

HHSC East Hawaii (EH) Region Strategic Plan



Fiscal Year (FY) 2009 – 2010

May 9, 2008

East Hawaii (EH) Region Senior Management Team

- Ronald Schurra, HHSC (Hawaii Health Systems Corporation) EH CEO
- Money Atwal, HHSC EH CFO/CIO
- Dan Brinkman, HHSC EH CNE (Chief Nurse Executive)
- Julie-Beth Ako, HMC (Hilo Medical Center) Hospital Systems Services Director
- Boyd Murayama, HMC Medical Group Practice Director
- Holly Ka'akimaka, HHSC EH HR Director
- Colleen Alicuben, HMC ADON (Assistant Director of Nursing)
- Jeanne Abe, Interim HHH (Hale Ho'ola Hamakua) Administrator
- Marilyn Harris, Ka'u Hospital Administrator

East Hawaii Region Strategic Plan

- Introduction

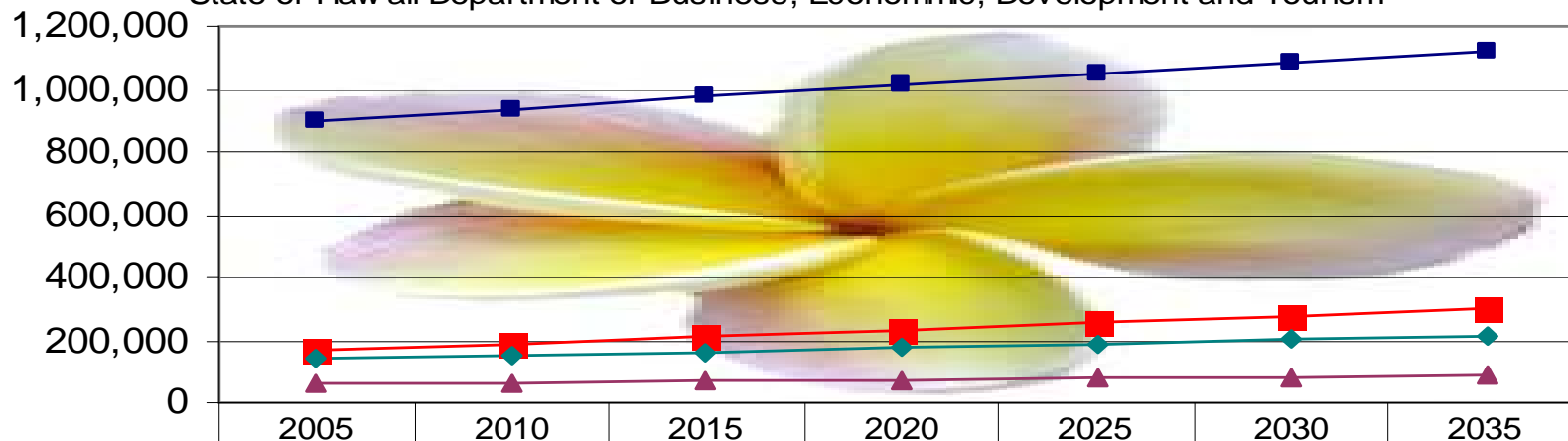
- The East Hawaii Region's Strategic Plan was developed by the Senior Management team and reviewed by the East Hawaii Regional Board. It will be used as a road map in guiding the hospitals to meet the changing needs of our community today and over the long-term. Our community is growing and changing, with a growing population, physician shortage and both the aging population of physicians and the community.
- The Strategic Plan for fiscal year 2009 – 2010 recognizes that success will be measured in more than just financial terms. It focuses on improvements, careful measurement and gains in clinical quality, customer service, clinical service volume, development of our workforce, partnership with our physicians, investing in healthcare technology and most importantly connecting with our community.
- East Hawaii is derived from the Districts of Hamakua, North Hilo, South Hilo, Puna, and Kau.



East Hawaii Region Strategic Plan

State of Hawaii - Estimated Population Growth

State of Hawaii Department of Business, Economic, Development and Tourism



- In the health care industry, needs are derived from it's community population...
 - Among the counties, Hawai'i County is projected to experience the highest population growth over the projected period. The resident population in Hawai'i County is expected to increase 83 percent by 2035, to a total of 302,330 residents, compared with 164,769 residents in 2005.

East Hawaii Region Strategic Plan

- East Hawaii Region Health Statistics

- It is estimated that 72,000 to 100,000 people currently have diabetes in Hawaii, of which 25,000 or more remain undiagnosed. Hawaii County has the highest diabetes prevalence in the State.
- Cardiovascular disease (CVD) continues to be the leading cause of death in the United States and in Hawaii for the past several years. In Hawaii, more than 2,900 people died from CVD in 2005. Hawaii County currently experiences the highest CVD mortality rates in the state. In 2005, the mortality rate in Hawaii County due to stroke alone (51.4/100,000), was higher than the state average (43.5/100,000).
- The state of Hawaii has seen one of the greatest changes in age related demographics of any state in the United States. Between 1970 and 2000, their senior citizen population grew at four times the rate of its overall population, and by 2020 one in four Hawaii residents will be an above sixty-five.

East Hawaii Region Strategic Plan

- Hawai'i Island

- While East Hawaii's two year strategic plan primarily focuses on its four facilities, the long-term vision incorporates the entire Hawai'i island. While specific services and resources that can be leveraged have not been identified at this time, a partnership between the two regions (East and West) can foster a unified approach to health care services. In turn, it will assist the regions in securing the financial assistance necessary for the respective communities.

- Hawaii Health Systems Corporation (HHSC)

- The East Hawaii Region will continue to utilize the HHSC system for economies of scale, through volume driven system-wide contracts, various IT systems, Human Resource labor contracts, and other legislative matters to name a few.

East Hawaii Region Strategic Plan

- Future Considerations

- East Hawaii continues to analyze new product and service lines as community needs change. The Administration recognizes the need to be flexible in order to be committed to improving the quality of health care for Hawai'i Island.
- Initiatives that are not identified in this strategic plan but could become a higher priority or become a part of this strategic plan as the need arises.
 - Strive towards HMC Emergency Department Level II
 - Neonatology services
 - Future Academic and Medical Office Building
 - ECD Building conversion to house ancillary services
 - Partner with Hawaii County Healthcare Task Force

Strategic Principles

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

Hale Ho'ola Hamakua



Hale Ho'ola Hamakua

- Hospital Summary
 - Hale Ho'ola Hamakua (HHH) originally known as Honoka'a Hospital, has served the healthcare needs of the communities of Hamakua, North Hawaii and South Kohala since 1951.
 - In November 1995, a new fifty (50) bed facility was opened above the old hospital, to provide long-term-care services.
 - The facility was renamed Hale Ho'ola Hamakua (Haven of Wellness in Hamakua) in 1997 to reflect its new focus.
 - HHH was converted to a Critical Access Hospital on December 2005, which resulted in 4 Acute/SNF swing beds, 46 long term care beds, the provision of Emergency Room (ER) services and expanded ancillary services.
 - HHH employs 100 employees.

Hale Ho'ola Hamakua

	<u>FY07</u>	<u>FY06</u>
● Hospital Admissions:	72	115
● Acute Avg. Daily Admits	0.08	0.10
● Acute Avg. Daily Census:	0	0.13
● Long Term Care (LTC) Admits:	41	79
● Acute Avg. Length of Stay:	0 days	4 days
● Total Patient Days:	16,735	17,478
● Emergency Dept. Visits:	1,085	598

*The 10/15/06 earthquake resulted in a total evacuation from the facility for 6 days, relocation in dormitory style for 2.5 months while interior facility repairs were being done. There was a reduction of 50 to 40 patients during the renovations.

Hale Ho'ola Hamakua

- Mission Statement

- Commitment to excellence in providing accessible health care

- Vision Statement

- Provide quality-driven health care to meet the needs of our community

- Values

- Integrity

- Caring

- Collaboration

- Commitment

- Teamwork

- Customer Service

Hilo Medical Center



Hilo Medical Center

- Hospital Summary
 - Hilo Medical Center is the largest facility in the HHSC.
 - Established in 1897, HMC has grown from a 10-bed hospital, erected by the Hawaiian Government, to the present facility of 275 –licensed beds:
 - 141 acute (including a 20-bed psychiatric unit)
 - 22 skilled nursing licensed beds,
 - 112 bed licensed extended care facility
 - Accredited home care agency
 - Cardiology Outpatient Clinic.
 - HMC also consists of off-campus outpatient clinics:
 - Family Residency Program
 - Hilo Surgical Associates
 - Neurology Clinic
 - Urology Clinic
 - On the campus are the following:
 - Cardiology Outpatient Clinic
 - Yukio Okutsu State Veterans Home
 - Liberty Dialysis Center
 - Veteran’s Administration (VA) Community Based Outpatient Clinic
 - Hawaii Pacific Oncology Center

Hilo Medical Center

- Mission Statement
 - Commitment to Excellence and Integrity in Healthcare
- Vision Statement
 - To provide quality and compassionate healthcare services that anticipate and respond to the individual needs of our community and staff
- Values
 - Integrity
 - Caring
 - Collaboration
 - Commitment
 - Innovation
 - Community

Hilo Medical Center

	<u>FY07</u>	<u>FY06</u>
● Hospital Admissions:	8,797	8,276
● Acute Avg. Daily Admits	19.5	18.4
● Acute Avg. Daily Census:	107.2	107.8
● Long Term Care Admits:	465	487
● Acute Avg. Length of Stay:	5.5 days	5.9 days
● Total Patient Days:	90,078	89,805
● Emergency Dept. Visits:	32,128	30,229
● Operating Room Visits:	3,793	4,045
● Home Care Visits:	7,119	6,362

Ka'u Hospital



Ka'u Hospital

- Hospital Summary
 - Ka'u Hospital, in Pahala, is a 21-bed facility with 16 long-term care beds and 5 acute as well as a full-time emergency department.
 - Replacing a former plantation hospital, the current hospital was built in 1971 to serve the needs of this vast rural area, located approximately 25 miles beyond Volcano National Park Headquarters.
 - Ka'u Hospital became a CAH (Critical Access Hospital) on July 2001.
 - A federally certified Rural Health Clinic was added to the spectrum of services on the hospital campus in September of 2003.
 - Ka'u Hospital and Rural Health Clinic employs 46 employees.

Ka'u Hospital

	<u>FY07</u>	<u>FY06</u>
● Hospital Admissions:	34	55
● Acute Avg. Daily Admits	.06	.11
● Acute Avg. Daily Census:	.15	.23
● Long Term Care (LTC) Admits:	11	14
● Acute Avg. Length of Stay:	3.2 days	3.6 days
● Total Patient Days:	6,888	6,191
● Emergency Dept. Visits:	2,079	1,880
● LTC Occupancy	100%	100%

Ka'u Hospital

- Mission Statement
 - Ka'u Hospital exists to serve the health care needs of the people of Ka'u
- Vision Statement
 - Our vision is to become a model rural community hospital- a place that provides high quality, cost-effective health care in a manner that reflects our values.
- Values
 - Cultural sensitivity, compassion and respect for others, integrity, collaboration, innovation and commitment.

Yukio Okutsu State Veterans Home

- Hospital Summary
 - Facility part of East Hawaii Region
 - Built in 2007 with State and Federal funds
 - Managed by Avalon Health Care Hawaii
 - 95 Bed Facility

Yukio Okutsu State Veterans Home

- Purpose

- Avalon Health Care's purpose in management of the Yukio Okutsu State Veterans Home – Hilo is to care for the needs of the valiant men and women with gratitude, a reverence for life, and a heart for healing.
- Avalon Health Care strives to provide high quality nursing and personal care, applied with courtesy and compassion. Our reverence for life emphasizes the sacred individuality of every person in our care. Compassion is a part of all we do.
- A VA and Medicare/Medicaid certified health care community, striving to honor veterans through dedicated and compassionate care.

Organizational Development



Strategic Plan Initiatives

- The current status of each Strategic Initiative was identified by the following label:
 - S: Study/Analysis
 - P: Plan
 - A: Action
- * Additional details provided on Product Line Initiatives

HHH Strategic Initiatives

1. Upgrade X-Ray Equipment - (S)

- Capital Improvement Project to replace aged equipment
- Transmit films digitally to HMC real-time

2. Expansion of Phase 1 - (P)

- Plan and design for 28 of 50 LTC beds in process
- Construction start date July 2008
- \$9.1M appropriated for Phase 1

3. Recruitment of Administrator - (A)

- Position vacant since June 29, 2007

HHH Strategic Initiatives

4. Increase CAH designated beds 4→8 - (S)
 - When additional 28 LTC beds (expansion) available, increase in CAH beds can be considered
 - Ongoing need for SNF rehab services
 - Increase revenue for HHH

5. Add Outpatient OT/PT Services - (S)
 - No outpatient OT/PT services available in Hamakua area
 - Increase revenue for HHH

6. Recruitment and Retention of Staff - (P)
 - The LTC expansion will require additional staffing
 - Partnerships established with HCC and Pacific CNA Training

HHH Strategic Initiatives

7. Phase II Expansion - (S)

- Planning needed for the remaining 22 of 50 beds
- Community desire for Alzheimer's unit
- Expansion of dietary department

8. Ongoing Leadership Training - (S)

- Leadership training
- Multiple responsibilities

9. Recruitment and Continuous Incentives to keep Physicians - (S)

- Recruit physicians for rural areas, rural health facilities
- Incentive and recognition program

HMC Strategic Initiatives

1. Recruitment / Retention Plan - (S)

- Address physician shortage crisis through development of long term plan
- Competitive salary and benefits
- Improving employee selection process
- Provide incentive and recognition

2. New Long Term Care (LTC) Facility - (P)*

- Sorely need to upgrade aging facility - "Eye sore"
- Annual Medicare waivers
- Inadequate number of LTC beds
- Sustainable business model to fund new facility

3. CardioVascular (CV) Line – (A)*

- Potential profit center for HMC
- Significantly under served in community

HMC Strategic Initiatives

4. Hospital Electronic Medical Record (EMR) /Clinical Information System - (S)
 - Improve clinical documentation to provide higher quality care
 - Improve revenue cycle processes
 - Increase physician efficiencies
5. Stable and Adequate State Funding - (S)
 - Increase Legislature awareness of East Hawaii community healthcare needs
 - Consistent funding for East Hawaii and HHSC
6. Improving Community Perception - (S)
 - Develop "Marketing" Strategy
 - Obtain Community Support
 - Increase Community Ownership
 - Increase Employee Ownership

HMC Strategic Initiatives

7. Orthopedic Clinic - (P)*

- Significant Shortage for Service Area
- Potential Profit Center

8. Pediatric Clinic - (P)*

- Community and Hospital Coverage Crisis

9. Family Residency Program - (A)*

- Collaboration with John A. Burns School of Medicine
- Increase potential to recruit rural physicians

HMC Strategic Initiatives

10. Separate Bargaining Unit for HHSC - (S)

- Address specific hospital or healthcare needs
- Control costs
- Provide flexibility

11. Obstetrics/Gynecology (OB/GYN) Clinic - (P)*

- Significant Shortage for Service Area
- Aging Physician Population
- Lack of women Obstetricians
- Population increase

12. Campus Master Plan - (S)

- Development of multi-disciplinary work groups for master plan
- Identify current and future space requirements
- Develop short, medium, and long-term plan with appropriate financial impact

HMC Strategic Initiatives

13. Mohouli 2nd Floor Renovation - (P)*

- Medical Office Space

14. Training Services - (S)

- Leadership training certification
- Develop train the trainer program

15. Succession Planning - (S)

- Identify and develop talent
- Establish mentoring program
- Create career opportunities

HMC Strategic Initiatives

16. Stand Up EH Regional Board - (A)

- Viable governing institution
- Regional representation at HHSC and State

17. Joint Venture – Surgery Center - (S)*

- Consultants retained to assess market and financial feasibility
- Must be immediate positive cash flow
- Recapture revenue generating services

18. Joint Venture – Endoscopy Center - (S)*

- Consultants retained to assess market and financial feasibility
- Address near term physician retirement
- Must be immediate positive cash flow
- Recapture revenue generating services

HMC Strategic Initiatives

19. Puna Urgent Care Clinic - (S)*
- Develop a Business Plan and Service Model

HMC Product Line Initiatives

* Long Term Care- Business Model for Sustainability

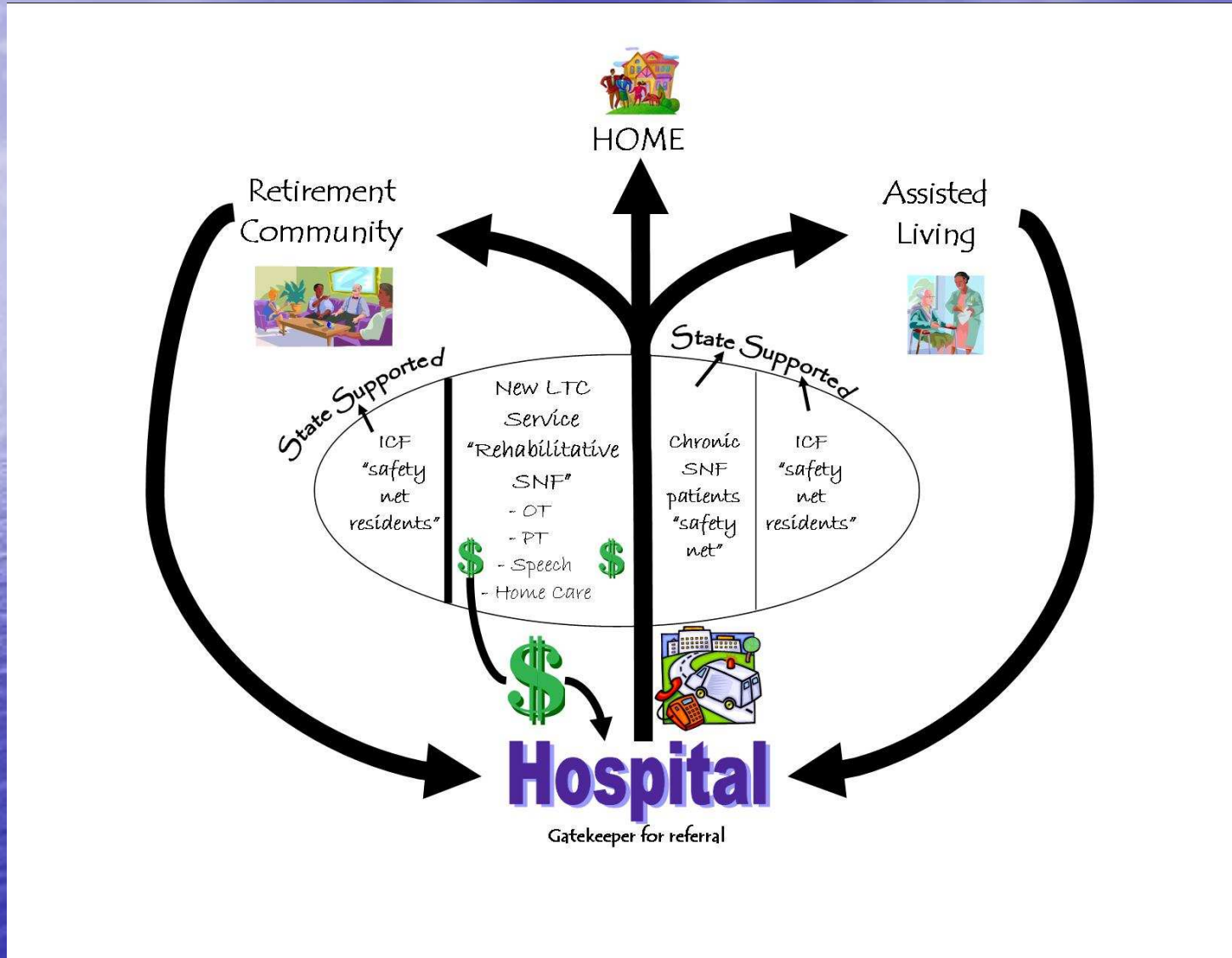
Summary

The need for replacement of the 112 bed, LTC facility at HMC is not debatable. Regulatory waivers on the facility have to be obtained each year. The acute hospital routinely has 22 SNF and 11 wait-list beds that have been diverted from acute care. RFPs have been put out for bid and various scenarios are being investigated as to how to raise an estimated \$70 to \$80 million for LTC facility construction.

What is being proposed in this S.W.O.T. analysis are changes to the long term care service line that will be developed in conjunction with the new facility. The new services will be focused on the revenue generation necessary for short-term construction financing and long-term viability. Of note, this process is in the planning stage and hard numbers have not yet been obtained.

Specifically, we plan to leverage the new facility's appearance and atmosphere into attracting rehabilitation SNF level patients. SNF patients are among the best reimbursed LTC patient type. Medicare encourages rehabilitative care with higher reimbursement, based on the rationale that it keeps the senior independent longer and therefore out of costly ICF or chronic SNF facilities. If this new service is successful, it can be a springboard into offering private care services such as respite and adult day care.

HMC Product Line Initiatives



HMC Product Line Initiatives

* Long Term Care - Business Model for Sustainability

Strengths

- EH population >65 years is above the state and national average and is expected to increase by 15% in the next 5 years to over 27,000
- The hospital and its case managers are the gate-keepers for SNF rehab services.
- HMC has solid PT, OT and Speech Therapy departments which could be easily expanded, given some planning and recruiting
- HMC has a quality JACHO accredited Homecare service which could also be expanded.
- The new LTC building would be the nicest facility in EH for quite awhile which would offer a substantial marketing advantage.

Weakness

- High labor overhead and lack of managerial flexibility related to union contracts
- Difficulty in attracting rehab physician specialist (helpful to have on staff but not required)
- Difficulty in rapidly obtaining and replacing qualified PT , OT and Speech therapists
- New services...business ventures, require flexibility and quick responses for a greater chance of success. HMC at times is cumbersome and bureaucratic
- Lack of an established marketing program.
- As this idea is in the planning stage, a detailed business plan and proforma has not been done to quantify the actual number of new SNF rehabilitative patients and their associated revenue

HMC Product Line Initiatives

* Long Term Care- Rehabilitative SNF Service

Opportunities

- Establishing this program will bring long-term revenue generation to HMC, even after the initial marketing advantage from the new facility has past
- If this new service is successful, it can be a springboard into offering private care services such as respite and adult day care

Threats

- Possible regulatory and legal issues will need to be investigated regarding quasi-state entities functioning in competition with private business.
- SNF rehabilitative services would need to be developed after construction of the new facility given that the attractiveness of the new facility would be the primary draw for the public. Consequently, would not be possible to base construction financing on proven SNF revenue.

HMC Product Line Initiatives

* HMC Cardiovascular Service

Summary

Heart disease is the No. 1 killer of Big Island citizens and as such HMC has an obligation to provide the best possible preventive care and treatment within its capabilities. The results of a strategic market assessment done in 2006 indicate that EH is underserved by cardiologists; has three physicians but needs at least six. Until recently HMC offered only basic cardiovascular services and lacks the necessary infrastructure to attract and keep cardiac specialists. The Goodman report also identified a number of service expansion opportunities which would improve cardiac care and generate much needed revenue. Cardiac services typically provide 25% of the net revenue for an acute hospital.

Administration believes that East Hawaii should have cardiac services equivalent to that of a mainland service area with the same population.

HMC Product Line Initiatives

* HMC Cardiovascular Service

Strengths

- Hired interventional cardiologist Dr. William Sammond
- A cardiology clinic has been opened for 5 months and has over 360 new patients. Over 900 patients are predicted in the 12 month period.
- 12 bed Cardiovascular unit officially open Feb 4th
- Obtained diagnostic lab CON approval
- Existing imaging equipment upgrades funded and scheduled for installation in June. This equipment will enable diagnostic catheterization capability
- Specialized training for multiple staff completed for the CV unit and key management staff have been hired
- Financial trend over the last 4 months is for approximately \$400,000 of annual cardiology professional revenue. These dollars, plus technical revenues for inpatient and ancillary services should have the service at break-even by 12 months.
- FY 08 Legislative CIP funding (\$650,000) for designing, planning and costing of infrastructure options has been released and will be used for A&E services

Opportunities

- Hire “mid level” physician extenders to broaden the number of patients that can benefit from our cardiologists.
- Recruit an additional general cardiologist to increase the base of cardiac patients and expand the pool of basic services
- Ultimately build a “Heart Center” type facility, containing a dedicated cath and vascular lab, outpatient beds, and clinic and diagnostic testing space.
- Use new facility to attract and keep additional cardiologists and specialists1

HMC Product Line Initiatives

* HMC Cardiovascular Service

Threats

- Loss of cardiologist can quickly cripple the service due to the already low numbers of providers. Two to three cardiologist is the minimum recommended number to ensure service continuity for patients
- Lack of capital funds related to overall financial conditions. Expansion of infrastructure will be required to maintain growth and provide more sophisticated services
- High labor costs and overhead related to isolated location, union and civil service requirements.
- Lack of acceptance in community for more advanced cardiac services. Community may feel that they are safer or more effective if they have them done on Oahu

Weaknesses

- Minimal existing cardiac infrastructure and experience.
- Inability to rapidly import new or replace skilled cardiac staff
- Institutional resistance to new procedures and processes.
- Lack of a nearby tertiary care center for rapid back-up

HMC Product Line Initiatives

* Orthopaedic Surgery

- Currently, there is 1 Orthopaedic Surgeon that provides services to Hilo Medical Center and is unable to cover 365 days a year. During the uncovered days patients that need immediate care are being sent to Oahu or Kauai for services. 75% of the cases being transferred could have been done at Hilo Medical Center if we had Orthopaedic Surgery coverage. Locum physician coverage began in April 2008 to address shortage.
 - Significant Shortage both Hospital and Outpatient coverage
 - Increased revenue for hospital; Operating Room & Hospital Days based on non-transfer of patients to other centers
 - New revenue stream for Outpatient Clinic
 - Increased patient satisfaction
 - Decreased family inconvenience due to travel, cost, days out of work, etc.
 - Significant costs increase in Locum physician coverage opposed to employment/contract model
 - Up front cash outlay for new service line
 - 3 year turnaround to begin showing a profit margin
 - Active recruitment for all positions
 - Goal; 3 Orthopaedic Surgeons and 1 Midlevel Provider – FY09
 - Ability to direct physician coverage, referral patterns, and behavior

HMC Product Line Initiatives

* Pediatric

- There are 3 Pediatricians that provide services to Hilo Medical Center a 1:3 call coverage is taking a toll on this group of physicians. 4 community Pediatricians have resigned from the Medical Staff at Hilo Medical Center this past year. The current groups of Pediatricians have made their concerns know to Administration regarding the shortage and burnout which could lead to more Pediatricians resigning from the Medical Staff. This would essentially leave the hospital without Pediatric coverage which would be disastrous to all involved. Locum physician coverage began May 2008 to address shortage. Without the expansion of this service line it will be almost impossible to provide Pediatric care at Hilo Medical Center let alone develop our Level II nursery status.
 - Significant Shortage both Hospital and Outpatient coverage
 - Increased revenue for hospital; Operating Room & Hospital Days based on non-transfer of patients to other centers
 - New revenue stream for Outpatient Clinic
 - Increase patient satisfaction
 - Decrease family inconvenience due to travel, cost, days out of work, etc.
 - Significant costs increase in Locum physician coverage opposed to employment/contract model
 - Support from community Pediatricians to establish service line
 - Decrease Emergency Room visits for acute problems
 - Up front cash outlay for new service line
 - 3 year turnaround to begin showing a profit margin
 - Goal; 3 Pediatricians and 2 Midlevel Providers – FY09
 - Verbal acceptance on 2 positions and negotiation continue on additional position
 - Ability to direct physician coverage, referral patterns, and behavior

HMC Product Line Initiatives

* Family Medicine Residency Program

- Following this collaborative training model that is being developed to both create the Family Medicine Center teaching center and to provide various partners to begin collaboration, outreach, education, and patient care. Partners including UH JABSOM, Hilo Medical Center, Hui Malama Ola Na Oiwī, KeʻAnuenue AHEC, Hawaii Pacific Basin AHEC, UH School of Nursing and Dental Hygiene, UH School of Social Work, UH CTAHR Department of Human Nutrition, and UH JABSOM Department of Native Hawaiian Health.
- To date considerable progress has been made. The HMC has leased medical office space on a convenient bus route and a 9500 square foot Family Medicine Center is being built out. (45 Mohouli Street, Hilo, HI.) Architectural plans have been completed and permitting and construction contracting is underway. The first family physician clinical faculty member has been recruited and is onsite and has been granted core hospital privileges. A residency accreditation document has been developed and negotiations are underway with Oahu hospitals to sponsor the internship year.
 - Assist in the shortage of primary care coverage in East Hawaii
 - Provide collaboration with community groups to develop a center of excellence
 - Train physicians in a rural environment and grow our own
 - Grant funding secured through end of June 2008
 - HMSA Foundation funding secured
 - Awaiting state funding of 2 million which is needed in order for the program to continue
 - Concern with UCREA (University Practice Plan) and its ability to provide the necessary support and financial reporting needed
 - Up front cash outlay for HHSC should state funding not be available
 - Challenge of 2 entities being the main source of support to deliver this product and the differences on program management and support
 - Community perception should the program fold

HMC Product Line Initiatives

* Obstetrics/Gynecology

- There are currently 7 Obstetrics/Gynecology physicians provide services to Hilo Medical Center. Of the 7 physicians only 5 are providing true Obstetrics/Gynecology services. The 2 other physicians are providing the following services only (1; surgical assist and 1 only gynecological services). In addition, it is anticipated that the pool of physician coverage within this specialty will decrease by 1 within the next 2 years which will substantially hurt our shortage of coverage in this area.
 - Significant Shortage both Hospital and Outpatient coverage
 - Increased revenue for hospital; Operating Room & Hospital Days based on non-transfer of patients to other centers
 - New revenue stream for Outpatient Clinic
 - Increased patient satisfaction
 - Decreased family inconvenience due to travel, cost, days out of work, etc.
 - Significant costs increase in Locum physician coverage opposed to employment/contract model
 - Decrease Emergency Room visits for acute problems
 - Up front cash outlay for new service line
 - Community physicians within this specialty group are not all on board with hospital employing or contracting physicians
 - Ability to direct physician coverage, referral patterns, and behavior

HMC Product Line Initiatives

* Mohouli Professional Building (Medical Office Space)

- Hilo Medical Center has secured the lease for 5 years with an additional 5 year renewal for Medical Office space to provide outpatient clinical service to the public at 45 Mohouli Street in Hilo.
 - 2/3 of the building needs renovation to provide the necessary clinical services
 - Architectural plans completed for renovation
 - Award made to "Constructors Hawaii"
 - Allowance of \$ 800,000.00 provided for design and construction by building owners will cover the following costs; design and planning, permits, first floor renovation
 - Additional funding of approximately 1.2 million will be needed to complete the renovation which consist of the second floor
 - Ability to secure funding to complete renovation
 - Upon renovation completion we will move majority of the clinics to this location which we are currently leasing separate medical office suites throughout the community
 - Programs anticipated for this site are; Family Medicine Residency Program, Pediatrics, OB/GYN, Neurology, and Urology

HMC Product Line Initiatives

* Joint Venture - Surgery Center

- The owners of the Surgery Center have agreed to investigate establishing a joint venture/partnership with Hilo Medical Center. Outpatient surgery remains one of the few profitable lines of health care businesses.
- Stroudwater Associates is developing an appraisal for HMC to use as a starting point in the negotiations. The goal for the joint venture would be to have quality improvement for our patients and financial success for HMC and the Surgery Center.
- We will attempt to negotiate such an agreement in a way that there is positive cash flow from the beginning.

HMC Product Line Initiatives

* Joint Venture – The Endoscopy Center

- Outpatient surgical procedures remain (at least for the near future) a highly reimbursed service. They are one of the few remaining profitable health care businesses.
- The gastroenterologists have agreed to investigate the possibility of joining with Hilo Medical Center in some form of limited liability partnership. We have hired Stroudwater Associates to do an assessment/evaluation of their technical business so that we could enter into negotiations from a mutual point of understanding.
- Our goal would be to obtain a fair portion (up to 49%) of this business that it would bring long term financial return as well as an improvement of our services. We are attempting to arrange such an agreement to be of a positive cash flow from the beginning of the joint venture.

HMC Product Line Initiatives

* Puna Urgent Care Clinic

- Study to be completed on development of this much need service in the Puna area. Currently no data has been compiled.
 - Develop performa for service line
 - Work with Shipman on clinic space and costs
 - Recruitment and development of services to be provided
 - Identify funding sources and community support
 - Collaborate with other healthcare groups and providers

Ka'u Hospital Strategic Initiatives

1. Clinic Restructuring - (S)*

- Staff clinic to promote improved services and efficiencies

2. X-Ray Replacement - (P)*

- Capital Improvement Project (CIP) to replace aged equipment
- Transmit films digitally to HMC real-time

3. Hospital Improvements - (P)

- Improve the aging facility
- Increase appeal of hospital

Ka'u Hospital Strategic Initiatives

4. Endoscopies - (S)*

- Increase revenue
- Physician already available

5. Increase Acute and Skilled Nursing Admissions - (S)*

- Resolve physician staffing issues
- Increase pharmaceutical availability for acute services
- Maintain RN staffing requirements

Ka'u Hospital Strategic Initiatives

6. Campus Master Plan - (S)

- Develop master plan for replacement of aged facility
- Renovate open space beneath hospital

7. Telemedicine - (S)*

- Enable real time consultation with medical specialists e.g. psychiatry, dermatology etc.

8. Clinical Site for Licensed Practical Nurse (LPN) - (P)*

- Partner with Hawaii Community College (HCC), Ka'u Resource and Distance Learning Center
- Develop LPN program in Pahala
- "Growing our own" future health care providers

Ka'u Hospital Strategic Initiatives

9. CT Scanner - (S)*

- Standard for quality of care in most hospitals
- Increase acute services
- Less ED transfers to acute facilities i.e. HMC and Kona Community Hospital

Ka'u Product Line Initiatives

* **Clinic Performance Improvement**

- Re-structure staffing and operations at clinic to enhance services and improve reimbursement.
- Ka'u Hospital's rural health clinic's physician resigned in May 2008 providing a new opportunity to recruit a physician who will support both clinic and hospital inpatient growth. All operations are being evaluated for opportunities to make maximum use of provider time with patients. Financial benefits of converting the RHC to a 'provider-based physician practice' are also being evaluated.

* **X-ray Equipment Replacement:**

- Currently, KH has the oldest single phase x-ray processing machine on this island. X-rays are taken and developed on site and then transported via courier to the radiologist at HMC for reading. Quality of x-rays is frequently limited due to the aged machine. New equipment will allow x-rays to be transmitted digitally to HMC for reading in real-time. This greatly improves quality of care as well as patient safety since our emergency department physicians will receive reports within the hour.

Ka'u Product Line Initiatives

* Endoscopies

- Add an endoscopy clinic to the services of the hospital.
- Travel time and related costs are a barrier to Ka'u residents receiving endoscopies. This is particularly true for the large population of elderly residents in the area. Ka'u Hospital could provide an endoscopy clinic once or twice a month using an endoscopy-trained physician who is already employed at Ka'u Hospital as an emergency room physician. This would not only provide a necessary service but also generate an additional revenue stream for the hospital.

* Increase Acute and Skilled Nursing Admissions

- The cost-based reimbursement opportunities for critical access hospitals are greatly maximized when the acute/skilled nursing beds of the hospital are utilized. Barriers to acute admissions have been lack of physician commitment to cover acute admissions, limited availability of pharmaceuticals, which come from HMC, limited RN staffing and limited diagnostics available on site. While these cannot be removed, all four can be improved upon by 1) setting expectations of the newly recruited clinic physician 2) purchase of a Pyxis type pharmacy system that could stock pharmaceuticals for both the ER and acute patients 3) plan RN staffing to accommodate acute admissions 4) provide CT scanning capability on site (long term goal).
- Skilled nursing facility (SNF) admissions have been limited by lack of on-site therapy services that Medicare requires be provided at least five days a week. Current in-patient physical therapy is limited to two days a week. A physical therapy assistant either hired for Ka'u (or shared with HMC) could enable Ka'u to meet this requirement and thus admit Medicare SNF level patients. The position would pay for itself within the first year.

Ka'u Product Line Initiatives

* Telemedicine

- Use of telemedicine equipment to enable real-time consultation with medical specialists that are not available on-site.
- KH has received new telemedicine equipment and must develop the protocols and contracts with appropriate partners to put this resource to use.

* Clinical Training Site for Health Professionals

- Partner with educational institutions to provide practicum sites for students.
- The resources of the hospital and clinic must be used to support efforts to increase the number of health care professionals working in this community in the future through partnerships aimed at “growing our own”. Currently KH is working on a partnership with Hawaii Community College and Ka'u Resource and Distance Learning Center to develop a LPN program site in Pahala.

Ka'u Product Line Initiatives

* CT Scanner

- Add a CT scanning machine to the resources of Ka'u Hospital.
- CT scanning is a diagnostic tool that is becoming the standard of quality care in most hospitals. Many of the transfers of patients from Ka'u Hospital ER to HMC or Kona Community Hospital are for a CT scan to rule out a more serious diagnosis. Because no CT is available, many patients who could be adequately treated at Ka'u, either in the ER or in the hospital as an admission, are sent elsewhere thus putting additional strain on the resources of HMC and depriving Ka'u Hospital of revenue that could support the purchase of a CT scanner.

SVH Strategic Initiatives

1. Open Facility - (A)
2. Obtain All Certifications - (A)
3. Market throughout Hawaii of SVH Services - (P)
4. Achieve 95 Bed Occupancy - (A)



It Starts with **Bright** Ideas