

East Hawaii Region

Hawaii Health System Corporation

Maximizing Current Operations for Ourselves & Our Community



Hale Ho'ola Hamakua

Hilo  Medical Center
We Care for Our Community


Ka'u Hospital
Ka Hale Ola Ka'u
P.O. BOX 40
PAHALA, HAWAII 96777

**Informational Briefing
Senate Ways & Means Committee
House Finance Committee**

Ron Schurra, East Hawaii Regional CEO
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East Hawaii Strategic Principles

- Best Practices Through Continuous Improvement
- Community Integration in the Provision of Healthcare Services
- Financial Sustainability
- Fostering Employee Recognition, Development, and Satisfaction
- Improving Healthcare Capital

East Hawaii Overview

- Hale Ho'ola Hamakua
 - Critical Access Hospital (CAH)
 - 50 bed facility
 - Services include: Acute, Long-Term Care, & Emergency Department
 - 100 employees (\$82,000 per week in salaries)
 - \$10.1M FY09 Budgeted Operating Expenses
- Hilo Medical Center
 - 275 bed facility
 - Services include: Acute, Long-Term Care, Emergency Department, Outpatient Clinics, Radiology, Home Health, Psych and Pharmacy
 - Over 950 employees (\$1,033,000 per week in salaries)
 - \$122.5M FY09 Budgeted Operating Expenses
- Ka'u Hospital
 - Critical Access Hospital (CAH)
 - 21 bed facility
 - Services include: Acute, Long-Term Care, Emergency Department and Rural Health Clinic (RHC)
 - 46 employees (\$55,500 per week in salaries)
 - \$6.4M FY09 Budgeted Operating Expenses

East Hawaii Overview

- Total costs have not been reimbursed by insurance payers
- State subsidies have been limited
- Physician expenses have increased
- Improved and increased clinical services for East Hawaii community for the past several years

East Hawaii "Challenges"

- 65% of budgeted expenses are "fixed" labor costs due to State of Hawaii Civil Service
 - 45% is the norm for "for profit" hospitals
 - 50% is the norm for "non profit" hospitals
- The National Benchmark for FTE's (Full-Time Equivalent's) per Adjusted Occupied Bed: 3.9 – 5.1
 - Hilo Medical Center: 4.62 FY07

East Hawaii "Challenges"

- Expenses associated with "Civil Service" are not fully funded by State Subsidy
- None of the insurance Payers reimburse HMC the total cost associated with providing the services for their members
- East Hawaii Accounts Payable is approximately \$13M
 - HMC Accounts Payable is \$12M
 - Normal average is \$6M
 - HMC Accounts Payable is 100 days
 - Normal range is 30 – 40 days

East Hawaii “Challenges”

- Collective bargaining contracts are not specific for healthcare services
- Due to Statewide collective bargaining contracts, HHSC has a minimal “voice”

East Hawaii FY09 “Most Recent” Cost Reductions

- “Froze” most vacant positions
- Delayed new programs
 - No new clinical services for community
 - No Physician Recruitment
 - Loss of additional revenue
- Overtime expenses decreased
- Operational expenses decreased
- Physician “On-Call” pay decreased

East Hawaii FY09 Improvements

- Improve clinical efficiencies to decrease Length of Stay (LOS)
- Implemented new Revenue Cycle efficiencies
- Automate clinical documentation and processes to facilitate timely reimbursements (Clinical Information System)
- Eliminate high cost of X-ray film with digital images (RIS/PACS)
- Medical supplies procurement improvement
- Medical drug purchase evaluations

East Hawaii “Requests”

- Fund East Hawaii Accounts Payable – (shortfall from previous years)
- Fund for “State employee benefits”
- Fund for previous “collective bargaining increases”
- Empower HHSC or East Hawaii to negotiate a separate collective bargaining agreement with focus of patient care
- Develop and fund a Hawaii County Healthcare Task Force for future healthcare delivery system
- Consider “501(c)(3)” model for Hawaii County healthcare facilities