
SENATE CONCURRENT RESOLUTION

REQUESTING THE ESTABLISHMENT OF A COMMITTEE TO DEVELOP A PLAN TO
STUDY AND IMPLEMENT STRUCTURAL AND OPERATIONAL IMPROVEMENTS
TO INCREASE THE EFFECTIVENESS OF THE HAWAII HEALTH SYSTEMS
CORPORATION AND ITS REGIONS.

1 WHEREAS, the Hawaii Health Systems Corporation, a network
2 of five regions and thirteen facilities spanning five islands
3 across the State, is one of the largest public hospital systems
4 in the nation and is an important safety valve during this
5 economic downturn; and

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7 WHEREAS, the Hawaii Health Systems Corporation has
8 experienced unprecedented fiscal challenges that have led to an
9 unsustainable reliance on government subsidies, totaling
10 \$649,200,000 since it was established fourteen years ago; and

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12 WHEREAS, the State does not have the fiscal capacity to
13 continue funding the Hawaii Health Systems Corporation at its
14 current level; and

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16 WHEREAS, Section 31 of the General Appropriations Act of
17 2009 mandated an eight-prong comprehensive, independent review
18 and evaluation of the management and operations of the Hawaii
19 Health Systems Corporation, its regional systems boards, and its
20 facilities, including the effectiveness of its current
21 organizational structure; and

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23 WHEREAS, Stroudwater Associates was retained to conduct the
24 study, which was released December 28, 2009. The study
25 concludes that the Hawaii Health Systems Corporation is in a
26 financially perilous condition and that the age and condition of
27 its facilities and other physical assets are well beyond
28 national averages, prompting serious concerns as to the levels
29 of quality of care and safety available at Hawaii's public
30 hospital network; and

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1 WHEREAS, the Stroudwater Associates' Study (Study) finds
2 that a new sustainability plan for restructuring is needed to
3 diminish the burden of general fund subsidies for the vital
4 health care services provided by Hawaii Health Systems
5 Corporation; and

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7 WHEREAS, the Study specifically concludes that the
8 conversion of the Hawaii Health Systems Corporation from a
9 public benefit corporation to a private nonprofit corporation is
10 essential, that the Hawaii Health Systems Corporation requires
11 recapitalization, and that increased applications of
12 efficiencies of scale and expertise inherent in the system model
13 of governance are needed to increase effectiveness; and

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15 WHEREAS, given that the Hawaii Health Systems Corporation's
16 ability to implement a successful transition to a private
17 nonprofit entity is dependent on further extensive analysis,
18 planning, funding, and collaboration, the drafting of
19 legislation based on the Study's recommendations for the 2010
20 Regular Session is premature; and

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22 WHEREAS, given the on-going and grave economic challenges
23 that both the State and the market are facing, the current
24 fiscal situation presents the Hawaii Health Systems Corporation
25 with an opportunity to reevaluate and restructure operationally
26 and organizationally; and

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28 WHEREAS, the Hawaii Health Systems Corporation can take
29 advantage of this opportunity to increase its efficiency not
30 only for the short-term, but also to increase its resiliency and
31 prepare for future economic challenges; and

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33 WHEREAS, the Hawaii Health Systems Corporation must also
34 aggressively pursue cost-reduction initiatives, including but
35 not limited to those outlined in the Study, while further
36 improving its marketability and public-private partnership
37 potential; now, therefore,

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39 BE IT RESOLVED by the Senate of the Twenty-fifth
40 Legislature of the State of Hawaii, Regular Session of 2010, the
41 House of Representatives concurring, that the Senate President
42 and Speaker of the House of Representatives establish a
43 committee to study and plan the transformation of the Hawaii
44 Health Systems Corporation to an organizational structure that



1 responds more effectively to the health care needs of the island
2 communities it serves; and

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4 BE IT FURTHER RESOLVED that the committee shall be named
5 the Committee on Transitioning the Hawaii Health Systems
6 Corporation (Committee); and

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8 BE IT FURTHER RESOLVED that the planning include, as
9 appropriate, collaboration among the various stakeholders and
10 potential partners, examination of potential sources of funding
11 of the capitalization and transition costs, examination of the
12 Hawaii Health Systems Corporation's marketability and potential
13 partnerships, and review of implementation of operational and
14 organizational efficiencies identified in the Study as currently
15 available to Hawaii Health Systems Corporation; and

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17 BE IT FURTHER RESOLVED that the Committee shall consist of
18 the following members:

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20 (1) One member from each Regional System Board of
21 Directors and the Hawaii Health Systems Corporation
22 Board of Directors;
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24 (2) The Regional Chief Executive Officers and the
25 President or Chief Executive Officer of the Hawaii
26 Health Systems Corporation;
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28 (3) An appointee of the President of the Senate from the
29 Senate and an appointee of the Speaker of the House
30 from the House of Representatives;
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32 (4) A representative of the State Administration appointed
33 by the Governor; and
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35 (5) The President and Chief Executive Officer of the
36 Healthcare Association of Hawaii; and
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38 BE IT FURTHER RESOLVED that the members of the Committee
39 shall select a chairperson from among themselves, and the
40 chairperson is requested to convene meetings; and

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42 BE IT FURTHER RESOLVED that the Hawaii Health Systems
43 Corporation administration shall staff the Committee for
44 administrative purposes, and the Committee shall begin its work



1 no later than thirty days after the adoption of this measure;
2 and

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4 BE IT FURTHER RESOLVED that the Committee is requested to
5 submit a report of its recommendations, including any proposed
6 legislation, to the Legislature no later than twenty days prior
7 to the convening of the Regular Session of 2011; and

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9 BE IT FURTHER RESOLVED that the Legislative Reference
10 Bureau is requested to assist the Committee in drafting its
11 recommendations and proposed legislation; and

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13 BE IT FURTHER RESOLVED that certified copies of this
14 Concurrent Resolution be transmitted to the Governor, Director
15 of Health, President and Chief Executive Officer of the Hawaii
16 Health Systems Corporation, Chairperson of the Hawaii Health
17 Systems Corporation Board of Directors, the Chairperson of each
18 Regional System Board of Directors, the President of the
19 Healthcare Association of Hawaii, and the Director of the
20 Legislative Reference Bureau.

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OFFERED BY: John M. ...
Will Zeno