TESTIMONY

SB416, SD1

HTH
Committee Hearing
02-24-2012

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

Senate Committee on Ways And Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani. Vice Chair

February 24, 2012
Conference Room 229, 2:45 p.m.
Hawaii State Capitol

Testimony Supporting SB 416, SD1, Relating to Health. Authorizes the Hawaii Health Systems Corporation to bring the Hawaii Medical Center East facility under its governance through formal affiliation, acquisition, or both. Appropriates necessary funds. (SD1)

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

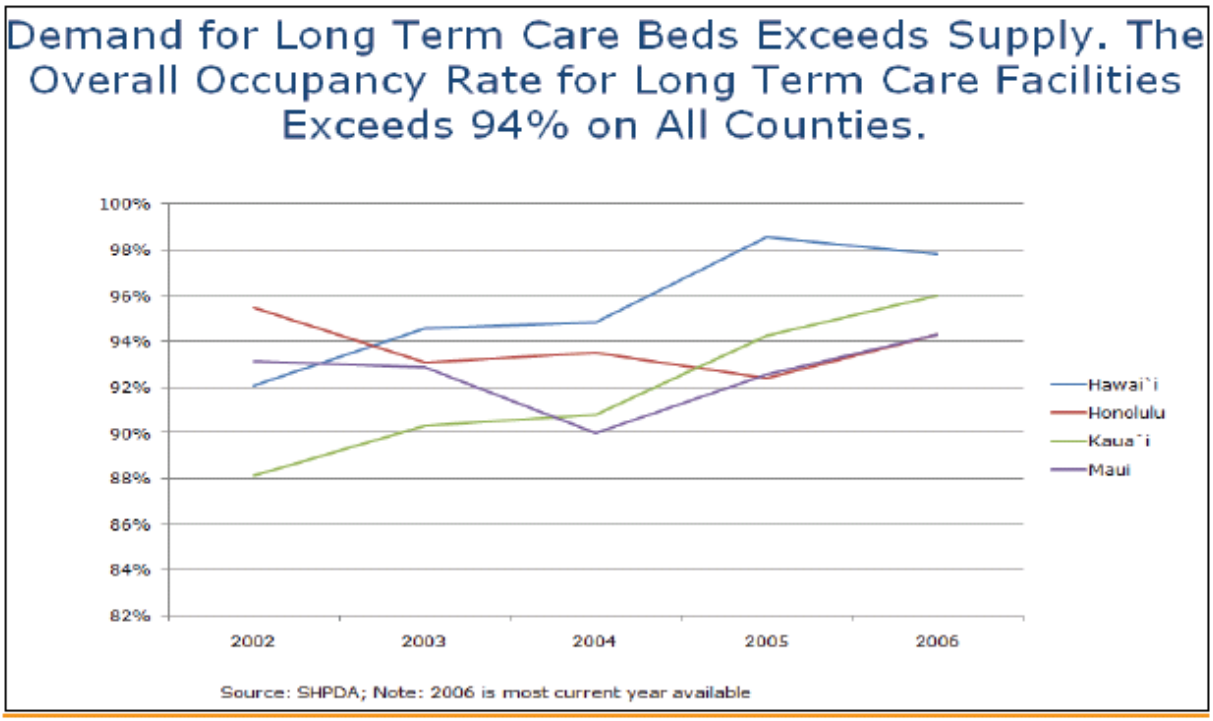
On behalf of the Hawaii Health Systems Corporation (HHSC) thank you for the opportunity to testify in support of SB 416 SD1.

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 collaboratation with St. Francis Health Care systems in providing day care, rest bit 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 25th Legislature, the Task Force utilized a chart to define the extent of the long term care bed shortage, as follows:



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.	-$8,498.	-$993.
MAUI	1,179.	10,773	$13,685,746.	$1,394,962.	-$12,290,784.	-$10,425.	-$1,141.
HILO	550.	5,385	$4,893,969.	$835,669.	-$4,058,300.	-$7,379.	-$754.
PALI MOMI	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.	-$8,546.	-$753.
HMC-EAST	331.	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.	-$882.
CASTLE	290.	2,990	$3,772,767.	$283,096.	-$3,489,671.	-$12,033.	-$1,167.
KAISER	186.	6,260	$5,899,165.	$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	$1,158,626.	$65,748.	-$1,092,878.	-$8,814.	-$1,275.
KAPIOLANI	8.	61	$127,038.	$7,997.	-$119,041.	-$14,880.	-$1,951.

*Based on CY2006 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 are 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 SB 416, SD1.