

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.  
DIRECTOR OF HEALTH

STATE OF HAWAII  
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In reply, please refer to:  
File:

## House Committee on Finance

April 3, 2012

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.  
Director of Health

### SB 2816 SD1 Relating to Hospital Licensing

- 1 **Department's Position:** The department supports this bill as part of the Administration's package.
- 2 **Fiscal Implications:** There is an expectation of positive indirect financial benefits with this bill and no  
3 negative financial implications.
- 4 **Purpose and Justification:** Current statute allows the department of health to recognize the Joint  
5 Commission's accreditation of Hawaii hospitals as demonstrating compliance with Hawaii's licensing  
6 inspections for the year the accreditation is issued. The Joint Commission is an independent, not-for-  
7 profit organization which accredits and certifies more than 19,000 health care organizations and  
8 programs in the United States. Joint Commission accreditation and certification is recognized  
9 nationwide as a symbol of quality that reflects an organization's commitment to meeting certain  
10 performance standards and their accreditation survey is generally considered to be more thorough than a  
11 state's licensing survey since the Joint Commission's standards are more regularly revised and updated  
12 to reflect the leading standard of safe, effective and quality care. Hawaii has 29 acute care hospitals  
13 statewide, 21 of which are accredited by the Joint Commission. This bill will allow the department to  
14 recognize a hospital's accreditation status throughout the term of the accreditation instead of only for the

1 year it is issued. Accreditation is typically for a 3 year period. Hospitals would maintain their state  
2 license throughout their accreditation and would continue to be subject to unannounced inspections and  
3 investigation of complaints by the state. Since most Hawaii hospitals have maintained their  
4 accreditation this has a positive impact on the public. Healthcare outcomes remain positive and in line  
5 with modern medical standards that are continuously updated. By recognizing the accreditation for the  
6 entire term, current staff and resources can be redeployed to focus attention on hospitals without  
7 accreditation and on other health care organizations which historically have not requested or acquired  
8 national accreditation such as nursing homes and other organizations. The department respectfully  
9 requests passage of this bill.



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HOUSE COMMITTEE ON FINANCE  
Rep. Marcus Oshiro, Chair

Conference Room 308  
April 3, 2012 at 6:00 p.m. (Agenda #5)

**Supporting SB 2816 SD 1: Relating to Hospital Licensing**

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to comment in support of SB 2816 SD 1, which authorizes the Department of Health by rule to allow accreditation of the Joint Commission on Accreditation of Healthcare Organizations (Joint Commission) to substitute for State licensing inspections of hospitals.

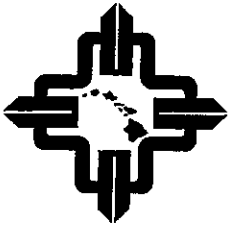
Currently, accreditation by the Joint Commission may substitute for the State inspection in the year in which the accreditation is issued. This bill would extend the substitution for the entire three-year accreditation period. Of Hawaii's 29 acute care hospitals, 21 are accredited by the Joint Commission, and the remainder would continue to be subject to State inspections.

The Joint Commission is a national, independent, not-for-profit organization that accredits and certifies more than 19,000 health care organizations and programs. Joint Commission's standards are regularly revised and updated, representing the state of the art in the evaluation of health care organizations. Its mission is to continuously improve health care for the public.

If this bill is enacted, the Department of Health would retain its authority to conduct unannounced inspections at any time and to investigate complaints. This would complement the Joint Commission accreditation process and ensure that quality care is being delivered by Hawaii's hospitals.

The Joint Commission on Accreditation of Healthcare Organizations recently changed its name to the Joint Commission, so it may be appropriate to have this name change reflected in the bill (page 1, lines 3-4; page 1, lines 14-15; and page 2, lines 2-3).

Thank you for the opportunity to comment in support of SB 2816 SD 1.



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

*"Touching Lives Everyday"*

**House Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair**

April 3, 2012  
Conference Room 308  
Hawaii State Capitol

**Testimony Supporting Senate Bill 2816, SD1. Relating to Health Permits the Department of Health the option of recognizing full accreditation by the Joint Commission as evidence of hospital compliance with all licensing inspection for the duration of the of the accreditation**

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 present testimony in support of SB 2816, SD1 that permits the Department of Health the option of recognizing full accreditation by the Joint Commission as evidence of hospital compliance with all licensing inspection for the duration of the accreditation.

The Joint Commission accreditation process helps health service organizations, such as HHSC, measure, assess and improve performance. Its concise standards focus on important patient care and organizational functions that are essential to providing safe, high quality care. These standards are developed with inputs from healthcare organizations, physicians, governmental agencies, insurers, consumers and employers. They are informed by scientific literature, industry-identified best practices and expert consensus. Given its independent, non-governmental status, the Joint Commission can efficiently implement new or revised expectations, ensuring that the standards keep pace with a rapidly complex and ever-changing healthcare environment. Standards can be quickly revised when they become outdated due to medical technology advances and changes in medical practice.

In application to hospitals, when non-compliance with a standard is found during a survey, the organization has 45 or 60 days to implement corrective action resulting in compliance, depending upon the severity of the finding. The decision to award an organization accreditation is only made after successful resolution of all non-compliant standards. In addition, organizations must collect and submit four months of data

demonstrating ongoing compliance with previously identified non-compliant standards to prove that corrective actions were effective and improvement sustained. In addition to the on-site evaluation, the Joint Commission requires organizations to complete an annual self-assessment of compliance with all requirements. The organizations must create a plan of action to address each requirement found to be not compliant. The annual self-assessment and plans of action are submitted to and reviewed by The Joint Commission each year. This approach helps HHSC and other hospitals throughout the state of Hawaii continuously monitor performance and maintain compliance with accreditation requirements throughout the 3-year cycle.

Another significant fact is that the Joint Commission complies with all Medicaid and Medicare standards, as required by the federal government. Therefore, surveys reviewing compliance by the State DOH are duplicative and waste scarce resources.

Given the aforementioned accreditation oversight process, there are benefits of state recognition of accreditation in the licensure oversight process. For one thing, hospital staff would be able to enhance their focus on quality improvement and patient safety without having to undergo a duplicate inspection. At the same time, the Department of Health (DOH) would be given more time to focus its limited resources on high priority issues. For example, the DOH can devote more time and energy to investigating serious complaints and adverse events, in addition to monitoring providers that are not already reviewed regularly by accrediting agencies. Additionally, it is HHSC's understanding that the DOH would continue to retain its authority to perform licensure inspections, including unannounced inspections at any time to investigate complaints or whenever it has information suggesting that patient safety may be jeopardized in one of their licensed facilities.

Thank you for the opportunity to testify before this committee. We would respectively urge the Committee's support of this measure.



# THE QUEEN'S HEALTH SYSTEMS

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Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
**HOUSE COMMITTEE ON FINANCE**

April 3, 2012 – 6:00 p.m.  
State Capitol, Conference Room 308

## **In Support of S.B. 2816, SD1 Relating to Hospital Licensing**

Chair Oshiro, Vice-Chair Lee, and Members of the Committee:

My name is Cindy Kamikawa, Vice President, of Nursing, ED, Trauma, CNO, of The Queen's Medical Center (QMC), testifying in **support** of S.B. 2816, SD1 which allows for the recognition of a hospital's accreditation status to exempt a hospital from a state licensing survey during the duration of its national accreditation.

The Queen's Medical Center (QMC) is Hawaii's largest acute care hospital. It is the largest private hospital in Hawaii, licensed to operate with 505 acute care beds and 28 sub-acute beds. The medical center has more than 1,000 employees and over 1,200 physicians on staff. As the leading medical referral center in the Pacific Basin, the Queen's offers a comprehensive range of primary and specialized care services. QMC is accredited by the Joint Commission on Accreditation of Healthcare Organizations (TJC).

The Joint Commission is an independent, not-for-profit organization which accredits and certifies more than 19,000 health care organizations and programs in the United States. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards. The Joint Commission's accreditation survey is generally considered to be more thorough than a state's licensing survey since the Joint Commission's standards are more regularly revised and updated to remain the leading standard of safe, effective, and quality care.

QMC recognizes that its hospital would continue to be subject to unannounced inspections by the State and investigation of complaints, but strongly welcomes the efficiency of time and resource management this measure represents.

Thank you for the opportunity to provide testimony in support of this measure.