



Hawai'i Primary Care Association

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Senate Committee on Human Services

The Hon. Suzanne Chun Oakland, Chair

The Hon. Les Ihara Jr., Vice Chair

Testimony in Support of House Bill 326, HD 1

Relating to Health

Submitted by **Beth Giesting, Chief Executive Officer**

March 22, 2011, 1:45 p.m., Room 016

The Hawai'i Primary Care Association represents all community health centers of Hawaii. We support House Bill 326 HD1, which provides telehealth services coverage for Medicaid and QUEST patients using Kona Hospital's medical van program. Access to healthcare is a priority for our members and we support measures, programs, and policies that improve access to healthcare rather than limit it. Patients seen at the mobile van can be referred for follow up treatment, if necessary, to community health centers, thereby creating a seamless continuum of health care and reducing inappropriate use of emergency rooms. This continuum is an example of how a health care home works: expanding access, creating relationships between providers, improving the patient experience, and saving the system money.

To that extent we propose that the committee amend House Bill 326 HD1 to preserve its current language and add a Part II that adopts Senate Bill 1468 SD 1, previously heard and approved by this committee.

The language we propose establishes a Medicaid Modernization and Innovation Council to create a health care home pilot program within existing state Medicaid programs and perform other duties as directed by the Legislature.

A patient-centered health care home is not an actual structure, but a linked approach to providing health care that **improves the patient experience, improves health outcomes, and reduces per capita costs**. This model will transform the health care system from one that is reactive and costly to one that is proactive and efficient. According to the Patient Centered Primary Care Collaborative, "Investing in primary care patient centered medical homes results in improved quality of care and patient experiences, and reductions in expensive hospital and emergency department utilization."

Nearly 40 states have implemented some form of patient-centered health care home model (also known as medical home). All of these showed a level of improvement in care, cost, or both. Some of the notable examples include:

- Group Health Cooperative of Puget Sound reduced costs by \$10 per person per month. **Potential Hawai'i savings for Medicaid: \$32 million per year.**
- Intermountain Healthcare Medical Group Care Management reduced costs by \$640 per patient per year. **Potential Hawai'i savings for Medicaid: \$169 million per year.**
- Colorado Medicaid and SCHIP reduced costs by \$215 per child per year. **Potential savings in Hawai'i Medicaid/SCHIP: \$28 million per year.**

In Hawaii, the following organizations are involved in some form of patient-centered health care/medical home program:

- Kaiser Permanente
- HMSA
- Hawai'i Pacific Health
- Hawai'i Independent Physicians Association
- Bay Clinic
- Hāmākua Health Center
- Wai'anae Coast Comprehensive Community Health Center
- Kalihi-Palama Health Center
- Waimanalo Community Health Center
- West Hawai'i Community Health Center
- AlohaCare

As private physicians and health plans transform their health care delivery systems into health/medical homes, it makes sense for the State to work with consumers, providers, and plans to explore the same path for Medicaid. **Physicians and health care professionals will not want to implement multiple versions of health/medical homes for their patients:** one model for privately insured patients, another for Medicaid enrollees. In addition to the significant cost savings in Medicaid that could be achieved with the implementation of a health home model, the timing to look at the model now is sensible.

The Affordable Care Act of 2010 provides financial resources for programs and states to implement patient-centered models of care:

- Eight state demonstration projects coordinating care and payment from Medicare, Medicaid, and private health plans;
- The Advanced Primary Care Practice Demonstration for Medicare patients at community health centers;
- State demonstrations to integrate care for dual eligible (Medicare and Medicaid) individuals;
- A health home option for Medicaid enrollees that provides a 90% FMAP (federal match) for covered services during the first 8 fiscal quarters of the program.

Under the Affordable Care Act, the Centers for Medicare & Medicaid Services (CMS) were directed to formally establish a new Center for Medicare and Medicaid Innovation (Innovation Center). The Innovation Center will explore innovations in health care delivery and payment that will enhance the quality of care for Medicare and Medicaid beneficiaries, improve the health of the population, and lower costs through quality improvement.

Creating a Hawai'i council to focus on innovation in our local Medicaid issues is a natural complement to the national efforts of the Innovation Center, and key to transformation of the Medicaid system. Modernization of our Medicaid program cannot be done in a vacuum by government: **consumer, insurer, community and provider input must be incorporated**, and the Council provides a comprehensive, fact-based forum for that input.

The Council could also function as a multipurpose entity, addressing numerous Medicaid modernization issues and innovation concepts including: patient centered health home, information technology, eligibility systems, the Hawai'i health insurance exchange role in Medicaid eligibility and enrollment, and health care for COFA migrants.

In closing, we stress the need for a comprehensive transformation of Hawai'i's Medicaid system that improves quality health care, supports living well, and is cost effective. This kind of innovation does not come easy. In

many respects, it is easier to cut benefits, reduce eligibility, and require the use of generic drugs for Medicaid enrollees. However, unless we fundamentally reform the direction of Medicaid, program costs will still rage out of control and, more importantly, the health of people could be negatively affected, driving costs higher still.

We ask you to support House Bill 326 House Draft 1 with our proposed amendments. Thank you for your consideration and the opportunity to testify.