
A BILL FOR AN ACT

RELATING TO HEALTH CARE COORDINATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that health care
2 providers in the county of Maui, including Maui Memorial Medical
3 Center and Hale Makua Health Services, have been highly
4 successful in serving the residents of the county for
5 generations. However, recent changes in government policies and
6 rules or regulations, changing demographics, and a changing
7 marketplace have made it extremely difficult for health care
8 providers in the county to maintain a level of efficiency in a
9 financially sustainable way.

10 In assessing the situation, the legislature finds that
11 Maui's population is growing rapidly, yet the island has limited
12 health care infrastructure. The population is also aging
13 rapidly, as many retirees are migrating to Maui from Oahu, other
14 parts of the State, and the mainland. In fact, the elderly
15 population on Maui is expected to double by 2035. Maui has also
16 been more affected by the recession than other parts of the
17 State, and there has been a recent increase in the unemployment
18 rate and corresponding decrease in average household income.



1 Given its unique topography and patterns of population
2 density, access to health care is one of the most challenging
3 issues in Maui county, and is exacerbated by the county's rural
4 population and shortage of health care providers. Health care
5 provision in Maui county is fragmented and is comprised of
6 independent providers that deliver care on an episodic basis.
7 This lack of coordinated care results in an inefficient delivery
8 system across the continuum of care.

9 The legislature further finds that post-acute care options
10 in Maui are limited as a result of the poor overall payer mix,
11 in addition to the challenges of caring for patients with
12 special needs. The overall payer mix is disproportionately
13 weighted toward medicaid, which creates a financial burden for
14 Maui's limited sub-acute providers and often results in the
15 delay or refusal of transfers of low- or no-pay patients. The
16 State of Hawaii's recent decision to privatize the medicaid
17 program for the aged, blind, and disabled has also adversely
18 affected the census in post-acute facilities as well as
19 reimbursements for care of vulnerable populations.

20 In addition, there is inadequate physician coverage to
21 admit and discharge patients from post-acute care facilities,
22 and an underutilization of home health agency options. Hawaii's



1 diverse cultural preferences contribute to a higher percentage
2 of patients choosing to receive end-of-life care in the hospital
3 rather than in a home-setting, which impacts costs and further
4 exacerbates the waitlist issue. The inability of post-acute
5 care providers to accept high cost patient admissions
6 contributes to a high waitlist in acute care facilities,
7 limiting availability of other acute care services.

8 Maui Memorial Medical Center, the county's largest full-
9 service acute care facility, maintains a high census of patients
10 who are in the acute care setting while waiting for discharge to
11 a post-acute setting. Over the past two years, twenty-five to
12 forty waitlist patients occupied acute care beds every day
13 because of a lack of viable discharge options. The waitlist of
14 patients causes Maui Memorial Medical Center to delay or divert
15 acute care admissions, resulting in additional burdens for
16 patients and other providers. Although there is another acute
17 care hospital on Maui, the travel distance from central Maui and
18 high elevation location of the facility limit access to the care
19 that can be provided there.

20 Furthermore, the legislature finds that there is a shortage
21 of long-term care and skilled nursing facility beds for special
22 needs patients, which results in an extensive waitlist. Hale



1 Makua Health Services, Maui's largest skilled nursing facility,
2 experiences a negative margin for medicaid patients, who
3 constitute approximately seventy to eighty per cent of the
4 facility's payer mix. Because of thin reimbursement margins and
5 additional costs associated with intravenous therapy
6 antibiotics, expensive medications, and one-on-one care for
7 patients with behavioral challenges, Hale Makua Health Services
8 is often unable to take Maui Memorial Medical Center's
9 waitlisted patients. The weakening payer mix and recent
10 regulatory changes have resulted in over sixty empty beds in
11 Hale Makua Health Services' two nursing homes. Hale Makua
12 Health Services has had to consolidate and decertify thirty-four
13 skilled nursing beds, and is seeking to change licensure to a
14 care home, further reducing skilled nursing facility capacity.

15 The legislature therefore finds that these challenges in
16 Maui county to health care delivery and coordination at multiple
17 levels of care have risen to a crisis level. The resolution of
18 the crisis requires coordinated efforts of private and public
19 health care providers, providing care at all levels of care.
20 Without an aggressive response to these challenges, the
21 viability of community-based non-profit entities providing
22 health care in the community is jeopardized. This will create a



1 downward spiral of deterioration that could exacerbate the
2 existing crisis.

3 In response, Maui Memorial Medical Center and Hale Makua
4 Health Services have been evaluating a number of organizational
5 alternatives to facilitate long-term stability in the health
6 care delivery system in a cost-effective way and have opened
7 discussions to identify opportunities for collaboration. One of
8 the goals is to achieve operational synergies and cost
9 efficiency that will address the crisis and benefit both
10 organizations, which will in turn benefit residents of the
11 County of Maui. Options for collaboration may include
12 organizational realignment and affiliation strategies. Both
13 organizations are also working diligently to develop a
14 partnership plan to provide sustainable, effective, well-
15 coordinated, quality health care at all levels in certain parts
16 of the State.

17 The legislature finds that innovative partnerships have
18 long been a means of addressing challenges arising from
19 structural changes in the health care industry. To realize
20 effective partnerships to resolve a crisis of this magnitude
21 requires support from the State of Hawaii. It is therefore the



1 intent of the legislature to support the resolution of the
2 current crisis in health care delivery and coordination in Maui.

3 The legislature believes that the public-private
4 partnership established by this Act will encourage appropriate
5 discharge of patients not requiring acute care from acute
6 settings and placement of those patients into appropriate sub-
7 acute care settings for more efficient and cost effective
8 quality post-acute care, will serve patients better, and will
9 also expand inpatient capacity at acute facilities. This will
10 allow acute care providers to better serve those within its
11 service area who need care in an acute setting.

12 The resulting model of health care delivery to be
13 implemented by this public-private partnership will address the
14 crisis in the post acute care environment and health care access
15 and quality of care at all levels, while maximizing capacity and
16 increasing operational and financial viability of public and
17 private providers.

18 The purpose of this Act is to establish a public-private
19 partnership to research, facilitate, develop, and implement a
20 model and system of collaborative health care delivery in a
21 county with a population between one hundred thousand and one
22 hundred seventy thousand that moves patients, including acute



1 care patients, throughout the continuum of care efficiently,
2 appropriately, and cost effectively.

3 SECTION 2. Chapter 323F, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§323F- Public private partnership. (a) There is
7 established within the corporation for administrative purposes
8 only a public-private partnership in a county with a population
9 between one hundred thousand and one hundred seventy thousand,
10 to research, develop, and implement a model of health care
11 delivery that addresses the coordination of care across the
12 spectrum of care from acute, to skilled nursing facility, to
13 home, in a manner that is seamless, efficient, appropriate, and
14 cost-effective.

15 (b) The public-private partnership shall:

16 (1) Work to resolve the challenges in the post acute care
17 environment;

18 (2) Expand inpatient capacity;

19 (3) Improve access to and quality of health care; and

20 (4) Enhance the operational and financial viability of
21 public and private health care providers at all levels
22 of care.



1 (c) The public-private partnership shall be mutually
2 beneficial to stakeholders and consumers and shall be based upon
3 the following:

4 (1) Short term goals:

5 (A) Provide a mechanism to move waitlisted patients
6 to an appropriate long-term care setting;

7 (B) Provide appropriate financial support to allow
8 for the movement of patients along the continuum
9 of care, regardless of the ability to pay;

10 (C) Maintain the financial viability of skilled
11 nursing facilities by providing adequate funding
12 from all sources; and

13 (D) Maintain the financial viability of full-service
14 acute care facilities by reducing the number of
15 waitlisted patients.

16 (2) Long term goals:

17 (A) Improve the continuity of care and efficiency
18 between providers;

19 (B) Enhance the quality of patient care;

20 (C) Create a patient-centered health care
21 infrastructure;



- 1 (D) Maximize capacity and increase operational and
- 2 financial viability among network organizations;
- 3 (E) Optimize existing resources to maximize return;
- 4 (F) Facilitate the transition of care between
- 5 different levels of care;
- 6 (G) Reduce unnecessary transfers of patients and
- 7 attract medically appropriate transfers from
- 8 neighboring islands;
- 9 (H) Create reimbursement mechanisms that support
- 10 integrated efforts;
- 11 (I) Reduce unnecessary health care use and prevent
- 12 unnecessary hospitalizations and readmissions;
- 13 and
- 14 (J) Expand access to specialty services to counties
- 15 with populations of less than five hundred
- 16 thousand."

17 SECTION 3. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of \$ or so much
19 thereof as may be necessary for fiscal year 2012-2013 to carry
20 out the purposes of this Act, including the hiring of necessary
21 staff.



1 The sum appropriated shall be expended by the Hawaii health
2 systems corporation for the purposes of this Act.

3 SECTION 4. New statutory material is underscored.

4 SECTION 5. This Act shall take effect on July 1, 2030.



Report Title:

Health Care Coordination; Acute Care; Appropriation

Description:

Establishes a public-private partnership in a county with a population between one hundred thousand and one hundred seventy thousand to develop an integrated system to deliver health care across the spectrum of care and particularly to address the current challenge in acute care. Effective July 1, 2030.

(HB2664 HD1)

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