may be involved in an HIE program and an integrated electronic health information infrastructure would include Electronic Health Record (EHR) systems and Tele-medicine systems that will require broadband connections more robust than traditional Internet connections, and will involve doctors, pharmacists, hospitals, clinics, health plans, medical schools, state agencies, and county agencies, and consumers. The price tag for the electronic health information infrastructure could range into the tens of millions of dollars.

If additional State funding is required by this bill, DAGS would oppose any offset that would be sought from the priorities and programs in the Executive Biennium Budget. However, if funding can be obtained from the Federal Stimulus package at no cost or requiring no matching funds by the State, DAGS would support it. DAGS is willing to determine implementation requirements and pursue Federal Stimulus funding for the electronic health information infrastructure.

Thank you for the opportunity to testify on this matter.

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March 20, 2009

MEMORANDUM

TO: Honorable David Y. Ige, Chair
Senate Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 1782, H.D. 2 – RELATING TO HEALTH INFORMATION EXCHANGE**

Hearing: Friday, March 20, 2009, 3:00 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to create an office of state coordinator of health information exchange within the Department of Accounting and General Services and creates a health information exchange program (HIE).

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill, but given the current fiscal difficulties, it would not be economically feasible to appropriate State funds at this time.

DHS strongly supports the need for an investment in health information technology (HIT). The establishment of a health informatics infrastructure with interconnectedness and has the potential of having a tremendous positive impact for improving quality of care while reducing healthcare costs. The exchange of clinical information would be a quantum leap in the way healthcare is delivered and reimbursed.

The infrastructure requirements include the use of EHRs, electronic prescribing, standardized electronic reporting of laboratory data, and a health information exchange (HIE). Another key aspect is a master patient index, the use of which will likely need to be mandated

AN EQUAL OPPORTUNITY AGENCY

through legislation for the HIE to be effective. It will take some time for providers to convert from their provider specific medical record number to the master index, so this is a policy that should be prioritized.

Now is an excellent time to invest in health information technology (HIT) because the American Recovery and Reinvestment Act (ARRA) includes billions of dollars for HIT investment, including 100% Federal funding for EHRs. In 2011, the Federal match peaks, so any State investment would be worth the most this year. Federal match continues to be available for out years, but the match rate decreases.

The payers, including the State, insurers, and employers, have the greatest return from investing in HIT and, therefore, have the biggest incentive for its implementation. Other stakeholders may not have the same business case or motivation. However, to maximize obtainment of Federal funds, having an actionable strategic plan completed by the end of State fiscal year 2010 is essential.

While we understand the intent of the make-up of the Task Force, we believe that it is too large. The Task Force could better function as a council with broad representation that could oversee the work of issue specific work groups and coordinate those activities. Work groups could address issues such as incentives for adoption and data exchange, privacy and security, and standards. We do believe that it is critical to involve all stakeholders at the beginning, but also understand that it is important to work expediently. Again, we would like to clearly communicate the need for this group to feel a sense of urgency to accomplish their task.

There are three major pieces that need to be addressed: increasing use of EHRs (adoption), ability to exchange data (interoperability), and actual exchange of data (interconnectedness). To a degree, these can occur concurrently. While the strategic plan is being developed, the State Coordinator could be working on adoption. It might be beneficial for this office to have the lead for administering financial incentives for adoption available through the ARRA.

DHS respectfully offers the following specific comments on the bill:

p.7 (8) The date of implementation commencement might instead occur after completion of the plan.

p.8 (e) This section should be removed. We believe that disclosure of financial conflicts of interest is important, but limiting selected products or vendors to non-profits may be just that, limiting, and potentially have an unintended negative impact. Transparency may be more important than profit status.

p.10 (2) This section should be removed. The focus of the office should be creating the HIT infrastructure. Determining the State role, through this office, for quality and efficiency oversight requires a much greater degree of dialogue and public input.

p.14 (b) The strategic plan should specifically address this issues of adoption, interoperability, and interconnectedness; privacy and security; and maintenance and standards. This may be the group to begin developing or endorsing a generally accepted set of quality and efficiency measures using clinical data. Unless the strategic plan has phases, it's unclear what would need to be submitted each year.

p.16 (4) Would add implementing to operating and administering.

p.17 (b) There is tremendous public health potential with a Statewide HIE, but we believe the specified tasks may not be appropriate for the Department of Health. These tasks relate to a quality plan that would need to be developed, but only after the infrastructure was well enough established.

In summary, DHS supports the intent of this bill, recommends taking advantage of available Federal funding for HIT included in ARRA, and seeks to communicate the urgency with which an investment in HIT and establishment of a statewide interconnected infrastructure is needed.

Thank you for the opportunity to testify on this bill.