

# **TESTIMONY**

---

# **HB609, HD2**

**HTH  
Committee Hearing  
03-16-2012**



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Touching Lives Every Day"*

**Senate Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair**

Friday, March 16, 2012  
Conference Room 229  
1:30 p.m.  
Hawaii State Capitol

**Testimony Supporting HB 609 HD2. Relating to Health. Authorizes Hawaii health systems corporation to enter into a formal affiliation with the owners of the property formerly known as Hawaii Medical Center – East in order to provide long-term care (intermediate and skilled nursing) and other related services.**

Bruce S. Anderson, Ph.D.  
President and Chief Executive Officer  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC), thank you for the opportunity to testify in support of HB 609 HD2.

HHSC supports this measure as a vehicle to, potentially, double our long-term care capacity on Oahu, meet the demand for skilled nursing beds, and to enable collaboration with St. Francis Health Care systems in providing day care, respite and other services to better meet the needs of Hawaii's aging population.

In January, 2008, the Hawaii 2050 Sustainability Plan was issued by the Sustainability Task Force. Among the 9 priority actions for the year 2020, the Task Force felt a sense of urgency to "provide access to long-term care and elderly housing." The Plan quoted the University of Hawaii Center on the Family, Hawaii 2050 Issue Book (2007) in noting that 18.7% of Hawaii's population is age 60 or older and that, by 2030, 27.4% of the total population is expected to be 60 years or older.

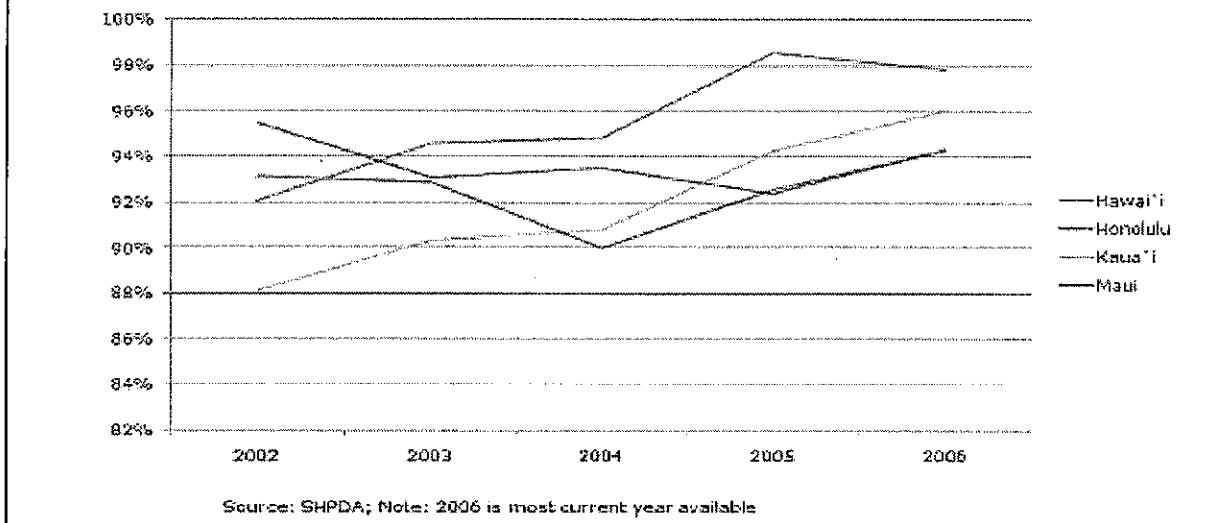
Similarly, the legislature has recognized the "graying" of our population and the need for increased long-term care capacity by establishing the Long Term Care task force in HCR 52 (2008). In its report to the 25<sup>th</sup> Legislature, the Task Force utilized a chart to define the extent of the long term care bed shortage, as follows:

3675 KILAUEA AVENUE • HONOLULU, HAWAII 96816 • PHONE: (808) 733-4020 • FAX: (808) 733-4028

---

HILO • HONOKAA • KAU • KONA • KOHALA • WAIMEA • KAPAA • WAILUKU • KULA • LANAI • HONOLULU  
[www.hhsc.org](http://www.hhsc.org) <<http://www.hhsc.org>>

**Demand for Long Term Care Beds Exceeds Supply. The Overall Occupancy Rate for Long Term Care Facilities Exceeds 94% on All Counties.**



Long term care occupancy rates exceed 94% on all counties. Essentially, there is no excess capacity.

The shortage of long-term care beds has several impacts on the community. It creates a "wait list" problem in our acute care facilities, where patients waiting to go to a long term care setting are staying in the acute care beds. The Task Force stated that a total of 165 acute care beds are occupied each day by long term care waitlisted patients based on information compiled by Hawaii Health Information Corporation (CY 2006 data). Of those, Queens had the highest number of beds used per day (38) with 13,816 waitlisted patient days per year.

This shortage of long term care beds affects quality of care and quality of life for the wait listed patients. A patient in an acute care bed who needs long term care, for example, will not be able to set up residence in the long term care unit where the resident can participate in social activities, obtain rehab services, and be afforded other privileges that residents of nursing homes enjoy. For this basic reason, a patient being in an acute setting for a long period of time, when he or she is not acutely ill, is simply not healthy.

The waitlist problem has a great impact on patient care at the acute end of the scale, as well because the acute care beds are not available for the patients who need them. Often, patients are backed up in the emergency departments waiting for an acute bed.

Finally, the waitlist problem results in major losses of income for the acute care facilities, which are geared for a higher level of patient. The following chart from the Task Force report summarized the losses:

# Hospital Level Losses\*

Hospital	Discharges	Waitlist Days	Total Cost	Total Expected Reimbursement	Net Annual Loss	Net loss per patient	Net loss per day
QUEEN'S	1,614	13,616	\$15,507,503	\$1,790,954	-\$13,716,549	-\$8,488	-\$993
MAUI	1,179	10,773	\$13,685,746	\$1,394,962	-\$12,290,784	-\$10,425	-\$1,141
HILLO	550	5,385	\$4,893,960	\$835,669	-\$4,058,290	-\$7,379	-\$754
PALIMOMI	456	4,250	\$4,455,734	\$240,720	-\$4,215,014	-\$9,243	-\$992
KUAKINI	442	2,660	\$2,069,077	\$117,617	-\$1,951,460	-\$4,415	-\$734
WILCOX	395	4,480	\$3,682,154	\$306,630	-\$3,375,524	-\$8,536	-\$753
HMC-EAST	351	4,211	\$3,447,944	\$90,694	-\$3,357,250	-\$10,143	-\$797
STRAUB	314	2,596	\$2,567,905	\$277,044	-\$2,290,861	-\$7,296	-\$802
CASTLE	290	2,900	\$3,772,767	\$283,096	-\$3,489,671	-\$12,033	-\$1,167
KAISER	186	6,260	\$5,899,166	\$4,095,950	-\$1,803,215	-\$9,695	-\$288
HMC-WEST	124	1,989	\$1,462,335	\$50,309	-\$1,412,026	-\$11,387	-\$710
KONA	124	857	\$1,156,626	\$65,746	-\$1,092,879	-\$8,814	-\$1,275
KAPIOLANI	8	61	\$127,038	\$7,997	-\$119,041	-\$14,880	-\$1,951

\*Based on CY2005 waitlisted discharges; Insurance based on primary payer. Note: Kapiolani Medical Center for Women & Children include only 4 months of data.

Source: Hawaii Health Information Corporation

The Queens Medical Center and Maui Medical Center, with the greatest volume of waitlisted patients, experienced net annual losses at least 3 times those of other hospitals.

The HMC-East facility at Liliha could easily be configured to support over 200 long term care beds. Further study is needed to explore the condition of the buildings that could be re-purposed to support long-term care and to determine what improvements, if any, would be necessary. In addition, the opportunity to place ancillary activities, such as respite care, adult day health and others, should be more thoroughly examined.

HHSC and St. Francis Health Care System have been in very early discussions to explore opportunities for collaboration. We are interested in exploring how the facilities there can be best used to meet the needs of the community. These discussions, which we hope will continue over the next few months, have been very preliminary, but it seems our missions are well-aligned. When the bankruptcy hearings are concluded and a ruling is issued, we will be in a better position to pursue opportunities in earnest. In the meantime, this bill could be instrumental in supporting the collaboration between our two entities.

The closure of Hawaii Medical Center is an unfortunate, foregone conclusion. It would be an opportunity lost not to make the best of the situation. As a result of the closure, we do have the opportunity to address the current needs for skilled nursing and the pressing future needs for more long-term beds in the communities we serve. We appreciate the legislature's support in keeping our options open and urge passage of this bill.

Thank you for the opportunity to testify before this committee in support of HB 609 HD2.