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# 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

6  
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  
31



1 WHEREAS, the Stroudwater Associates' Study (Study) found  
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  
14

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  
21

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  
27

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  
32

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

3  
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 the implementation of operational  
14 and organizational efficiencies including but not limited to  
15 those identified in the Study as currently available to Hawaii  
16 Health Systems Corporation; and

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

- 20  
21 (1) One member from each Regional System Board of  
22 Directors and the Hawaii Health Systems Corporation  
23 Board of Directors;  
24  
25 (2) The Regional Chief Executive Officers and the  
26 President or Chief Executive Officer of the Hawaii  
27 Health Systems Corporation;  
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29 (3) An appointee of the President of the Senate from the  
30 Senate and an appointee of the Speaker of the House  
31 from the House of Representatives;  
32  
33 (4) A representative of the State Administration appointed  
34 by the Governor;  
35  
36 (5) The President and Chief Executive Officer of the  
37 Healthcare Association of Hawaii;  
38  
39 (6) One representative each from the Hawaii Government  
40 Employees Association and United Public Workers;  
41  
42 (7) Two community members; and  
43



1 (8) One representative of the Hawaii Health Systems  
2 Corporation employees; and  
3

4 BE IT FURTHER RESOLVED that the members of the Committee  
5 shall select a chairperson from among themselves, and the  
6 chairperson is requested to convene meetings; and  
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8 BE IT FURTHER RESOLVED that the Committee advertise and  
9 hold public meetings for the purpose of gathering input from the  
10 served regions; and  
11

12 BE IT FURTHER RESOLVED that the Hawaii Health Systems  
13 Corporation administration shall staff the Committee for  
14 administrative purposes, and the Committee shall begin its work  
15 no later than thirty days after the adoption of this measure;  
16 and  
17

18 BE IT FURTHER RESOLVED that the Committee is requested to  
19 submit a report of its recommendations, including any proposed  
20 legislation, to the Legislature no later than twenty days prior  
21 to the convening of the Regular Session of 2011; and  
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23 BE IT FURTHER RESOLVED that the Legislative Reference  
24 Bureau is requested to assist the Committee in drafting its  
25 recommendations and proposed legislation; and  
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27 BE IT FURTHER RESOLVED that certified copies of this  
28 Concurrent Resolution be transmitted to the Governor, Director  
29 of Health, President and Chief Executive Officer of the Hawaii  
30 Health Systems Corporation, Chairperson of the Hawaii Health  
31 Systems Corporation Board of Directors, the Chairperson of each  
32 Regional System Board of Directors, the President of the  
33 Healthcare Association of Hawaii, the Director of the  
34 Legislative Reference Bureau, the Hawaii Government Employees  
35 Association, and the United Public Workers.

