

Policy Statement on Healthcare in Hawaii

Quality healthcare is vital to the welfare of Hawaii's citizens and its economy. Our healthcare system provides quality care for our families and serves to attract and retain Hawaii's professional workforce, new companies, and even tourists to our state. As one of the largest private employers in the state (9% of Hawaii's workforce), health care is also a major economic engine for the state, providing attractive, well-paying jobs and also serving as a major purchaser of goods and services. As such, the health care industry plays a crucial role in the economic development and sustainability of our state and all of Hawaii's businesses.

Although Hawaii businesses benefit from the lowest commercial health care premiums in the nation, they are already subsidizing the shortfall in **government reimbursements** in Hawaii through cost-shifting to commercial payers. State and federal government control a large portion of health care payments, reimbursing providers at only 70% of their cost. The private sector ultimately pays the difference through higher premiums. Commercial health insurance premiums have increased more than 100% over the past 10 years both nationally and in Hawaii which can be attributed to many factors including an aging population and advances in medical technology. Current projections show continued increases in commercial premiums far exceeding the rate of inflation and wage increases, unless significant changes are made in how we provide and pay for health care. We need to continue to advocate for the government to cover its share of the costs of health care while we undertake changes to improve efficiency, quality and access.

In addition, patients who are waitlisted for **long term care** are occupying acute care beds in our hospitals. This increases uncompensated costs for hospitals (\$73.5 million in 2008 alone), creates unnecessary shortages of acute care beds, and decreases quality of life for patients who no longer need acute care services. We need to take a comprehensive approach to developing solutions throughout the health care delivery system, to create capacity for these patients, who do need care, by utilizing the most appropriate and cost effective setting. Public and private collaboration is essential to the success of this effort.

This year, we wish to add two new issues for consideration. The first is an exciting opportunity for the state related to grant funds available from the American Recovery and Reinvestment Act (ARRA) aka Economic Stimulus Package for **Health Information Technology**. The Hawaii Health Information Exchange (HHIE) has been designated by the Governor as the state entity to apply for the Federal ARRA funds for the "State Grants to Promote Health Information Technology Program" for the state of Hawaii. See the attached summary of the potential impact of these activities on our state. With these funds, HHIE can contract for technical support to help physicians and hospitals in Hawaii establish electronic medical records and can also develop the policies and infrastructure needed for all health care providers to establish electronic interconnectivity throughout the state. Investing in technology infrastructure is a wise use of funds that will reduce the overall administrative burden borne by public and private entities.

The second new issue relates to **healthcare workforce development** to expand access to quality healthcare for the Neighbor Islands and other rural communities. We will support efforts in the state to increase recruitment and improve retention of physicians, mental health providers, and other needed specialists to ensure access to care for all individuals including National Guard and Reservists returning from military combat, Medicare beneficiaries, and Medicaid populations who may experience more difficulty in accessing physicians and providers especially in the more rural areas of the state. Medical

malpractice reform, competitive salaries, and a vibrant Medical School, Cancer Research Center, Nursing School, other university health sciences, along with partnerships with the Veteran Affairs healthcare system are critical components that need to be leveraged to attract and fund the recruitment of essential healthcare providers. Hawaii has the 3rd oldest citizen population and the 7th oldest physician workforce in the Nation. The average age of our physicians in hospitals is the mid -50's. The Medical School, together with Hawaii Residency Programs, each year produces about 80 board eligible physicians, about one half of whom ultimately practice here. But this is only 50% of our current need for new physicians. Clearly, the gap between physician workforce needs and physician availability is growing and will continue to do so as our population and physician workforce continues to age.

Chamber support of these two new issues is limited to high-level advocacy at this time but will evolve into a more specific action agenda for which further Chamber consideration would be requested.

Finally, improving the **primary health care** delivery system is an important step in improving quality and lowering costs. Hawaii's fourteen community health centers serve 120,000 people across the state and provide accessible, quality, culturally sensitive comprehensive primary care. The community health centers and some of the major hospital systems in Hawaii, in conjunction with health plans, are adopting a Patient-Centered Medical Home (PCMH) approach to care. PCMHs focus on screening and prevention, coordination of primary and specialty care, use of health IT for active clinical support, and enhanced access through interpreters, outreach and social workers, advanced practice nurses, medical assistants, clinical pharmacists, extended hours, short waits for appointments, and electronic access to their PCMH. By investing additional resources in health promotion and chronic disease management, the PCMH has been demonstrated by Group Health Cooperative in Seattle (see attached) and others to improve quality and significantly reduce cost.

Preventive benefits should be an essential component of health care coverage, and incentives should be built into the health care system to promote appropriate **preventive health strategies**. Healthcare coverage should encourage individuals to participate in early screening and detection programs to delay disease and prevent further disability among individuals with established disease. As employees become healthy they have fewer sick days saving their companies money and increasing productivity. Educating the business community about the value of the PCMH model, health IT, and simple worksite wellness initiatives can help improve health and reduce costs. Businesses can play an important role in promoting employee participation in smoking cessation programs, mental health programs, and encouraging healthy eating and exercise habits.