



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

Hawaii Health Systems Corporation (HHSC) 2022 Legislative Budget Briefing

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

Thursday, January 6, 2022

1:30 p.m.

Via Videoconference

HHSC's Mission

The mission of Hawaii Health Systems Corporation is to provide accessible, high quality, cost-effective services that address the healthcare needs of Hawaii's unique island communities.

Background

Hawaii Health Systems Corporation (HHSC) plays a vital role in the healthcare delivery system for the State of Hawaii. In fiscal year 2021, HHSC's acute discharges for the four HHSC regions were 12,374, which accounts for approximately 12% of all acute care discharges in the State of Hawaii. In fiscal year 2021, HHSC's emergency department visits for the four HHSC regions were 66,334, representing approximately 18.6% of all emergency department visits statewide.

The impact of HHSC's facilities on the neighbor islands is even more impressive:

- For residents of the County of Hawaii, HHSC's facilities cared for 70% of all acute care discharges and 82% of all emergency department visits.
- For residents of the County of Kauai, HHSC's facilities cared for approximately 21% of all acute care discharges and 37.5% of all emergency department visits.

Healthcare Landscape

Healthcare today is a very complex, highly regulated, and rapidly changing business with constant pressure from payors to deliver higher quality care at a lower cost. Development of health information technology, physician networks, quality improvement, and expertise in healthcare compliance rules and regulations and the revenue cycle is essential for successful

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hospital operations. Private hospitals have invested substantially in these areas while HHSC, with limited resources, is challenged to keep pace.

Coronavirus Impacts

In fiscal year 2021, the Coronavirus pandemic continued to have a tremendous impact on HHSC's operations. The Coronavirus started its spread in Hawaii in the second half of March 2020, and spread quickly from that point on. Although patient volumes increased slowly from its low point in April and May 2020, acute care discharges for fiscal year 2021 were still 9% less than the same measure for fiscal year 2019 (the last pre-pandemic fiscal year). Also, emergency department visits for fiscal year 2021 were 24% less than the same measure for fiscal year 2019. The emergency use approvals of the Coronavirus vaccines from Pfizer, Moderna, and Johnson & Johnson helped to dampen the spread of the virus during fiscal year 2021 and allowed the government to slowly loosen restrictions that were put in place at the height of the Coronavirus pandemic, including the re-opening of the State economy to tourism. With the Delta variant of the Coronavirus surging in the State of Hawaii in August 2021 and subsiding toward September 2021, HHSC's facilities were at or above full capacity in the intensive care unit and emergency department. After the Delta variant surge, new Coronavirus case counts remained relatively low until the recent debut of the Omicron variant; although the HHSC acute average daily admissions for the first five months of fiscal year 2022 has remained fairly consistent.

In order to mitigate the negative impacts of the Coronavirus pandemic on its facilities, HHSC aggressively sought after federal funding for Coronavirus relief. To date, HHSC applied for and received over \$46 million in Health & Human Services Provider Relief Fund grants. HHSC also applied for and received almost \$20 million in first round Small Business Administration Paycheck Protection Program (PPP) loans during fiscal year 2020, all of which were fully-forgiven by the Small Business Administration in fiscal year 2021. HHSC also has received another \$3.4 million in second round Small Business Administration PPP loans which are still outstanding. HHSC has applied and received various other grants and funding from federal, state, and county relating to the testing, treatment, and preparation costs for potential and actual Coronavirus patients. Two of HHSC's regions also applied for approximately \$14.4 million in advance payments from Medicare during fiscal year 2020. Under this program, repayment for the advance payments will be delayed until one year after the advance payment was issued; after that, repayment will be recouped over a maximum period of 29 months, after which the remaining balance must be paid in full subject to an interest rate of four percent.

Historical Challenges

HHSC hospitals face challenges such as:

- Large percentage of Medicaid/QUEST and uninsured patients.
- Inadequate government and third-party reimbursements for healthcare services.
- Labor costs well above industry norms
- Escalating costs related to physician and clinical staff recruitment and retention.

- Small scale operations which are costly to maintain.
- The need for capital investment in new medical technology.
- Aging facilities, with life and safety code issues and deferred maintenance, well beyond the average for similar facilities across the country.
- The impact of national changes to healthcare policy, federal mandates, and federal budget reductions.

Accomplishments

In spite of its many challenges, HHSC continues to provide high quality healthcare to the island communities it serves and is making progress in key areas. The following are some of the major accomplishments over the past year:

- Despite the challenges of dealing with the Coronavirus, HHSC managed to increase its operating revenues for fiscal year 2021 approximately 7.6% from fiscal year 2020 and 10.6% from fiscal year 2019. In addition to the provision of new critical service lines, these increases have come from intense focus on better negotiations with third party payors, better documentation, improved billing, coding and collection procedures, strategic pricing initiatives, working with the State Med-QUEST Division on improving uncompensated care payments, and other measures.
- Maluhia, Hilo Medical Center, Hale Ho'ola Hamakua, Samuel Mahelona Memorial Hospital, and Kauai Veterans Memorial Hospital achieved the highest possible five-star rating from Medicare's Nursing Home Compare website. Leahi Hospital received a four-star rating.
- Hilo Medical Center achieved the highest possible five-star rating from Medicare's Hospital Compare website, one of seven hospitals in the State of Hawaii recognized for the highest level of quality patient care.

Federal Funds

HHSC's primary source of federal funds is payment from the Medicare program which accounts for approximately 40% of HHSC's gross revenues. CMS is determined to decrease hospital reimbursements which will be challenging for HHSC to mitigate. This may be exacerbated by the need to further reduce Medicare spending as a result of the growing federal budget deficit as a result of Coronavirus impacts. Our only recourse is to continue to seek efficiencies, maximize available reimbursement and grow services to bring in more revenue.

HHSC expects to receive further funding from the Phase 4 grants available through the Health & Human Services Provider Relief Fund; however, the timing and amount of those distributions is unknown at this time. As with the previous Provider Relief Fund distributions, these funds are restricted to funding revenues lost and expenditures incurred as a result of the Coronavirus pandemic.

Non-General Funds

HHSC's non-general funds report is attached to this memo.

HHSC REQUEST

Emergency Appropriation

Assuming that the Governor will release the general fund restrictions of \$6,227,963 for HTH 212 and \$126,000 for HTH 211 that the Administration imposed in August 2021, **HHSC does not anticipate requiring an emergency appropriation in fiscal year 2022.** HHSC is only able to do this because HHSC will be using existing working capital to fund its anticipated \$48 million cash flow deficit in fiscal year 2022. The existing working capital resulted primarily from Provider Relief Fund grants, Paycheck Protection Program loans, and Medicare Advance payments received in fiscal year 2020.

Fiscal Year 2023 Supplemental Budget Request (HTH 210 & 212)

Please note that the funding amounts and requests in this section do not include the Oahu Region of HHSC, as Act 212, SLH 2021, provided for the transfer of the budget of the Oahu Region to the State Department of Health effective July 1, 2021.

In the 2021 Legislative Session, the Legislature appropriated the following general fund and capital improvement project appropriations for HTH 210 (Corporate Office) and HTH 212 (HHSC Regions) for fiscal years 2022 and 2023:

	ACT 88 SLH 2021 FY 2022	ACT 88 SLH 2021 FY 2023
General Fund Appropriations for Operations	92,970,903	92,970,903
AMERICAN RESCUE PLAN FUNDS-Regions	33,615,400	32,315,400
STATE SUBSIDY FOR OPERATIONS	<u>126,586,303</u>	<u>125,286,303</u>
CIP APPROPRIATIONS	<u>33,500,000</u>	<u>16,000,000</u>

For HTH212, HHSC Regions, HHSC is requesting additional general fund appropriations for basic hospital operations to pay for the increase in the fringe benefit rate assumption from 50.75% to 62.78%. The amount is computed as the value of HHSC's salaries and wages costs multiplied by the increase in the fringe benefit rate of 12.03%. The increase in the fringe benefit rate is something out of HHSC's control, and is the only major assumption that changed between the preparation of the biennium budget request for fiscal year 2023 and the preparation of the supplemental budget request. Unlike other State agencies, HHSC's fringe benefit costs are not funded by Budget & Finance, and any increase in fringe benefit costs must be paid for out of HHSC's own cash collections for patient services, which is not expected to increase at anywhere near a sufficient level to cover the increase in fringe benefit costs.

A summary of the amounts appropriated for fiscal years 2022 - 2023, requested by HHSC for FY 2023, and recommended by the Governor for FY 2023 are summarized below.

HTH 210, 212, 213: HHSC REGIONS, CORPORATE OFFICE				
Funding Type	Act 88 SLH 2021 FY 2022	Act 88 SLH 2021 FY 2023	HHSC Supplemental FY 23 Request	FY 2023 Gov Rec
General Fund Appropriations for Operations (A Funds)	92,970,903	92,970,903	26,099,000	(8,923,000)
ARPA Funds for Kauai Adolescent Mental Health (V Funds)	1,300,000	-	-	-
ARPA Funds for Operations (V Funds)	32,315,400	32,315,400	-	8,923,000
TOTAL STATE SUBSIDY AMOUNTS	126,586,303	125,286,303	26,099,000	-
CIP APPROPRIATIONS	33,500,000	16,000,000	1,949,000	1,949,000

It should be noted that HHSC’s funding requests noted above do not include any amounts for collective bargaining pay increases as a result of the State of Hawaii’s collective bargaining negotiations with the public sector unions. Should the Legislature provide funding for these raises, HHSC would request general fund appropriations be provided to cover these pay increases, as these costs were not under the control of HHSC as the State of Hawaii controlled the negotiations with the public sector unions.

Oahu Region Supplemental Budget Request (HTH 215)

A summary of the amounts appropriated for fiscal years 2022 - 2023, requested by Oahu Region for FY 2023, and recommended by the Governor for FY 2023 are summarized below.

OAHU REGION (HTH 215)	FY 2022 SB628 CD1	FY 2023 SB628 CD1	OAHU REGION Supplemental FY 23 Request	FY 2023 Gov Rec
Mental Health & Substance Abuse Special Fund - Business Plan	200,000	-	-	-
General Fund Appropriations for Operations (A Funds)			18,900,000	16,320,700
ARPA Funds for Operations (V Funds)	16,320,700	-	-	-
TOTAL STATE SUBSIDY AMOUNTS	16,520,700	-	18,900,000	16,320,700
CIP APPROPRIATIONS			2,810,000	-

HHSC understands that the Oahu Region will be presenting separate testimony on its funding requests.

Kahuku Medical Center Supplemental Budget Request (HTH 211)

A summary of the amounts appropriated for fiscal years 2022 - 2023, requested by Kahuku Medical Center for FY 2023, and recommended by the Governor for FY 2023 are summarized below.

HTH 211: KAHUKU MEDICAL CENTER				
Funding Type	Act 88 SLH 2021 FY 2022	Act 88 SLH 2021 FY 2023	FY 23 Supplemental Request	FY 2023 Gov Rec
General Fund Appropriations for Operations (A Funds)	1,800,000	1,800,000	-	-
CIP APPROPRIATIONS	1,500,000	1,000,000	1,600,000	1,600,000

HHSC understands that Kahuku Medical Center will be presenting separate testimony on its funding requests.

Maui Health System Supplemental Budget Request (HTH 214)

A summary of the amounts appropriated for fiscal years 2022 - 2023, requested by Maui Health Systems for FY 2023, and recommended by the Governor for FY 2023 are summarized below.

HTH 214: MAUI HEALTH SYSTEM, KFH LLP				
Funding Type	Act 88 SLH 2021 FY 2022	Act 88 SLH 2021 FY 2023	MHS Supplemental FY 23 Request	FY 2023 Gov Rec
General Fund Appropriations for Operations (A Funds)	-	-	11,000,000	8,923,000
ARPA Funds for Operations (V Funds)	11,585,000	8,923,000	-	(8,923,000)
TOTAL STATE SUBSIDY AMOUNTS	11,585,000	8,923,000	11,000,000	-
CIP APPROPRIATIONS	7,250,000	6,000,000	-	-

HHSC understands that Maui Health System will be presenting separate testimony on its funding requests.

Conclusion

Despite our progress in financial and operational performance as indicated under “Accomplishments” above, HHSC is unable to keep up with collective bargaining pay increases and future mandated increases in the fringe rate for pension and retiree health insurance costs (OPEB). The inability to generate sufficient revenue to cover these costs led to reductions in personnel and services in fiscal year 2016, and may lead to future reductions in personnel and services unless general fund appropriations are provided to cover these rising costs.

HHSC is continuously analyzing how to better meet the challenges of delivering vital health care to the communities it serves. In doing so, HHSC continues to evaluate its current operations to see where there may be opportunities for the system as a whole to operate more efficiently and effectively in providing accessible, high quality services that address the healthcare needs of Hawaii’s unique island communities.

Department of Health - Hawaii Health Systems Corporation
 Functions

Table 1

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Dept-Wide</u>	
				<u>Priority</u>	<u>Statutory Reference</u>
HHSC	Refer to each Table 1 for a listing of activities performed for each region and Corporate Office. These are the statutory reference that governs HHSC.		HTH 210 and HTH 212		
					Act 262 SLH 1996, Section 20. It is the intent of this Act that all rights, powers, functions, assets, and operations of the Division of community hospitals be conveyed to the HHSC, such that all of the activities and services of the division of community hospital be continued without interruption by the corporation.
					Act 290 SLH 2007 and Chapter 323F, HRS charge the HHSC corporate board of directors and the regional systems boards of directors to provide healthcare services to these communities.

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Dept-Wide Priority</u>	<u>Statutory Reference</u>
					Act 182 SLH 2009 provides a process for any planned substantial reduction or elimination of direct patient services by the respective regional system boards of directors, unless legislation is enacted for reinstatement and continuation of the subject direct patient care services and includes an appropriation to adequately fund the mandated services.

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Dept-Wide Priority</u>	<u>Statutory Reference</u>
					Federal Rural Hospital Flexibility Program (MRHFP). Created by Congress as part of the 1997 Balance Budget Act, Critical Access Hospitals (CAH) program is part of the MRHFP. Act 262, SLH 2007, Section 4 (amended subsection 346-59(a) HRS), requiring "payments to CAHs for service rendered to Medicaid beneficiaries shall be calculated on a cost basis using Medical

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Dept-Wide Priority</u>	<u>Statutory Reference</u>
					reasonable cost principles". Section 325-78 HRS requires the State department of health to provide diagnostic, medical or treatment services relating to tuberculosis treatment or control. Leahi operates 11 beds for tuberculosis patients.

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Statutory Reference</u>
Support services provided to all facilities and corporate office				
HHSC	Administration	Governance Support for HHSC Corporate Board	HTH 210/LA	
HHSC	Administration	Corporate Office Management	HTH 210/LA	
HHSC	Administration	Corporate Compliance	HTH 210/LA	
HHSC	Administration	Internal Audit	HTH 210/LA	
HHSC	Administration	Affiliate Oversight	HTH 210/LA	
HHSC	Administration	Crisis Communications (24 hours on call)	HTH 210/LA	
HHSC	Administration	Corporate Quality	HTH 210/LA	
HHSC	Finance, Budgeting, and Accounting	Finance – Financial Reporting & Management	HTH 210/LA	
HHSC	Finance, Budgeting, and Accounting	Contract Management & Procurement	HTH 210/LA	
HHSC	Finance, Budgeting, and Accounting	Revenue Management	HTH 210/LA	
HHSC	Finance, Budgeting, and Accounting	Cost Report & Reimbursement	HTH 210/LA	
HHSC	Finance, Budgeting, and Accounting	Charge Description Master Maintenance	HTH 210/LA	
HHSC	Finance, Budgeting, and Accounting	Revenue Cycle Coordination and Resource	HTH 210/LA	
HHSC	Information Technology	Financial, Clinical, Administrative Application Support and Training	HTH 210/LA	
HHSC	Information Technology	Centralized Computer Center	HTH 210/LA	
HHSC	Information Technology	Telecommunication and Data Networking	HTH 210/LA	
HHSC	Information Technology	Video Teleconferencing	HTH 210/LA	
HHSC	Information Technology	IT Project Management	HTH 210/LA	
HHSC	Information Technology	IT Security	HTH 210/LA	
HHSC	Information Technology	Infrastructure Monitoring and Helpdesk	HTH 210/LA	
HHSC	Information Technology	Claims Submittal and Facility Report Generation	HTH 210/LA	
HHSC	Human Resources	Coordination of System Personnel Function	HTH 210/LA	
HHSC	Human Resources	Labor Relations	HTH 210/LA	
HHSC	Human Resources	Workers Compensation Resolution	HTH 210/LA	
HHSC	Human Resources	HR Classification & Compensation	HTH 210/LA	
HHSC	Human Resources	HR Transactions	HTH 210/LA	
HHSC	Human Resources	Recruitment/Employment	HTH 210/LA	
HHSC	Human Resources	Employee Relations/Benefits	HTH 210/LA	
HHSC	Human Resources	HR Training	HTH 210/LA	
HHSC	Human Resources	Human Resource Information System (Lawson)	HTH 210/LA	
HHSC	Legal Services	Legal Assistance – advice, transactions, representation	HTH 210/LA	
HHSC	Legal Services	Legislature	HTH 210/LA	
HHSC	Legal Services	Hospital Professional and General Liability Litigation Claims	HTH 210/LA	
HHSC	Legal Services	Directors and Officers and Employment Practices Liability Claims	HTH 210/LA	
HHSC	Legal Services	Risk Management	HTH 210/LA	
HHSC	Legal Services	Insurance Program	HTH 210/LA	
HHSC	Legal Services	Staff Regional/HHSC Policy Committee	HTH 210/LA	

NOTE: Eliminating specific corporate services in part or completely will require regional capacity buildup in varying degrees based on regional proficiency and competency in the specific functional area. This will result in duplication of services and higher costs, if expertise can be recruited on the various islands to do the work. There are no functions being performed that can be eliminated. Additionally, as mandated by Act 290, the regions have to agree upon the services and functions that corporate provides. In 2008, the biennium budget process and methodology were developed by the regions for the corporate services, function, and budget.

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Statutory Reference</u>
HHSC	Hilo Medical Center	Acute care hospital Services	HTH 212/LS	
HHSC	Hilo Medical Center	Skilled nursing/long term care services	HTH 212/LS	
HHSC	Hilo Medical Center	24-hour physician staffed emergency services	HTH 212/LS	
HHSC	Hilo Medical Center	Cardiology services	HTH 212/LS	
HHSC	Hilo Medical Center	Inpatient dialysis	HTH 212/LS	
HHSC	Hilo Medical Center	Maternity services	HTH 212/LS	
HHSC	Hilo Medical Center	Gynecology services	HTH 212/LS	
HHSC	Hilo Medical Center	Pediatric services	HTH 212/LS	
HHSC	Hilo Medical Center	Adult psychiatric services	HTH 212/LS	
HHSC	Hilo Medical Center	Radiology services	HTH 212/LS	
HHSC	Hilo Medical Center	Urology services	HTH 212/LS	
HHSC	Hilo Medical Center	Neurology services	HTH 212/LS	
HHSC	Hilo Medical Center	Angiography and interventional radiology	HTH 212/LS	
HHSC	Hilo Medical Center	Telemedicine	HTH 212/LS	
HHSC	Hilo Medical Center	Surgical services	HTH 212/LS	
HHSC	Hilo Medical Center	Subspecialty surgical services:Vascular	HTH 212/LS	
HHSC	Hilo Medical Center	Subspecialty surgical services:Orthopedics	HTH 212/LS	
HHSC	Hilo Medical Center	Subspecialty surgical services:Ophthalmology	HTH 212/LS	
HHSC	Hilo Medical Center	Subspecialty surgical services:Otorhinolaryngology	HTH 212/LS	
HHSC	Hilo Medical Center	Subspecialty surgical services:Urology	HTH 212/LS	
HHSC	Hilo Medical Center	Physiatry	HTH 212/LS	
HHSC	Hilo Medical Center	Wound and ostomy services	HTH 212/LS	
HHSC	Hilo Medical Center	Endoscopy	HTH 212/LS	
HHSC	Hilo Medical Center	Outpatient surgery clinic	HTH 212/LS	
HHSC	Hilo Medical Center	Oncology	HTH 212/LS	
HHSC	Hilo Medical Center	Pharmacy	HTH 212/LS	
HHSC	Hilo Medical Center	EEG	HTH 212/LS	
HHSC	Hilo Medical Center	Laboratory and blood bank services	HTH 212/LS	
HHSC	Hilo Medical Center	Food and nutrition counseling	HTH 212/LS	
HHSC	Hilo Medical Center	Rehab services:PT	HTH 212/LS	
HHSC	Hilo Medical Center	Rehab services:OT	HTH 212/LS	
HHSC	Hilo Medical Center	Rehab services:Speech	HTH 212/LS	

HHSC	Hilo Medical Center	Rehab services:Recreational	HTH 212/LS
HHSC	Hilo Medical Center	Respiratory therapy	HTH 212/LS
HHSC	Hilo Medical Center	Social services	HTH 212/LS

HHSC	Hale Ho'ola Hamakua	Critical access hospital services:acute	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Critical access hospital services:long term care	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	24-hour emergency services	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Inpatient services:Physical therapy	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Inpatient services:Occupational therapy	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Inpatient services:Speech therapy	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Inpatient services:Social services	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Inpatient services:Radiology	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Inpatient services:Laboratory	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Outpatient services:Laboratory	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Outpatient services:Radiology	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Nutrition services	HTH 212/LS
HHSC	Hale Ho'ola Hamakua	Volunteer services	HTH 212/LS

HHSC	Kau Hospital	Critical access hospital services:acute	HTH 212/LS
HHSC	Kau Hospital	Critical access hospital services:long term care (only LTC in Kau)	HTH 212/LS
HHSC	Kau Hospital	24-hour emergency services	HTH 212/LS
HHSC	Kau Hospital	Inpatient services:Radiology	HTH 212/LS
HHSC	Kau Hospital	Inpatient services:Physical therapy	HTH 212/LS
HHSC	Kau Hospital	Inpatient services:Laboratory	HTH 212/LS
HHSC	Kau Hospital	Outpatient services:Laboratory	HTH 212/LS
HHSC	Kau Hospital	Outpatient services:Radiology	HTH 212/LS
HHSC	Kau Hospital	Adult Day Hospital	HTH 212/LS
HHSC	Kau Hospital	Primary care clinic:Family practice (medically underserved area)	HTH 212/LS

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Statutory Reference</u>
HHSC	Kona Community Hospital	Acute care Services	HTH 212/LS	
HHSC	Kona Community Hospital	Behavioral health	HTH 212/LS	
HHSC	Kona Community Hospital	Cardiology (Diagnostic)	HTH 212/LS	
HHSC	Kona Community Hospital	Case Management	HTH 212/LS	
HHSC	Kona Community Hospital	Chemotherapy	HTH 212/LS	
HHSC	Kona Community Hospital	Emergency services	HTH 212/LS	
HHSC	Kona Community Hospital	ICU	HTH 212/LS	
HHSC	Kona Community Hospital	Laboratory & Pathology	HTH 212/LS	
HHSC	Kona Community Hospital	Medical/surgical	HTH 212/LS	
HHSC	Kona Community Hospital	Obstetrics/gynecology	HTH 212/LS	
HHSC	Kona Community Hospital	Pharmacy	HTH 212/LS	
HHSC	Kona Community Hospital	Phys/Occ/Speech therapy	HTH 212/LS	
HHSC	Kona Community Hospital	Radiation therapy	HTH 212/LS	
HHSC	Kona Community Hospital	Radiology	HTH 212/LS	
HHSC	Kona Community Hospital	Respiratory therapy	HTH 212/LS	
HHSC	Kona Community Hospital	Social Services	HTH 212/LS	
HHSC	Kona Community Hospital	Utilization Review	HTH 212/LS	
HHSC	Kohala Hospital	Acute Care Services	HTH 212/LS	
HHSC	Kohala Hospital	Emergency services	HTH 212/LS	
HHSC	Kohala Hospital	Laboratory	HTH 212/LS	
HHSC	Kohala Hospital	Long term care	HTH 212/LS	
HHSC	Kohala Hospital	Radiology	HTH 212/LS	

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Statutory Reference</u>
HHSC	Kauai Veterans Memorial Hospital	Acute care (critical access hospital)	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Skilled nursing services	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Intermediate care services	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Medical/Surgical	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Obstetrics/Gynecology	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	ICU	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Telemedicine	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Physical therapy	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Occupation therapy	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Laboratory & Pathology Services	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Radiology Services	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Social Services	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Recreation therapy	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Respiratory therapy	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Surgery	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Subspecialty-Orthopedics	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Subspecialty-Ophthalmology	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Endoscopy	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Pharmacy	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Nutrition Services	HTH 212/LS	
HHSC	Kauai Veterans Memorial Hospital	Outpatient surgery	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Acute care (critical access hospital)	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Psychiatric services	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Skilled nursing services	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Intermediate care services	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Telemedicine	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Physical therapy	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Occupation therapy	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Laboratory & Pathology Services	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Radiology Services	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Social Services	HTH 212/LS	
HHSC	Samuel Mahelona Memorial Hospital	Recreation therapy	HTH 212/LS	

HHSC Samuel Mahelona Memorial Hospital
HHSC Samuel Mahelona Memorial Hospital

Pharmacy
Nutrition Services

HTH 212/LS
HTH 212/LS

<u>Division</u>	<u>Description of Function</u>	<u>Activities</u>	<u>Prog ID(s)</u>	<u>Prog ID(s) (Note 2)</u>	<u>Statutory Reference</u>
HHSC	Leahi Hospital (note 1)	TB	HTH212/LS	HTH 215/OR	
HHSC	Leahi Hospital - Long-term Care	SNF/ICF	HTH212/LS	HTH 215/OR	
HHSC	Leahi Hospital - Ancillary Services	PT & OT	HTH212/LS	HTH 215/OR	
HHSC	Leahi Hospital - Ancillary Services	X-ray	HTH212/LS	HTH 215/OR	
HHSC	Leahi Hospital - Ancillary Services	Adult Day Health	HTH212/LS	HTH 215/OR	
HHSC	Maluhia - Long-term Care	SNF/ICF	HTH212/LS	HTH 215/OR	
HHSC	Maluhia - Ancillary Services	PT & OT	HTH212/LS	HTH 215/OR	
HHSC	Maluhia - Ancillary Services	X-ray	HTH212/LS	HTH 215/OR	
HHSC	Maluhia - Ancillary Services	Adult Day Health	HTH212/LS	HTH 215/OR	
HHSC	Maluhia - Ancillary Services	Clinics	HTH212/LS	HTH 215/OR	

Note 1 - Although TB services are required by law, admissions have been steadily declining in recent years. In FY 20, zero admissions and in FY 21, two admissions.

Note 2 - On July 6, 2021, the Governor signed S.B. No. 628 SD2, HD2, CD1 into law as Act 212 to transfer the Oahu Regional Health Care System in its entirety from HHSC to the Department of Health. Requires the transfer to be completed no later than 12/31/22.
The Program ID of HTH 215/OR has been assigned to the Oahu Regional Health Care System.

Department of Health - Hawaii Health Systems Corporation
Department-Wide Totals

Table 2

Fiscal Year 2022					
Budget Acts Appropriation	Reductions	Additions	Emergency Appropriations	Total FY22	MOF
\$ 94,770,903.00	\$ (6,353,963.00)			\$ 88,416,940.00	A
\$ 601,493,192.00				\$ 601,493,192.00	B
\$ 45,200,400.00				\$ 45,200,400.00	V
				\$ -	
				\$ -	
				\$ -	
\$ 741,464,495.00	\$ (6,353,963.00)	\$ -	\$ -	\$ 735,110,532.00	Total
Fiscal Year 2023					
Budget Acts Appropriation	Reductions	Additions		Total FY23	MOF
\$ 94,770,903.00		\$ 16,320,700.00		\$ 111,091,603.00	A
\$ 601,493,192.00				\$ 601,493,192.00	B
\$ 41,238,400.00				\$ 41,238,400.00	v
				\$ -	
				\$ -	
				\$ -	
\$ 737,502,495.00	\$ -	\$ 16,320,700.00	\$ -	\$ 753,823,195.00	Total

Department of Health - Hawaii Health Systems Corporation
Program ID Totals

Table 3

Prog ID	Program Title	MOF	As budgeted (FY22)			As budgeted (FY23)			Governor's Submittal (FY22)				Governor's Submittal (FY23)				
			Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Percent Change of \$\$\$\$	Pos (P)	Pos (T)	\$\$\$	Percent Change of \$\$\$\$	
												0%					
HTH 210	Hawaii Health Systems Corporation - Corporate Office	B	54.5		17,509,280	54.5		17,509,280	54.5		17,509,280	0%	54.5		17,509,280	0%	
HTH 211	Kahuku Hospital	A			1,800,000			1,800,000			1,800,000	0%			1,800,000	0%	
HTH 212	Hawaii Health Systems Corporation - Regions	A			92,970,903			137,969,903			92,970,903	0%			84,047,903	-64%	
HTH 212	Hawaii Health Systems Corporation - Regions	B	2780.75		580,483,912	2780.75		580,483,912	2780.75		580,483,912	0%	2340.75		545,483,912	-6%	
HTH 212	Hawaii Health Systems Corporation - Regions	V			33,615,400			32,315,400			33,615,400	0%			41,238,400	22%	
HTH 213	Alii Community C	B			3,500,000			3,500,000			3,500,000	0%			3,500,000	0%	
HTH 214	Maui Health Systems, KFH, LLC	A			-			11,000,000			-	0%			8,923,000	-23%	
HTH 214	Maui Health Systems, KFH, LLC	V			11,585,000			8,923,000			11,585,000	0%				0%	
HTH 215	Oahu Regional Health Care System, DOH	A													16,320,700	100%	
HTH 215	Oahu Regional Health Care System, DOH	B											440		35,000,000	100%	
			2,835		741,464,495	2,835		793,501,495	2,835	-	741,464,495	0%	2,835	-	753,823,195	-5%	

Department of Health - Hawaii Health Systems Corporation
Budget Decisions

Table 4

Prog ID	Sub-Org	Description of Request	MOF	Initial Department Requests						Budget and Finance Recommendations						Governor's Decision					
				FY22			FY23			FY22			FY23			FY22			FY23		
				Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$
HTH 212	LS	HHSC Regions - General Fund Subsidy	A			\$ -			\$ 26,099,000						\$ -					\$ (8,923,000)	
HTH 212	LS	Oahu Region - General Fund Subsidy	A			\$ -			\$ 18,900,000						\$ -					\$ -	
HTH 214		Maui Health Systems - General Fund Subsidy	A						\$ 11,000,000						\$ -					\$ 8,923,000	
HTH 215	OR	Oahu Regional Health Care System, DOH	A																	\$ 16,320,700	
HTH 212	LS	HHSC Regions - ARPA Subsidy	V																	\$ 8,923,000	
HTH 214		Maui Health Systems - ARPA Subsidy	V																	\$ (8,923,000)	

Department of Health - Hawaii Health Systems Corporation
 Proposed Budget Reductions

Table 5

<u>Prog ID</u>	<u>Sub-Org</u>	<u>Description of Reduction</u>	<u>Impact of Reduction</u>	<u>MOF</u>	<u>FY22</u>			<u>FY23</u>			<u>FY21 Restriction (Y/N)</u>
					<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$\$</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$\$</u>	
		N/A									

Department of Health - Hawaii Health Systems Corporation
Proposed Budget Additions

Table 6

Prog ID	Sub-Org	Addition Type	Prog ID Priority	Dept- Wide Priority	Description of Addition	Justification	MOF	FY22			FY23			
								Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	
HTH 212	LS	AR	1	1	HHSC Regions - Additional Subsidy - Basic Expense	Basic hospital operations to pay for unfunded CB increases net of fringe benefit rate savings	A							26,099,000
HTH 212	LS	AR	2	2	Oahu Region - Operating Fund Subsidy	Basic hospital operations to pay for unfunded CB increases net of fringe benefit rate savings	A							18,900,000
HTH 214		AR	1	3	Maui Health System - General Fund Subsidy	Under Act 103, SLH 2015 Maui Health System may seek funds from the State for its operating cost	A							11,000,000

Department of Health - Hawaii Health Systems Corporation
 FB 2020 - 2022 Restrictions

Table 7

<u>Fiscal Year</u>	<u>Prog ID</u>	<u>Sub-Org</u>	<u>MOF</u>	<u>Budgeted by Dept</u>	<u>Restriction</u>	<u>Difference Between Budgeted & Restricted</u>	<u>Percent Difference</u>	<u>Impact</u>
FY 22	HTH 212	LS	A	\$ 92,970,903	\$ 6,227,963	\$ 86,742,940	6.7%	Hawaii Health Systems Corporation will have difficulty managing cash flow through the end of fiscal year 2021 given the current level of general fund appropriation
FY 22	HTH 211	LR	A	\$ 1,800,000	\$ 126,000	\$ 1,674,000	7.0%	Kahuku will have difficulty managing cash flow through the end of fiscal year 2021 given the current level of general fund appropriation

Department of Health - Hawaii Health Systems Corporation
 Emergency Appropriation Requests

Table 8

<u>Prog ID</u>	<u>Description of Request</u>	<u>Explanation of Request</u>	<u>MOF</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$</u>
None						

Department of Health - Hawaii Health Systems Corporation
 Expenditures Exceeding Appropriation Ceilings in FY21 and FY22

Table 9

<u>Prog ID</u>	<u>MOF</u>	<u>Date</u>	<u>Appropriation</u>	<u>Amount Exceeding Appropriation</u>	<u>Percent Exceeded</u>	<u>Reason for Exceeding Ceiling</u>	<u>Legal Authority</u>	<u>Recurring (Y/N)</u>	<u>GF Impact (Y/N)</u>
						N/A			

Department of Health - Hawaii Health Systems Corporation
 Intradepartmental Transfers in FY21 and FY22

Table 10

<u>Actual or Anticipated Date of Transfer</u>	<u>MOF</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$</u>	<u>From Prog ID</u>	<u>Percent of Program ID Appropriation Transferred From</u>	<u>To Prog ID</u>	<u>Percent of Receiving Program ID Appropriation</u>	<u>Reason for Transfer</u>	<u>Recurring (Y/N)</u>
None										

Department of Health - Hawaii Health Systems Corporation
Capital Improvements Program (CIP) Requests

Table 15

<u>Prog ID</u>	<u>Prog ID</u> <u>Priority</u>	<u>Dept- Wide</u> <u>Priority</u>	<u>Senate</u> <u>District</u>	<u>Rep.</u> <u>District</u>	<u>Project Title</u>	<u>MOF</u>	<u>FY22 \$\$\$</u>	<u>FY23 \$\$\$</u>
HTH 212			3	5	KONA COMMUNITY HOSPITAL, PHARMACY EXPANSION, HAWAII	C		\$ 674,000
HTH 212			8	16	KVMH, ADDITIONAL FUNDING FOR EMERGENCY DEPARTMENT RENOVATION, KAUAI	C		\$ 1,000,000
HTH 212			8	16	KAUAI VETERANS MEMORIAL HOSPITAL, ADDITIONAL FUNDING FOR SIGNAGE, KAUAI	C		\$ 100,000
HTH 212			8	14	SAMUEL MAHELONA MEMORIAL HOSPITAL, SIGNAGE, KAUAI	C		\$ 175,000
HTH 211			23	47	KAHUKU MEDICAL CENTER, REMODEL RESTROOMS TO BE ADA COMPLIANT, OAHU	C		\$ 200,000
HTH 211			23	47	KAHUKU MEDICAL CENTER, LONG TERM DEVELOPMENT PLAN, OAHU	C		\$ 200,000
HTH 211			23	47	KAHUKU MEDICAL CENTER, REMODEL NURSES STATION, OAHU	C		\$ 350,000
HTH 211			23	47	KAHUKU MEDICAL CENTER, EXTEND ED RAMP AWNINGS, OAHU	C		\$ 150,000
HTH 211			23	47	KAHUKU MEDICAL CENTER, REPLACE HOT WATER HEATERS, OAHU	C		\$ 100,000
HTH 211			23	47	KAHUKU MEDICAL CENTER, EXPAND OXYGEN GENERATING ROOM, OAHU	C		\$ 100,000
HTH 211			23	47	KAHUKU MEDICAL CENTER, PATIENT ROOM RENOVATIONS, OAHU	C		\$ 500,000
HTH 212			1	1	HILO MEDICAL CENTER, HAWAII	C		\$ 1,500,000
HTH 212			1	1	HILO MEDICAL CENTER, HAWAII	C		\$ 20,000,000
HTH 215					LUMP SUM HAWAII HEALTH SYSTEMS CORPORATION - OAHU REGION, OAHU	C		\$ 3,000,000
HTH 215			13	27	MALUHIA, REPLACE FIRE EXIT DOORS AND FRAMES, OAHU	C		\$ 560,000
HTH 211			23	47	KAHUKU MEDICAL CENTER, REPLACE AIR CONDITIONING IN CAMPBELL WING, OAHU	V	\$ (500,000)	

Department of Health - Hawaii Health Systems Corporation
Capital Improvements Program (CIP) Requests

Table 15

<u>Prog ID</u>	<u>Prog ID</u> <u>Priority</u>	<u>Dept- Wide Priority</u>	<u>Senate District</u>	<u>Rep. District</u>	<u>Project Title</u>	<u>MOF</u>	<u>FY22 \$\$\$</u>	<u>FY23 \$\$\$</u>
HTH 212					LUMP SUM HAWAII HEALTH SYSTEMS CORPORATION - OAHU REGION, OAHU	V		\$ (3,000,000)
HTH 212			1	1	HILO MEDICAL CENTER, HAWAII	V	(1,500,000)	
HTH 212			1	1	HILO MEDICAL CENTER, HAWAII	V	\$ (20,000,000)	
HTH 214			5	9	MAUI MEMORIAL MEDICAL CENTER, ICU BED SYSTEMS, MAUI	V	\$ (1,250,000)	

Department of Health - Hawaii Health Systems Corporation
CIP Lapses

Table 16

<u>Prog ID</u>	<u>Act/Year of Appropriation</u>	<u>Project Title</u>	<u>MOF</u>	<u>Lapse Amount</u> <u>\$\$\$\$</u>	<u>Reason</u>
		None			

Department of Health - Hawaii Health Systems Corporation
Program ID Sub-Organizations

Table 17

<u>Program ID</u>	<u>Sub-Org Code</u>	<u>Name</u>	<u>Objective</u>
N/A			

<u>Prog ID</u>	<u>Amount Allotted</u>	<u>Budget for Personnel</u>	<u>Budget for OCE (Other Than Contracts)</u>	<u>Budget for Contracts</u>	<u>Dates of Initiative</u>		<u>Initiative Description</u>	<u>Appropriating Act or GOV</u>	<u>Is This A New Initiative Or An Enhancement To An Existing Initiative/Program</u>
					<u>From</u>	<u>To</u>			
HTH 212	\$33,615,400	\$ 32,315,400	\$1,300,000		7/1/2021	6/30/2022	Salaries and benefits for staff working in and supporting the intensive care units, emergency rooms, and skilled / intermediate nursing facility beds at HHSC's facilities. Also \$1.3M for the Kauai Adolsecent Treatment and Healing Center.	Act 88, SLH 2021	Enhancement to an existing program