
SENATE CONCURRENT RESOLUTION

REQUESTING THE STATE HEALTH PLANNING AND DEVELOPMENT AGENCY TO
INVESTIGATE AND DETERMINE WHETHER HAWAII PACIFIC HEALTH/
WILCOX MEMORIAL HOSPITAL/KAUAI MEDICAL CLINIC HAS VIOLATED
THE 2001 CERTIFICATE OF NEED AGREEMENT.

1 WHEREAS, in 2001, Wilcox Memorial Hospital and Kauai
2 Medical Clinic merged with Kapi'olani Health and Straub Hospital
3 and Clinics to create Hawaii Pacific Health; and
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5 WHEREAS, after six years of operation, there appear to be
6 real problems with Wilcox Memorial Hospital and Kauai Medical
7 Clinic; and
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9 WHEREAS, concerned citizens, physicians, county leaders,
10 and former hospital administrators have reviewed the Certificate
11 of Need approval for the 2001 merger of Wilcox Memorial Hospital
12 and its Kauai Medical Clinic with Hawaii Pacific Health and
13 found inconsistencies with what was stated in their Certificate
14 of Need merger application versus their current operations
15 today; and
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17 WHEREAS, in order to attain a certificate of need approval,
18 the applicant must ensure access to all patients regardless of
19 their ability to pay; and
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21 WHEREAS, Hawaii Pacific Health has apparently instituted
22 new practices that seek to reduce access to care for uninsured
23 and underinsured patients on Kauai, including those covered by
24 Medicaid and Medicare, which is contrary to statements and
25 projections in their Certificate of Need application; and
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27 WHEREAS, the Certificate of Need approval criterion
28 requires that the population served include the elderly, low
29 income persons, racial and ethnic minorities, women, persons
30 with disabilities, and other underserved groups; and
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1 WHEREAS, there is evidence that suggests Hawaii Pacific
2 Health has changed its operational structure and thereby the
3 commitment to care for the disadvantaged, the elderly, and other
4 underserved groups has changed; and

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6 WHEREAS, Hawaii Pacific Health included in their
7 Certificate of Need application financial and management models
8 that detailed how the merger would operate in order to achieve
9 mutual financial goals, shared management input, and a
10 meaningful liaison with physicians on Kauai; and

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12 WHEREAS, the current financial model, management
13 structures, and procedures for physician liaison with management
14 are no longer reflective of what was promised in their
15 Certificate of Need application; and

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17 WHEREAS, chapter 323D-12, Hawaii Revised Statutes,
18 authorizes the State Health Planning and Development Agency to
19 conduct studies and investigations as may be necessary to
20 determine the causes of health care costs; and

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22 WHEREAS, further, the State Health Planning and Development
23 Agency is authorized to monitor the implementation of
24 Certificates of Need approved by the agency; and

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26 WHEREAS, the State Health Planning and Development Agency
27 stated in its Decision on the Merits that approved the Hawaii
28 Pacific Health merger with Wilcox Memorial Hospital and its
29 Kauai Medical Clinic that "Non-implementation of a project as
30 described in your application may result in a fine and/or
31 withdrawal of the Certificate of Need"; now, therefore,

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33 BE IT RESOLVED by the Senate of the Twenty-fourth
34 Legislature of the State of Hawaii, Regular Session of 2007, the
35 House of Representatives concurring, that the State Health
36 Planning and Development Agency is requested to immediately
37 investigate and determine whether Hawaii Pacific Health/Wilcox
38 Memorial Hospital/Kauai Medical Clinic has violated the 2001
39 Certificate of Need agreement and as necessary, impose fines,
40 withdraw the Certificate of Need approval, or investigate and
41 mediate other remedies; and



1 BE IT FURTHER RESOLVED that the investigation of this
2 Certificate of Need agreement and implementation include, but
3 not be limited to:

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5 (1) The current audited financial statements of all
6 entities involved in the merger;
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8 (2) The current management matrix and structure of Hawaii
9 Pacific Health, Wilcox Memorial Hospital, and Kauai
10 Medical Clinic;
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12 (3) The current by-laws of the organization;
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14 (4) The statement of revenues delineated by payor mix of
15 Wilcox Memorial Hospital from the year before the
16 merger to the current year;
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18 (5) The ratio of specialty care physicians to primary care
19 physicians from the year before the merger to the
20 current year;
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22 (6) The current level of charity care provided as well as
23 a copy of the organization's current charity care
24 policy;
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26 (7) Imposing fines should the implementation of this
27 Certificate of Need be found to vary from what was
28 contained in its application;
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30 (8) The impact to the healthcare system of revoking the
31 Certificate of Need approval for this merger should
32 the implementation of this Certificate of Need be
33 found to vary from what was contained in its
34 application;
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36 (9) Interviews with physicians to investigate alternative
37 solutions to complete revocation; and
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39 (10) A minimum of one public hearing on Kauai; and
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41 BE IT FURTHER RESOLVED that the State Health Planning and
42 Development Agency is requested to report findings and
43 recommendations to the Legislature not later than twenty days
44 prior to the convening of the Regular Session of 2008; and



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2 BE IT FURTHER RESOLVED that certified copies of this
3 Concurrent Resolution be transmitted to the Governor, the
4 Director of Health, the State Health Planning and Development
5 Agency Administrator, Hawaii Pacific Health, the Kauai County
6 Mayor and County Council, Wilcox Memorial Hospital and Kauai
7 Medical Clinic Physicians, Hawaii Medical Association, and the
8 Hawaii Nurses Association.

