



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

Senate Committee on Health

The Hon. Josh Green, M.D., Chair
The Hon. Clarence K. Nishihara, Vice Chair

Testimony in Support of Senate Bill 1468

Relating to Health

Submitted by **Beth Giesting, Chief Executive Officer**
February 10, 2011, 1:15 p.m., Room 016

The Hawai'i Primary Care Association represents all community health centers of Hawaii. **We strongly support Senate Bill 1468, which establishes a Medicaid Modernization and Innovation Council to create a health care home pilot program and 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

- 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 Senate Bill 1468, and pass the measure out of committee. Thank you for the opportunity to testify.

Initiative Type	State	Target Population	Focus of Care	Health and Savings Outcomes
Medicaid Sponsored PCMH	Colorado	Medicaid / CHIP	All children's conditions, Diabetes, Cardiovascular, Depression, Back Pain	-Median Annual Costs 22% lower for general conditions, 33% lower for chronic conditions. - 72% of PCMH children with well-child visits (versus 27% for control)
	North Carolina	Medicaid / CHIP	All conditions	-Cumulative \$975M savings (6 years) - 40% decrease in asthma-related hospitalizations - 16% decrease in emergency room visits
Private Payor Sponsored	South Carolina	BCBS Palmetto - 22 sites	Diabetes	- 36.3% fewer inpatient days for PCMH patients -Total costs 6.5% lower in PCMH patient population - 12.4% reduction in emergency room visits -PCMH patients improved in six of ten quality metrics
	North Dakota	BCBS MeritCare System	Diabetes	- 51% lower hospital admission rates than control - 27% fewer emergency room visits than control -PCMH patient costs 27% lower than control
Integrated Delivery System PCMH Models	Washington	Group Health Cooperative of Puget Sound Pilot	All conditions	- 16% reduction of hospital admissions - 29% reduction in emergency room visits - \$10 PMPM reduction in costs for PCMH over control
	Pennsylvania	Geisinger Health Systems Medicare Beneficiaries	All conditions	-Overall reduction of medical costs by 9% - 74% improvement in preventive care - 35% improvement in diabetes care - 22% improvement in coronary artery disease care
Other PCMH	Maryland	John Hopkins School of Medicine Medicare Beneficiaries	All conditions	-Total inpatient days decreased by 24% - 15% reduction in emergency room visits
	Michigan	Genesee Health Plan - 25,000 adults	All conditions	-72% of adults identified PCP - 50% reduction in emergency room visits - 15% reduction in hospitalizations - 36% reduction in smoking - 137% increase in mammography screening rates