

HAWAII HEALTH SYSTEMS CORPORATION

INTERIM AND TRANSITION PLAN

HHSC IS THE COMMUNITY HOSPITAL “SAFETY-NET” PROVIDER FOR THE STATE OF HAWAII ENSURING QUALITY HEALTHCARE FOR ALL COMMUNITIES SERVED:

HHSC as a “Safety-Net” provider, has a legal mandate and explicitly - adopted mission that organizes and delivers a significant level of healthcare and other health-related services to the uninsured, Medicaid, and other vulnerable patients including those in long-term care and in rural areas plus meet the ever increasing healthcare needs of communities we serve.

HHSC absolute standards for quality, patient safe healthcare are: 1.) Safety, or freedom from accidental harm, 2.) Effectiveness, or evidence-based care, 3.) Patient-centeredness, 4.) Timeliness or care that ensures prompt access to appointments, diagnosis, and treatment, 5.) Efficiency or care delivered with optimal use of resources, and 6.) Equity, or equitable care.

OVERALL TRANSITION PLAN OBJECTIVE:

In early 2008 it is the clear objective of HHSC Corporate Board to change the Corporation to the new structure as described in Act 290 i.e. to a decentralized system based on regional management, decision making, responsibility and accountability aimed at providing *quality healthcare service* for all Hawaii communities. This healthcare service will at an absolute minimum, meet the “Safety Net System” requirements mandated by the State with particular focus on the Neighbor Island communities which are not generally well served by private providers and recognition of HHSC’s diverse mission of providing acute, long term and critical access care. This change intends to improve the healthcare services that HHSC provides while minimizing the State input costs, it will also encourage regions to improve their interface with each other and other healthcare organizations in their respective region.

To achieve this HHSC corporate direction will be primarily to assist regions in the development of their individual strategic plans which may include the following types of change.

Seek alternative financing through advantageous loans, public private partnerships, and other acceptable joint ventures, to bring its aging facilities up to modern standards, by development, replacement, or additions and allow for the expansion of profitable services. Review all facilities services verses community needs to assess future options including sale.

Provide a system structure that attracts and maintains quality physicians and other technical resources by allowing them the opportunity to earn nationally competitive incomes while also adding to system income and profit.

Work with unions to develop ownership and management structures that may modify work rules and pay structures to allow for productivity incentives and pay for performance to reduce overall costs and improve morale plus change the existing “culture”.

Provide for improved access to high quality care in all locations possibly through “distributed” specialty services and access to improved transportation.

Pay for high quality professional leadership at competitive rates with a particular focus on financial control and optimization of reimbursements. However also seek to significantly reduce overhead staffing levels and costs with the use of contract services with savings invested in direct patient care.

Assist as required in the development of regional plans that will provide profitable services on top of the safety net base in each Region and thus provide a wide range of quality services on a system basis that can be shared.

Work with regions in the ‘decentralization and distribution’ of corporate services with the aim of increasing effectiveness while reducing cost.

STRATEGIES AND TIMING:

1. Utilize Corporate or Regional contacts to actively seek potential partners in ownership, financing or management (any/all) of Hawaii facilities with an aim to upgrade services and facilities while minimizing State input and to open opportunities that will attract new medical staff. This may require enabling Legislation which will be prepared for the 2009 session. Timing.... Ongoing but with periodic reports to/from Regions on opportunities.
2. Develop a plan with regions for commencement of meaningful discussion with public service unions on modification of work rules and high cost areas with the intent to work with unions to change the existing “culture” in HHSC that does not fit with the requirements of a health care system. Timing.... Plan by June 1st with initial meetings by September 1st.
3. Develop a system plan, based upon regional strategic plans, for “distributed” specialty medical services for approval by regions. When approved, seek cutting edge solutions to transportation of patients. Timing.... Plan approved by regions by Sept. 30th. (To go to 2009 Legislature)
4. Propose that regions’ requirements for corporate specialty services be planned and agreed upon with regions by September 2008 for transition beginning NLT June 30, 2009. (Note. Information Technology requirements may require longer particularly if services are distributed). This transition will require a complete review of corporate activities in a regional world and will cover the key functions of legal, IT/MIS, quality control and meeting requirements, audit, financial reporting, personnel and compensation, etc. These functions may be distributed to regions completely, utilize high-level corporate personnel as resources, or remain as a corporate function.
5. Create a corporate and system wide task force of up to 6 people to develop a plan to assist in regional refocus on financial control and reimbursement management. Seek outside consultants to assist in this work as needed. As well, adopt the Sarbanes-Oxley act of 2002

with regard to Audit management. Timing..... Task force by April 1st 2008 and plan approved and in execution by June 30th 2008. This task force to report directly to CEO and FISAC and to assume a monitoring role after June 30th. Sarbanes-Oxley adoption by June 30, 2008.

6. Develop a process with regions that will facilitate the communication of comprehensive patient outcome data between Region System Boards and the Corporate Board so that all Boards and management maintain a primary focus on quality throughout all strategy development and associated decision making.