Importance of Transformation

1. Costs are Unsustainable
   - 1999-2007 healthcare inflation 114%; wages grew only 27%
   - Total spending on healthcare (US) = 17% of GDP (2x European nations)
   - State of Hawaii = 25% of revenues goes toward healthcare
Importance of Transformation

2. Quality is Uneven

• Don’t/can’t use electronic data systems

• Don’t focus on primary care

• Don’t focus on patients and manage care well
Importance of Transformation

3. Inequities in Coverage

• Hawaii: 83,000 – 100,000 uninsured
  • >40% below 133% of poverty

• Unequal access for minorities, rural residents, people with behavioral health problems
4. Disjointed population health and delivery systems

- Dramatic increase in obesity rates
  - Links to serious, chronic conditions
  - Estimate: adds between 10-21% to healthcare costs

- Traditionally, insurance hasn’t paid for preventive/wellness services that might reduce obesity
The ACA is Hawaii’s Ally

• Universal coverage reduces financial pressures on providers and allows focus on quality outcomes, sustainability and “system-thinking”

• Moves away from fragmented care toward new models of care (PCMH, ACO)

• Requires competent use of health IT

• Measures and reports on quality
The Hawaii Healthcare Project

- Public-private partnership model
- Stakeholder-based initiative: providers, payers, policymakers, consumers
- Convened Phase 1 in March 2012 with creation of committees (“domains”)
Phase 1 – Identifying Priorities

1. Delivery System
2. Payment Innovation
3. Health Information Technology
4. Government Policy and Purchasing
5. ACA/Prepaid Health Act Reconciliation
Delivery System Priorities

1. Align Patient-Centered Medical Homes across public and private plans

2. Build capacity for Community Care Networks to provide physicians with tools for improved patient care coordination

3. Explore feasibility of Accountable Care Organizations ("ACO-like")
Payment Innovation Priorities

1) Encourage Pay-for-Performance with definitions and metrics

2) Support Shared Savings and Bundled Payments models as means to bend cost curve
Health IT Priorities

1) Accelerate adoption of Electronic Health Records

2) Support Health Information Exchanges

3) Establish Clinical/Claims Repository with analytic capability
Phase 2: Implementation

- Define standards and metrics for PCMH to implement pilot program in Med-QUEST (July 2013)
- Determine strategies to support Community Care Networks
- Seek administrative simplification to allow physicians to focus on delivering care
- Identify health IT, workforce development and practice transformation needs
Next Steps

- Continue meetings with Government Policy and Purchasing Domain
- Convene ACA/PHCA Reconciliation Domain
- Finalize implementation plan
- Start public/stakeholder outreach campaign
Mahalo!