
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 high level of efficiency
9 in a 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 elderly population is also
13 increasing rapidly, as many retirees are migrating to Maui from
14 Oahu, other parts of the State, and the mainland. In fact, the
15 elderly population on Maui is expected to double by 2035. Maui
16 has also been more affected by the recession than other parts of
17 the State, and there has been a recent increase in the



1 unemployment rate and corresponding decrease in average
2 household income.

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

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



1 In addition, there is inadequate physician coverage to
2 admit and discharge patients from post-acute care facilities,
3 and an underutilization of home health agency options. Hawaii's
4 diverse cultural preferences contribute to a higher percentage
5 of patients choosing to die in the hospital rather than in a
6 home-setting, which impacts costs and further exacerbates the
7 waitlist issue. The inability of post-acute care providers to
8 admit high-cost patients contributes to a long waitlist in acute
9 care facilities, limiting the availability of other acute care
10 services.

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



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

18 The legislature therefore finds that these challenges in
19 Maui county to health care delivery and coordination at multiple
20 levels of care have risen to a crisis level. The resolution of
21 the crisis requires coordinated efforts of private and public
22 health care providers providing all levels of care. Without an



1 aggressive response to these challenges, the viability of
2 community-based non-profit entities providing health care in the
3 community is jeopardized. This may create a downward spiral of
4 deterioration that could exacerbate the existing crisis.

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

18 The legislature finds that innovative partnerships have
19 long been a means of addressing challenges arising from
20 structural changes in the health care industry. To realize
21 effective partnerships to resolve a crisis of this magnitude
22 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 purpose of this Act is to establish a public-private
4 partnership to research, facilitate, develop, and implement a
5 model and system of collaborative health care delivery in a
6 county with a population between 100,000 and 170,000 that moves
7 patients, including acute care patients, throughout the
8 continuum of care efficiently, appropriately, and cost
9 effectively.

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

19 The resulting model of health care delivery to be
20 implemented by this public-private partnership will address the
21 crisis in the post acute care environment and health care access
22 and quality of care at all levels, while maximizing capacity and



1 increasing operational and financial viability of public and
2 private providers.

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 Hawaii health systems corporation for
8 administrative purposes only a public-private partnership in a
9 county with a population between 100,000 and 170,000, to
10 research, develop, and implement a model of health care delivery
11 that addresses the coordination of care across the spectrum of
12 care from acute, to skilled nursing facility, to home,
13 seamlessly, efficiently, appropriately, and in a cost-effective
14 manner.

15 (b) The public-private partnership shall:

- 16 (1) Work to resolve the crisis that currently exists in
17 the post acute care environment;
18 (2) Expand inpatient capacity;
19 (3) Improve access to and quality of health care; and
20 (4) Enhance operational and financial viability of public
21 and private health providers at all levels 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 500,000."

16 SECTION 3. Pursuant to the public-private partnership
 17 established under section 323F- , Hawaii Revised Statutes, Hale
 18 Makua Health Services shall become a membership corporation with
 19 Hawaii health systems corporation as its sole member; provided
 20 that:

1 (1) The rights and duties of the Hawaii health systems
2 corporation shall be delegated to the Maui regional
3 system board of directors;

4 (2) The directors of Hale Makua Health Services shall be
5 appointed by the Hawaii health systems corporation
6 from the members of the current Hale Makua Health
7 Services board of directors; and

8 (3) The sole membership corporation established under this
9 section shall be exempt from collective bargaining
10 under chapter 89, Hawaii Revised Statutes, and the
11 procurement code under chapter 103D, Hawaii Revised
12 Statutes.

13 SECTION 4. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$1,500,000 or so much
15 thereof as may be necessary for fiscal year 2012-2013 to carry
16 out the purposes of this Act, including the hiring of necessary
17 staff.

18 The sum appropriated shall be expended by the Hawaii health
19 systems corporation for solely the purposes of this Act.

20 SECTION 5. New statutory material is underscored.

21 SECTION 6. This Act shall take effect upon its approval;
22 provided that section 4 shall take effect on July 1, 2012.



Report Title:

Health Care Coordination; Acute Care; Appropriation

Description:

Establishes a public-private partnership in a county with a population between 100,000 and 170,000 to develop an integrated system to deliver health care across the spectrum of care; partnership to work at addressing the current crisis in acute care. Establishes Hale Makua Health Services as a membership corporation with the Hawaii health systems corporation as its sole member. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

