

HTH HEARING

HB1483

TESTIMONY



HB1483 HD2
RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION
Senate Committee on Health

March 15, 2013

2:00 p.m.

Room 229

The Office of Hawaiian Affairs (OHA) offers the following comments on HB1483 HD2, which establishes a task force to study the feasibility of transitioning one or more regional systems of the Hawai'i Health Systems Corporation (HHSC) or one or more of its facilities to public-private partnership status. Because HHSC's facilities are situated on public land, including ceded land and public trust land, the state has fiduciary obligations to exercise reasonable care, act prudently, and perform due diligence.

The task force should consider the impact of such a transition on the ceded lands corpus. Several hospitals managed by HHSC for hospital purposes sit on former government or crown land that was ceded by the Republic of Hawai'i to the United States in 1898, "without the consent of or compensation to the Native Hawaiian people of Hawaii or their sovereign government[.]" P.L. 103-150 (1993). OHA maintains that the state cannot diminish the ceded land corpus until the Native Hawaiian people's claim to ceded lands has been resolved. To the extent a transition may involve alienation of ceded land to a private company, thereby diminishing the state's control over the ceded land corpus, OHA would object.

Additionally, the task force should also take into account the effect of such a transition on the state's public land trust obligations. Admission Act section 5(f) created the public land trust pursuant to which certain land and the proceeds or income from the disposition of that land are to be held by the State of Hawai'i for five public purposes, including the betterment of the conditions of native Hawaiians. Admission Act section 5(f); Hawai'i Constitution Article XII; Chapter 10, Hawai'i Revised Statutes; Act 178, SLH (2006); and Executive Order 06-06 impose trust obligations on all state agencies with respect to revenues generated on public trust land. The Department of Land and Natural Resources' State Land Information Management System (SLIMS) indicates that Hilo Medical Center, Kula Hospital, and Samuel Mahelona Medical Hospital are situated on public trust land.

Mahalo for the opportunity to testify on this important measure.



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

"Quality Health Care for All"

**Senate Committee on Health
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice-Chair**

Friday, March 15, 2013
Conference Room 229
2:00 p.m.
Hawaii State Capitol

Testimony Supporting the Intent of House Bill 1483, HD2, Relating to the Hawaii Health Systems Corporation. Creates a task force to study the transition of HHSC facilities to non-public status.

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

Hawaii Health Systems Corporation (HHSC) supports the intent of HB 1483, HD2, to clarify the powers of the HHSC and regional system boards to enter into public/private partnerships. The HHSC board of directors supports the Regions in their continuing discussions with potential private partners. The model of providing care is changing, and along with it, reimbursements are decreasing, and costs are increasing. Therefore, the current structure is not sustainable.

However, HHSC respectfully requests an amendment to put the bill in its original form. We respectfully suggest that a task force is not needed at this time. There have been numerous studies of HHSC, the most recent one in 2009 at a cost of \$500,000. The studies all support the path of private-public partnership. The original bill contained clarification of the roles of the various boards and other provisions that will allow the Regional System Boards the flexibility needed to position themselves for the very real change that is imminent in health care.

Thank you for the opportunity to speak in support of the intent of this measure.

March 12, 2013

**TO: Senate Committee on Health
The Honorable Josh Green, Chair
The Honorable Rosalyn H. Baker, Vice Chair
Honorable Members of the Committee**

**Senate Committee on Ways and Means
The Honorable David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair
Honorable Members of the Committee**

FROM: Ali Bairos, Chair, West Hawai'i Regional Board, HHSC

SUBJECT: Testimony for HB 1483, HD2 - Relating to Hawai'i Health Systems Corporation. Creates a task force to study the transition of HHSC facilities to non-public status.

The West Hawai'i Regional Board (WHRB) of HHSC supports the intent of HB 1483 HD2 to clarify the powers of the HHSC and regional system boards to enter into public/private partnerships. The model of providing care is changing, and along with it, reimbursements are decreasing, and costs are increasing. Therefore, the current structure is not sustainable.

However, the WHRB respectfully requests an amendment to put the bill in its original form. We respectfully suggest that a task force is not needed at this time. There have been numerous studies of HHSC, the most recently in 2009 at a cost of \$500,000. The studies all support the path of private-public partnership. The original bill contained clarification of the roles of the various boards and other provisions that will allow the Regional System Boards the flexibility needed to position themselves for the very real change that is imminent in health care.

Thank you for allowing me to submit testimony. Your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted,



**TESTIMONY OF RONALD R. BUNNELL,
EXECUTIVE VICE PRESIDENT, BANNER HEALTH,
ON BEHALF OF BANNER HEALTH,
TO THE HOUSE COMMITTEE ON FINANCE
ON HOUSE BILL 1483 (HD2 SD2) (SD2)**

March 14, 2013

RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

Banner Health strongly supports passage of HB 1483 in its original form. This bill makes a number of adjustments to Chapter 323F of the Hawaii Revised Statutes that will facilitate the transition of all or some of the hospitals and other facilities of the Hawaii Health Systems Corporation (HHSC) to non-public status. In its original form, the bill provides a clear legal framework for HHSC and its regions to negotiate a lease agreement with private healthcare organizations to assume the operation of the HHSC facilities as privatized organizations. The bill in its original form requires that any lease agreement would be subject to the approval of the regional boards involved in any lease transaction, the Attorney General, the Director of the Department of Budget and Finance, and the Governor.

As the Chairman and Committee members are aware, Banner Health has been invited by Maui, East Hawaii and West Hawaii Regions of HHSC to discuss the feasibility of entering into such an agreement. This entails an evaluation of the benefits to HHSC hospitals from Banner assuming operation of these facilities as a part of the Banner Health system. But we cannot emphasize too strongly that this legislation, in its original form, would be needed for any transition to private operations to occur, whether with Banner Health or with another private

healthcare organization. This legislation is not about Banner Health or the specifics of any transaction that may be eventually negotiated with Banner following passage of the bill.

House Bill 1483 is designed to ensure the long-term sustainability of the HHSC facilities as the primary provider for the health care needs of the resident population and visitors in their respective communities, with the long-term goals of decreasing and possibly eliminating the reliance of the HHSC facilities on state operating subsidies while improving their quality of care. HHSC is the nation's fourth largest public health system and has attracted high quality and dedicated physicians, nurses and other health professionals. Yet today, HHSC is at significant risk to sustain the level of support necessary for these health professionals to provide quality care across a broad set of services. The risk is exacerbated by:

- Declining reimbursement levels from Medicare and Medicaid
- Gradual erosion of volume
- A growing need for capital investment that is beyond what HHSC can provide
- Growing discontent by Hawaii taxpayers and elected leaders over an ever-increasing annual operating and capital subsidy to support HHSC operations capital investment needs
- Operation on a scale that is simply too small to realize the full benefits of the technological and knowledge revolution that is going on today in healthcare

HHSC has expressed a desire to address these challenges, but also has recognized that it lacks the resources to do so under the current circumstances and in its current public status. We share the concern of many that the HHSC system is unsustainable over the longer term and, unless fundamental systemic changes are made, it will increasingly struggle to deliver the healthcare

services needed on the neighbor islands, and will fall further behind the dramatic changes taking hold elsewhere in the U.S. healthcare system.

A sustainable vision of improved patient care

As we stated above, House Bill 1483, in its original form, creates a clear legal framework for transitioning HHSC facilities to private operations under leases of the HHSC facilities to the private operators. It may be helpful for members of the Committee to understand what we see as the potential in a transition of the HHSC facilities to affiliation with a major multi-state healthcare system like Banner Health.

A little background about us will provide some context for our vision. Banner Health is a nonprofit, 501(c)(3) corporation which operates 23 owned and leased hospitals in seven states, from Fairbanks, Alaska to Ogallala, Nebraska. Banner is headquartered in Phoenix, Arizona, had approximately \$4.9 billion in annual revenues in 2012, and has 31,000 full-time equivalent employees. Banner Health has received numerous national recognitions, including being twice named one of the top 15 healthcare systems by Thomson Reuters. Banner Health is financially stable, as reflected by our AA- rating by Standard & Poor's and Fitch Ratings.

Our vision for the HHSC facilities would begin with *excellent patient care*. The ability to improve patient care is directly tied to the ability to invest significant resources and implement enterprise-wide systems that support the clinical decision-making of clinicians. For instance, an electronic medical record system (EMR) at the highest level of implementation and adaptation not only creates efficiencies at the bedside, where clinicians utilize the rich data (derived from data derived throughout Banner Health) from the EMR to make the best possible clinical decisions, but also can be used as enabling technology to alert clinicians to the potential of

serious, deadly disorders that, if addressed early on, can be treated more successfully. This resource can be implemented throughout all HHSC hospitals and will offer critical access hospitals the same level of support as there is in larger facilities.

Standard protocols for patient care, based on scientific evidence and reached through clinical consensus groups composed of practicing physicians from throughout the Banner Health system (and including employed and community physicians from the three HHSC Regions), can be implemented in the HHSC hospitals. This can result in more consistently high patient care outcomes. Improved patient care in HHSC hospitals can be further supported by providing the structure for physicians to practice within integrated networks that are able to provide a more coordinated patient experience and more collaborative care.

Specialists caring for the most complex and seriously ill patients who are in intensive care units (ICU) can be available from remote locations via tele-health to consult with their physician colleagues in HHSC hospitals. This is a patient-care approach that can significantly reduce mortality throughout HHSC hospitals, as it has in Banner Health's existing hospitals. This level of support makes it easier to recruit physicians to our smaller, rural communities because such physicians will continue to have levels of technological and specialist support that typically could only be found in larger urban areas. Finally, a sustainable vision of improved patient care must be supported by an economy of scale that reduces the costs of supplies at all HHSC hospitals. Banner brings that scale.

Perhaps the most important benefit that we see for the HHSC facilities is that improved patient care and remote technologies can enable more residents on the neighbor islands to receive ***high quality healthcare close to home***, without having to fly to Honolulu, away from their families and friends. ***New services will be added*** in the HHSC hospitals to meet the more acute needs of

these patients who currently travel off island for their care. These new services will retain the quality clinicians already caring for HHSC patients and attract new quality clinicians to join HHSC. The ability to sustain HHSC as a viable force for good health care in the future for Hawaii citizens and visitors is directly tied to improved patient care.

As we move into the future of healthcare, ***Banner will add new outpatient services*** aimed at improving and maintaining the health of the community. In the healthcare industry, this is called population health management. The communities need many more outpatient locations where they can access primary care services - the key services needed to improve and manage health.

In order for this vision to be realized, Banner has proposed several key elements that would be part of any transaction that would be negotiated with HHSC, within the framework made possible by HB 1483:

- ***A new Collective Bargaining Agreement for current HHSC employees in affected HHSC facilities.*** Banner is committed to working with the HGEA and UPW to develop solutions to the operating issues HHSC is experiencing. It is not feasible for Banner to lease the facilities and operate them effectively unless the employees in the facilities are Banner employees. However, we are prepared to submit an amendment to HB 1483 that would enable HGEA to establish an affiliate to negotiate a new collective bargaining agreement with HHSC that would become effective and binding upon Banner when and if a lease transaction takes place, and enable HGEA to continue to represent those employees as private sector employees. UPW already has this capability. Banner has had direct discussions about this with the leaders of both unions. Because of the importance of this aspect of the operation of the HHSC facilities, Banner would not be prepared to

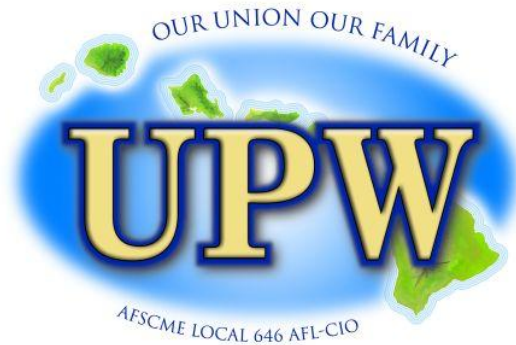
assume the risk of a lease transaction for the HHSC facilities unless a new collective bargaining agreement had been negotiated.

- ***Capping the State operating subsidy at 2012 levels and implementing an operating model that should reduce, and possibly eliminate, the subsidy over 8 to 10 years.*** In the initial years, Banner projects that it will incur significant losses, even after the subsidy is paid, as we implement our technologies and operating model. As the benefits of this investment are realized, the clinical, financial and operating performance will improve and reduce the amount of the subsidy.
- ***Banner would provide half of the capital investment needed to execute a jointly agreed upon capital plan.*** This would provide the State with either an immediate 50% savings in the current capital subsidy that is provided to these HHSC Regions, or an infusion of additional capital to make investments needed to improve patient health, access to care and the quality of the care they receive, but that cannot be fully funded by the State. An example of the latter is a much-needed replacement for the Kona Community Hospital.

This is our vision for what the HHSC facilities could achieve if they were to become part of the Banner Health system through the framework made possible by HB 1483 in its original form.

Again, we emphasize that the bill is only the first step to making this vision possible, and that there may be other private healthcare systems with equally compelling visions. But we need to start with a clear statutory framework, and that is why HB 1483 is so important.

Thank you for the opportunity to submit this testimony to the Committee.



THE HAWAII STATE SENATE
The Twenty-Seventh Legislature
Regular Session of 2013

COMMITTEE ON HEALTH

The Honorable Sen. Josh Green, Chair
The Honorable Sen. Rosalyn Baker, Vice Chair

DATE OF HEARING: Friday, March 15, 2013
TIME OF HEARING: 2 p.m.
PLACE OF HEARING: Conference Room 229

TESTIMONY ON HB1483 HD2 RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

By DAYTON M. NAKANELUA,
State Director of the United Public Workers, AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 11,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

UPW opposes this measure that establishes a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation regional systems and their facilities to transition to public-private partnership status.

The Hawaii Health Systems Corporation (HHSC) provides public health services to the most vulnerable in our community. Recipients of Medicare or Medicaid depend upon state health care facilities for their health care needs. Transitioning to public-private partnership status will negatively impact critical health services that so many in our community rely on.

HHSC, one of the largest employers on the neighbor islands, creates job opportunities for our local people. It is vital that we maintain jobs so that residents can afford to keep calling Hawaii home. Though the transition to public-private partnership status may appear to achieve some cost savings, the ramifications in the long run are of great concern. We encourage the Committee to keep in mind that the purpose of HHSC is to provide a safety net and that this net will be compromised if the transition to public-private partnership status occurs. We respectfully ask that the Committee hold this measure. Thank you for the opportunity to testify.

"Health care that is safe, health care that works, and health care that leaves no one behind"

THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 15, 2013
TIME: 2:00 p.m.
PLACE: Conference Room 229
State Capitol
415 Beretania St.

Kaloa R.N. Robinson
Director of Marketing
Hilo Medical Center

HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

Thank you for the opportunity to submit testimony for **HB 1483, HD2**. The purpose of this measure is to study the feasibility and merits of allowing the operations of one or more regional systems of the Hawaii Health Systems Corporation, or one or more of its individual health facilities, to transition to non-public status.

The original version of this bill would have allowed HHSC to transition to public status, enabling the facilities to explore public-private partnerships. There are numerous benefits to this business model which include:

- Access to private capital to expand services.
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Collectively, the East Hawaii, West Hawaii, Maui Regional and HHSC Corporate Boards acknowledge that a corporate partnership strategy must be pursued, with the first step involving re-structuring HHSC governance and completion of a process for identifying the right entity with which to enter into a partnership. Board "must haves" include aligned missions, preservation of the safety-net, and cultural competence (business and clinical), to name a few. The Boards strive to complete this entire process within the next 2-3 years and recognize the need for continued State support during a transition period.

Again, I thank you for this opportunity to provide testimony. However, your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted by: Kaloa R.N. Robinson, Hilo Medical Center, Director of Marketing
1190 Waianuenue Avenue, Hilo, HI 96720
(808) 932-3251

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Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 6:35:02 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Carol A. VanCamp	Japanese Chamber of Commerce & Industry of Hawaii	Support	No

Comments: With the changes in healthcare, our public hospital system needs the support and resources our a private non-profit partner in order to survive and meet the healthcare needs of our island communities.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 15, 2013
TIME: 2:00 p.m.
PLACE: Conference Room 229
State Capitol
415 Beretania St.

Howard Ainsley
East Hawaii Regional CEO
Hawaii Health Systems Corporation

HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

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Collectively, the East Hawaii, West Hawaii, Maui Regional and HHSC Corporate Boards acknowledge that a corporate partnership strategy must be pursued, with the first step involving re-structuring HHSC governance and completion of a process for identifying the right entity with which to enter into a partnership. Board "must haves" include aligned missions, preservation of the safety-net, and cultural competence (business and clinical), to name a few. The Boards strive to complete this entire process within the next 2-3 years and recognize the need for continued State support during a transition period.

Again, I thank you for this opportunity to provide testimony. However, your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted by: Howard Ainsley, East Hawaii Regional CEO
1190 Waianuenue Avenue, Hilo, HI 96720
(808) 932-3101

THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

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HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

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Collectively, the East Hawaii, West Hawaii, Maui Regional and HHSC Corporate Boards acknowledge that a corporate partnership strategy must be pursued, with the first step involving re-structuring HHSC governance and completion of a process for identifying the right entity with which to enter into a partnership. Board "must haves" include aligned missions, preservation of the safety-net, and cultural competence (business and clinical), to name a few. The Boards strive to complete this entire process within the next 2-3 years and recognize the need for continued State support during a transition period.

Again, I thank you for this opportunity to provide testimony. However, your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted by: Jeffrey M. Bergbauer, Clinic Operations Manager
Hawaii Health Systems Corporation
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Date: Thursday, March 14, 2013 8:58:19 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Oura	Maui Regional System Board	Comments Only	No

Comments: Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: • Access to private capital to expand services. • Private sector compensation packages to retain qualified medical service personnel. • Efficiencies of scale and an integrated clinical delivery system with increased resources. • Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted. Karen T. Oura

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Aloha,

I am pro-union and agree with the HGEA vision “dedicated to improving the lives of all people”. However, I am foremost concerned about quality of care at Hilo Medical Center. I have practiced Emergency Medicine at Hilo Medical Center since 2005. Through the persistent hard work [above and beyond any job description] and dedication from the staff we are able to provide adequate care. Our hospital has the potential to provide excellent care with either increased FUNDING from the legislature to provide the capital for labor force requirements, electronic medical records upgrades and structural upgrades OR allow the HHSC system to be bought out or taken over by an established health care system that has the capital and the infrastructure for success.

I personally toured Banner at the request of Hilo Medical Center. At first I was very skeptical; but now I am so excited to see a system that actually is able to utilize advanced technology to benefit patient care and safety. Through information technology and system design they extract and utilize data for evidence based /standardized protocols, monitoring and evaluation of physicians and staff and staff education. They have established Telemedicine and 24/7 eICU monitoring that will provide much needed specialty consultations to our remote/rural islands. Banner has the technology and capital to quickly allow Hilo Medical Center to provide **EXCELLENT** care to “every patient every time”. **These patients are your constituents, your union members, your neighbors and your Ohana.**

Currently, Hilo Medical Center is unsustainable without funding from the legislature. In light of our current state budget cuts and the prospect of decreased funding, I am very worried about the ability of our hospital to provide quality medical care and even continue to remain open. So, when you are considering SB 1306, HB 1484 and initiating privatization your decisions will have an enormous impact on quality of care to our patients.

Kathleen Katt MD FACEP
Vice Chief of Staff HMC
Chair Quality Management Committee
Assistant Director Emergency Dept.
riverhag@me.com

March 14, 2013

SENATE COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair
Committee Members

Testimony and comments in **SUPPORT of the INTENT of
HB1483 HD2** – Relating to Hawaii Health Systems Corporation

Thank you for the opportunity to testify and provide comments **in support of the intent of HB1483 HD2**. This bill establishes a task force to study the feasibility of allowing the operations of the Hawaii Health Systems Corporation regional systems and their facilities to transition to non-public status. *My concern is that the formation of the proposed task force and their findings will repeat many of the efforts and findings that went into the preparation of a previous study conducted by Hawaii Health Systems Corporation (HHSC) in 2009.*

BACKGROUND

As a part of a legislative mandate in Act 162, Section 31 (2009), a study was commissioned by HHSC to prepare a report that shall include but not be limited to the following information:

- (1) A comprehensive facility-by-facility review of operations, detailing efficiencies, deficiencies, and any recommendations for corrective action;
- (2) Overall recommendations on improving effectiveness and efficiencies system-wide;
- (3) Determination of responsibilities of facility administration, regional boards, corporate office, and Hawai'i health systems corporation corporate board;
- (4) Determination of centralized services required by the facilities to be provided by the corporate office;
- (5) Performance benchmarks to be reported to the Legislature prior to the commencement of each regular session and upon request; and
- (6) Recommendations on transition plans deemed necessary;
- (7) Evaluation of effectiveness of the current legal structure and adherence to the state procurement code and salary structure;
- (8) Measures taken to address material control weaknesses and reporting issues cited in audits performed by the state auditor and HHSC's external auditor during fiscal year 2007-2008 and fiscal year 2008-2009;

A report, prepared by Stroudwater Associates, was submitted to Senate President Colleen Hanabusa on December 28, 2009 as detailed in DC56 (2010).

Below are excerpts, beginning on page 65, from the Stroudwater Report that grades the Key Success Factors of each of the four strategic options for HHSC to consider:

HHSC Strategic Options

Each of the four strategic options detailed below assumes that the three essential changes detailed in the prior section (i.e. conversion, operating efficiencies, and efficiencies of scale) are committed to and are being actively pursued. Following the presentation and discussion of options, we have identified the option that we recommend based upon the analysis. We do this with a clear understanding that we are not policy makers for HHSC or for Hawai'i. That is the domain of the HHSC Board and the Legislature. We respect that responsibility of each of these bodies, and present the following material and conclusions as support for your deliberations and decisions. Ultimately, the decision and the responsibility to execute belong to the HHSC Board and management.

Option 1: Region-Centric HHSC with Service Bureau Support Strategy

Key Success Factors	Grade	Discussion
1 High performance capacity governance and management structure	▶	This model places major business oversight responsibilities on the regional boards, which have variable capabilities for assuming the breadth of governance responsibilities required.
2 Access efficiencies of scale and expertise	▼	Voluntary nature of service bureau participation generally results in minimal participation in shared services.
3 Reduce dependence on subsidies	▶	Reduces the potential for efficiencies related to combined scale and expertise, increasing the potential need for subsidies.
4 Identify scope/scale of market needs	▲	Preservation of strong regional boards would provide an ongoing local resource for monitoring community needs.
5 High quality clinical care/patient services	▶	The ability to build common quality and safety programs and the IT infrastructure needed to support this would be compromised.

Option 2: Regional Partnership Break-up Strategy

Key Success Factors	Grade	Discussion
1 High performance capacity governance and management structure	▶	This option would likely add governance strength to the regions as a result of access to leadership in place at larger systems. The strategy could fail one or more individual regions.
2 Access efficiencies of scale and expertise	▲	Depending upon the partner chosen, the scale accessible to each region successfully attracting a partner would most likely increase.
3 Reduce dependence on subsidies	▶	Subsidies would likely disappear for those regions successful in attracting partners. Any that are unsuccessful are at risk of reverting back to a financial dependency relationship with the State.
4 Identify scope/scale of market needs	▲	Likely preservation of regional boards would provide an ongoing local resource for monitoring community needs.
5 High quality clinical care/patient services	▶	There would likely be variation in the level of clinical quality and patient services reflective of the differences that exist among potential partners.

Option 3: Corporate-Centric HHSC Strategy

Key Success Factors	Grade	Discussion
1 High performance capacity governance and management structure	▲	This option re-establishes a contemporary governance system model for HHSC.
2 Access efficiencies of scale and expertise	▲	This option aligns the largely latent opportunities to achieve efficiencies of scale and expertise with the necessary authorities to achieve it.
3 Reduce dependence on subsidies	▼	This option will require ongoing financial support of HHSC by the State, but at a reduced level. Efficiencies of scale, staffing models, some clinical integration, and system improvements are factors reducing the subsidy level.
4 Identify scope/scale of market needs	▲	The preservation of regional boards will provide an ongoing local resource for monitoring community needs.
5 High quality clinical care/patient services	▶	While this option should help create common system-wide standards of clinical care, safety and service, it does not necessarily generate sufficient access to capital in the near and intermediate term to fund investments in people, technology and facilities required.

Option 4: HHSC System Corporate Partnership Strategy

Key Success Factors	Grade	Discussion
1 High performance capacity governance and management structure	▲	This option will add governance strength to the HHSC governance structure.
2 Access efficiencies of scale and expertise	▲	Depending upon the partner chosen, the scale accessible to HHSC facilities should grow dramatically.
3 Reduce dependence on subsidies	▲	Any ongoing financial support with the new system will require documentation and negotiation.
4 Identify scope/scale of market needs	▲	Likely preservation of regional boards would provide an ongoing local resource for monitoring community needs.
5 High quality clinical care/patient services	▲	A single standard of improved clinical care and patient services would be an essential partner requirement.

Below are excerpts from the Executive Summary of the report (pages 9 and 10):

“The fourth strategic option evaluated is an HHSC system corporate partnership strategy. This envisions that HHSC would engage in a formal process as a system to identify a capital/operating partner including both in-state and mainland options to help accelerate its transformation to a high performing contemporary delivery system. This option rests upon the conclusion that as a system HHSC by itself is insufficient in scale to move to the highest levels of performance, and that so many of its basic systems and infrastructure are in need of major updating that it will take the in-place resources of a more advanced system to help it catch up. This will result in a sharing of governance authority between HHSC and a chosen partner.

The study recommends the fourth option as the most effective one for meeting the needs of the people served by HHSC over the short and long terms. It further recommends that this option be pursued at high velocity in light of the financial status of both HHSC and the State. This targets re-structuring of HHSC governance and management, pursuit of operational efficiencies, conversion of HHSC to a 501(c)(3), and immediate pursuit of operational efficiencies identified. It further targets completion of a process for identifying the right partner with which to enter into a transaction. It recommends completing this entire process within the next 2-3 years. It identifies the need for continued State subsidy during the transition period, and ongoing support of the surviving entity based upon need beyond the transition. We recognize that these are aggressive time frames. We also recognize the intensity of financial pressures that motivate this proposed speed. “

Below are excerpts from the Recommended Option and Rational section of the report (pages 80 through 83):

Recommended Option and Rationale

It is important to re-emphasize that any option pursued should be based upon a platform that includes active implementation of the three “essential changes:” Conversion of HHSC to a private non-profit 501(c)(3) corporation, aggressive pursuit of all available operational efficiencies within each region and facility, and maximization of efficiencies of scale as a system. Absent this foundation of change, the ability to achieve any of the four options presented is tenuous at best, and even if an option is successfully implemented the near term results will be significantly constrained.

It is also important to emphasize that these transformation recommendations require extremely difficult challenges related to successful implementation of the “essential changes” and each option. Successful execution will require strong leadership and management, sustained focus and discipline, a sense of urgency, and a commitment to success. While this study did not evaluate leadership and management resources within HHSC, such an evaluation is warranted.

The following two tables summarize the fiscal impact of the “essential change” recommendations on the State and on HHSC operations for the conversion period (FY 2011) and the three succeeding fiscal years. The first table outlines the sources and uses of funds over the period. This includes a large inflow and outflow of dollars in FY 2011 for the initial conversion process, followed by continuing but declining appropriations for the subsidy of hospital operations in the out years. We conclude that the operation a system which includes a series of small remote facilities such as the Critical Access Hospitals and Nursing Homes within HHSC will continue to require approximately \$30 million in ongoing annual operating support.

While the sources and uses table primarily involves State funds, we have built in the impact of the introduction of a capital partner beginning in 2013. Based upon our experience in other markets, we believe that a new partner would likely make a large initial financial infusion into the system to accelerate capital improvements, followed by more modest investments moving forward. A key assumption in this model is that the levels of appropriation are fixed, and that HHSC will need to operate within the restrictions of these appropriations.

Conversion of HHSC into a non-profit 501(c)(3) private corporation
Sources and Uses of Funds (\$000's)

Sources of Funds (\$000's)	State Fiscal Year			
	FY2011	FY2012	FY2013	FY2014
State of Hawai'i General Fund appropriations	\$ 60,000	\$ 50,000	\$ 40,000	\$ 30,000
Capital improvement funds	20,000	10,000		
Capital partner(s) contributions			50,000	20,000
General revenue bonds	255,800			
Total Sources of Funds	335,800	60,000	90,000	50,000

Uses of Funds	FY2011	FY2012	FY2013	FY2014
Conversion to 501(c)3				
Payoff of unused vacation	34,000			
Payoff of accrued compensatory time	3,500			
Unpaid workers' compensation claims	18,300			
Total Conversion Cost	55,800			
Recapitalization of HHSC	200,000			
Capital improvement projects and other infrastructure investments	20,000	10,000	50,000	20,000
Continued subsidies for hospital operations	60,000	50,000	40,000	30,000
Total Uses of Funds	\$ 335,800	\$ 60,000	\$ 90,000	\$ 50,000

The second table displays how the various initiatives proposed in the report will result in reducing the system's dependence on the State to an amount required to maintain remote access on the neighbor islands.

We include continued funding from the State for capital projects for FY 2011 and FY 2012 at \$20M and \$10M respectively. It is our assumption that after that time, the recapitalized and reorganized system will be able to access capital funding from other sources such as commercial lenders.

We also assume that as a private non-profit corporation that HHSC will be able to build a base of philanthropy as a routine source of funding. This will be important, since earnings retained by HHSC as detailed in the following table, are insufficient to fully fund future capital needs of an organization of its financial scale.

Reconciliation of subsidies for hospital operations	FY2011	FY2012	FY2013	FY2014
Baseline Operating Losses (Based on HHSC FY 2009 unaudited results)	\$ (120,000)	\$ (120,000)	\$ (120,000)	\$ (120,000)
Reduction in employee benefit costs	81,500	81,500	81,500	81,500
Job conversions and use of local privately owned businesses	1,300	2,600	3,900	5,200
Operational improvements	7,500	15,000	22,500	30,000
Debt service for revenue bonds	(20,000)	(20,000)	(20,000)	(20,000)
Savings from "system" efficiencies	2,000	4,000	6,000	6,000
Operating losses after implementation of all initiatives	(47,700)	(36,900)	(26,100)	(17,300)
Philanthropy	2,500	5,000	7,500	10,000
State subsidies for hospital operations	60,000	50,000	40,000	30,000
Earnings retained by HHSC	\$ 14,800	\$ 18,100	\$ 21,400	\$ 22,700
Capital improvement projects and other infrastructure investments	\$ 20,000	\$ 10,000	\$ 50,000	\$ 20,000

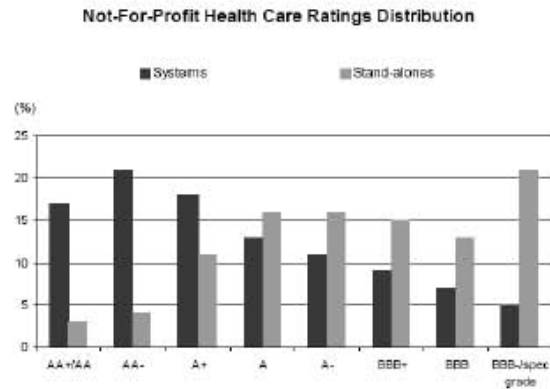
For the State, the projections in the above table exhibit a declining glide path of financial support to HHSC between FY 2011 - FY 2014 of \$80M, \$60M, \$40M, and \$30M.

The study concludes that the best option to pursue on this platform of “essential changes” is Option 4, the HHSC corporate partnering strategy. Based upon our interviews with in-state and mainland systems, we believe that there is sufficient preliminary interest in HHSC following implementation of the “essential changes” to suggest that this is a viable option. It should be emphasized that even if a partner is ultimately unavailable for HHSC, the “essential changes” will result in a far more operationally viable HHSC than is currently the case. Also, we do not advocate for embracing a capital/operating partner based upon terms that are unacceptable in terms of maintaining quality, access, and cost performance levels that meet the stewardship responsibilities of both HHSC and the State.

There are several key factors that bring us to the conclusion that the HHSC corporate partnering strategy is the best option. These include:

1. HHSC does not have experience in operating as a highly integrated healthcare delivery system. It is actually more of a confederation of facilities today and less of a system than it was two years ago. It would benefit from help from an experienced operator with mature system infrastructure, operating knowledge and cultural attributes to successfully complete such a transition.
2. A partner will help to accelerate the transition to a higher performing system. Accessing the leadership, management and technical expertise to achieve the performance potential of a highly integrated health system will take far more time for HHSC to achieve independently than is the case if it were to be assisted through this process by a more mature system. Given the financial challenges of both HHSC and the State, time is at premium.
3. At its existing scale, HHSC is not large enough to access the highest levels of healthcare system performance as evidenced by health services research in this arena. For example, large hospital chain operating expenses per discharge are on average 8% lower than comparable services in smaller stand-alone hospitals and systems.²⁰ Ongoing research by Citibank has found that the difference in operating margins between systems <\$1B in annual revenues vs. systems with >\$3B in annual revenue favors the larger system by a multiple of nearly four. As summarized in the following table, the cost of capital for larger systems is generally lower as well based upon their debt rating profiles.

²⁰ “The Effect of Chain Membership on Hospital Costs,” Health Services Research, June, 1997, Terri J. Menke



- As noted elsewhere in this report, HHSC is facing a significant challenge in achieving exemplary levels of clinical and service quality. As with other infrastructure challenges, the ability to put into place an effective set of systems in the areas of safety, quality improvement, EMR and clinical decision support services, etc. will take significant time and resources. A helping hand will move this forward more quickly and effectively.

In summary, we believe that a partner will help HHSC to address its challenges and opportunities better, faster, and less expensively than it could achieve on its own.

It is my personal opinion that the establishment of the task force per HB1483 HD2 will be largely repetitive of the work done in 2009 that resulted in the “Stroudwater Report.” The cost to prepare the Stroudwater Report, according the Hawaii Health Systems Corporation Chief Financial Officer was approximately \$500,000. Will the legislature appropriate funds to carry out the work of the proposed task force in HB1483 HD2?

The Stroudwater Report indicated that time is of the essence.

I urge the Committee to amend HB1483 HD2 to allow HHSC to carry out the recommendations of the Stroudwater Report and to restore the original intent of HB1483.

Thank you for this opportunity to testify and provide comments in support of the intent of this important measure.

Respectfully submitted.

Patrick Saka
Chief Administrative Officer
Maui Region, Hawaii Health Systems Corporation
221 Mahalani Street, Wailuku, HI 96793
(808) 244-9056



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Seventh Legislature, State of Hawaii
The Senate
Committee on Health

Testimony by
Hawaii Government Employees Association
March 15, 2013

**H.B. 1483, H.D. 2 – RELATING TO
THE HAWAII HEALTH SYSTEMS CORPORATION**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly opposes the purpose and intent of H.B. 1483, H.D. 2, which advances efforts to allow the regional systems of the Hawaii Health Systems Corporation (HHSC) and their health facilities to transition to public-private partnership status.

The proposed H.B. 1483, H.D. 2, and S.B. 1306 were heard this legislative session to enable the transfer of regional systems of HHSC and their health facilities to Banner Health, an Arizona-based health provider. We oppose the formation of a task force to study the feasibility of such an effort. Further, we oppose the language of all versions of S.B. 1306.

The Hawaii Health Systems Corporation operates a system of community hospitals primarily on the neighbor islands. That network provides a safety net of health care, with a Hawaii State Constitutional mandate to ensure access to health care for all citizens. In many instances, care is provided without payment, a cost that our state taxpayers bear to ensure care for all.

To preserve the safety net for the neighbor islands the system must remain intact. If one or more regions were to withdraw from the system, it will create instability through the whole system, both financially and in the types of and mix of services available to local communities. A fragmented health care system is a disservice to Hawaii's people and threatens the long-term viability of the entire health care delivery system. Further, the effort to divest our state's involvement in our health care, and put that responsibility on an Arizona-based provider is short-sighted and not in the best interest of our communities. It is unthinkable that our state will be better off with health care decisions for neighbor islanders being made out of state.

For these reasons, we strongly oppose H.B. 1483, H.D. 2. Thank you for the opportunity to express our opposition.

Respectfully submitted,

Randy Perreira
Executive Director

THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 15, 2013
TIME: 2:00 p.m.
PLACE: Conference Room 229
State Capitol
415 Beretania St.

HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

Thank you for this opportunity to submit testimony for **HB 1483, HD2**. The purpose of this measure is to study the feasibility and merits of allowing the operations of one or more regional systems of the Hawaii Health Systems Corporation, or one or more of its individual health facilities, to transition to non-public status.

The original version of this bill would have allowed HHSC to transition to public status, enabling the facilities to explore public-private partnerships. There are numerous benefits to this business model which include:

- Access to private capital to expand services.
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Collectively, the East Hawaii, West Hawaii, Maui Regional and HHSC Corporate Boards acknowledge that a corporate partnership strategy must be pursued, with the first step involving re-structuring HHSC governance and completion of a process for identifying the right entity with which to enter into a partnership. Board "must haves" include aligned missions, preservation of the safety-net, and cultural competence (business and clinical), to name a few. The Boards strive to complete this entire process within the next 2-3 years and recognize the need for continued State support during a transition period.

Again, I thank you for this opportunity to provide testimony. However, your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted by:

Walt Thistlewaite, PhD, MPH,
Program Evaluation Manager
Hawaii Island Beacon Community
1437 Kilauea Ave., Ste 105
Hilo, HI 96720
808-933-8559

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: syamaquchi@hpsc.org
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 10:09:56 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Wesley Lo	Maui Memorial Medical Center	Comments Only	Yes

Comments: Thank you for the opportunity to submit testimony regarding HB 1483, HD2. My testimony is in support of returning HB1483 HD2 to its original form. The purpose of HB 1483, HD 2, RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION is to establish a task force to study the feasibility of allowing the operations of the Hawaii Health Systems Corporation regional systems and their facilities to transition to non-public status. It requires a report to the Legislature prior to the 2014 Regular Session. It repeals the task force on June 30, 2105. In 2009, the State and HHSC had previously commissioned and appropriated money for a study that was mandated by Act 182 to complete and evaluation of HHSC, which included a comprehensive review of operations, as well as recommendations on improvements. This report is known as the "Stroudwater Report". The study recommended that "... the corporate partnership strategy be pursued at high velocity in light of the financial status of both HHSC and the State." At that time, in 2009, the report recommended completing this process within the next 2 to 3 years. It identified the need for continued State support during the transition period. The report further stated that several key factors brought them to the conclusion that the HHSC corporate partnering strategy is the best option. Relevant portions of three of the factors from the report (p. 82) are: 1. HHSC does not have the experience in operating as a highly integrated healthcare delivery system. 2. A partner will help to accelerate the transition to a higher performing system. Accessing the leadership, management and technical expertise to achieve the performance potential of a highly integrated health system will take far more time for HHSC to achieve independently than is the case if it were assisted through this process by a more mature system. Given the financial challenges of both HHSC and the State, time is at a premium. 3. At its existing scale, HHSC is not large enough to access the highest levels of healthcare system performance as evidenced by health services research in this arena. For example, large hospital chain operating expenses per discharge are on average 8% lower than comparable services in smaller stand-alone hospitals and systems. Ongoing research by Citibank has found that the difference in operating margins between systems <\$1B in annual revenues vs. systems with >\$3B in annual revenue favors the larger system by a multiple of nearly four. (Reference to an attached table

omitted) Based on this report and many other factors, since 2009, the Maui Region has been exploring public-private partnerships. In addition, the report stated that “Even considering the execution risk related to the recommendations, the financial cost of failure may be less than the long term costs of ever-increasing State subsidies to HHSC. The political will required to make the necessary corporate structure, governance, management and operational changes is considerable.” As a result, it is felt that approving a new Task Force to study this bill will be redundant; and will not be a “bias” for action for our very fragile healthcare system. The intent of the original form of this bill is to further advance the State’s commitment to provide quality health care by allowing the operations of the regional systems of the Hawaii Health Systems Corporation (HHSC) and their facilities to transition to non-public status. I believe that a public-private partnership, as allowed under Act 182 (2009), will enable us to move forward by expanding our services and infrastructure at Maui Memorial Medical Center (MMMC) and other public hospitals across the state and enable us to provide our communities with access to the quality health care that they deserve. Under current conditions, HHSC continues to face financial challenges including increasing operating and capital improvement costs, budget shortfalls, budgetary restrictions, declining government and third-party payer subsidies and lack of scale. These issues are related to declining reimbursements, medical inflation, the Affordable Care Act and the current “fiscal cliff” and federal sequestration. These issues and many others are what bring us here today. We need to find a solution. Over the last several years, general fund subsidies and reimbursements continue to decline while operating costs continue to climb, resulting in exponential net losses for HHSC facilities. In 2012, the operating losses totaled \$143.5 million, while state subsidies decreased to \$73.4 million, resulting in \$68.9 million in net losses, a 134.4% growth in net losses from 2011.

	2010	2011	2012
Operating Loss	\$(101.1)	\$(111.8)	\$(143.5)
General Fund Subsidy	\$98.3	82.0	73.4
Net Loss	\$(1.5)	\$(29.4)	\$(68.9)

As a result of our limited biennium budget, for the fiscal 2014 and 2015 biennium budget period HHSC anticipates a \$58.5 million budget shortfall, which does not factor in pay raises or post-employment benefits. In addition to the operating shortfalls, HHSC also lacks capital for necessary capital improvements. Some HHSC facilities are in need of major renovations and in few cases need to be replaced. HHSC has stated in its Strategic Plan that it needs approximately \$950 million in capital improvements to take care of aging facilities. However, historically, HHSC has only been getting approximately \$24 million per year (2.4% of the estimated total). This does not even keep up with annual depreciation, so it is anticipated that infrastructure will continue to decline without a massive infusion of capital. Declining subsidies and deteriorating infrastructure will inevitably affect quality of care. HHSC offers the only health care facilities in respective rural areas – MMMC is the only full-service acute hospital in Maui County. Our residents require and deserve more and better services which are now limited to Oahu. As a result, many patients are opting to travel to Oahu for perceived better care or for services not available on their island. I am concerned that as hospital services erode and patient volume decreases, MMMC will have no choice but to proportionately size its employee base to match diminishing hospital operations and declining budgets. This is our reality on Maui and across the entire HHSC system. I will be the first to recognize the outstanding work, dedication and commitment of our medical staff and employees at MMMC. These 1,700+ people are the heart of our operation and part of the foundation of our community – they are our

neighbors, relatives and our friends and I know the challenges they face each and every day. With fewer opportunities, it will then become even more difficult to offer better pay and compensation and to maintain and attract new physicians and nurses to provide care in our neighbor island communities, especially with an increasingly aging workforce. Following the passage of ACT 182 in 2009, we began exploring our options allowed under the law with one goal in mind – ensuring that Maui residents receive the highest level of health care available. Our current structure under HHSC, does not allow for growth of health care services and does not provide competitive compensation for our employees. Over the past several years, we began discussions with many hospital systems both locally and across the country to discuss public-private partnerships, including Banner Health. We have not come to any definitive agreements with Banner Health. The establishment of a public-private partnership with a company's like Banner Health has far reaching benefits for our community including:

- Access to private capital to expand access and service delivery.
- Private sector compensation packages to retain qualified medical service personnel.
- Create efficiencies of scale and an integrated clinical delivery system with increased resources.
- Develop sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.
- Improve support of and access to rural communities through electronic ICU and telemedicine platforms.

With the State's limited resources, we have come to point in time where we are running out of options. This is not a case of "living within our means" – the State would need to appropriate an additional \$58.5 million over the next biennium, in addition greatly increase the amount of capital invested in our facilities for us to continue operating at the status quo. And status quo is unacceptable for all of us who live and work on the neighbor islands. The Maui Region of the HHSC is the largest provider of health care on the neighbor islands and our main priority is to provide quality care for the residents of Maui County at MMMC, Kula Hospital and Lanai Community Hospital. In recent years, we have greatly advanced, however, we can no longer rely on State funding to keep those advancements going. With new federal health care reform, combined with fiscal challenges, we have no choice but to look at innovative alternatives that could help to improve and enhance the delivery of basic health care for our residents. Thank you for this opportunity to testify on this important measure. Your support passing this measure in its original format would be greatly appreciated and will ultimately benefit the entire community. Wesley Lo Regional Chief Executive Officer Maui Memorial Medical Center Phone: (808) 442-5100

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To: [HTHTestimony](#)
Cc: ahudman@hpsc.org
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 7:44:40 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Hudman	Individual	Oppose	No

Comments:

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From: [Britann Miller](#)
To: [HTHTestimony](#)
Subject: HB 1483, HD2
Date: Thursday, March 14, 2013 11:12:33 AM

March 13, 2013

TO: Senate Committee on Health
The Honorable Josh Green, Chair
The Honorable Rosalyn H. Baker, Vice Chair
Honorable Members of the Committee

Hearing Date: Friday, March 15, 2013

Time: 2 pm

Place: Conference Room 229

State Capitol

415 South Beretania Street

FROM: Britann Miller, 144 Kai La PI, Kihei, HI 96753

SUBJECT: Testimony for HB 1483, HD2 -- Relating to
Hawaii Health Systems Corporation

Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status.

The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include:

- Access to private capital to expand services.
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated.

Respectfully submitted.

Britann E. Miller
144 Kai La Place
Kihei, HI 96753

Tel: (808) 874-8900

TO: Senate Committee on Health
The Honorable Josh Green, Chair
The Honorable Rosalyn H. Baker, Vice Chair
Honorable Members of the Committee

Hearing Date: Friday, March 15, 2013

Time: 2 pm

Place: Conference Room 229

State Capitol

415 South Beretania Street

FROM: Caroline Koley, APRN, MS, NPc, CNS, CENP
Director, Cardiovascular Services
Maui Memorial Medical Center
221 Mahanlani Street
Wailuku, HI 96793

SUBJECT: Testimony In Support of HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

Thank you for the opportunity to submit comments for HB 1483, HD2. I am a nurse living and working on Maui and am committed to the health and well-being of my community. My understanding is that the purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status.

The original version of this bill would have allowed HHSC to explore public-private partnerships. A public-private partnership would be extremely beneficial to the success of our

goal of providing high quality healthcare to the community of Maui. This partnership may help alleviate the financial challenges of today's healthcare environment by providing a more effective, less expensive way of delivering services to the citizens of Maui. We need to embrace the idea that we, too, need partners -- not just for additional funding but for the expertise that private-sector partners often are uniquely positioned to provide.

Benefits of a public private partnership for HHSC could include:

- Access to private capital to expand services.
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Thank you for allowing me to submit testimony. **Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated.**

Respectfully submitted.

Caroline Koley, APRN, MS, NPc, CNS, CENP

Director, Cardiovascular Services

Maui Memorial Medical Center

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: wcwillett@gmail.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Wednesday, March 13, 2013 9:04:18 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Coralie Willett	Individual	Support	No

Comments:

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Date: Thursday, March 14, 2013 7:23:15 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
David Williams	Individual	Support	No

Comments: We need a better long term approach to our health care on Maui. I don't believe that the state has the resources to support a world class health care or hospital. A private partnership arrangement with a proven company makes the most sense. Please allow such a partnership to move forward.

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From: [Dee Carpenter](#)
To: [HTHTestimony](#)
Date: Thursday, March 14, 2013 7:40:07 AM

re:
Senate Health Committee*
Hearing on House Bill 1483
Friday, March 15
2:00 p.m.
State Capitol, Conference Room 229

Dear Health Committee Members:

I am strongly opposed to House Bill 1483. Please do not make such sweeping changes that will negatively affect our community on so many levels.

Sincerely,

Denise A. Carpenter
57-120 Lalo Kuilima Way #13
Kahuku, Hawaii 96731

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: hawaiiiblues808@gmail.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 12:13:16 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Donald Santos	Individual	Oppose	No

Comments:

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Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 11:03:08 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
donna mcclary	Individual	Support	No

Comments:

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To: [HTHTestimony](#)
Cc: gcam7161@aol.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 7:42:37 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Gerry B. Cameron	Individual	Comments Only	No

Comments: Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: Access to private capital to expand services; Private sector compensation packages to retain qualified medical service personnel; Efficiencies of scale and an integrated clinical delivery system with increased resources; and Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted, Gerry B. Cameron Marilyn C. Cameron 3928 Waakaula Street Kihei, HI 96753

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: mcbeemaui@hotmail.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 12:13:05 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Gill & Terry McBarnet	Individual	Support	No

Comments: We strongly wish to see the Health System in Hawaii, and Maui Memorial Hospital in particular (since we live on Maui) - move towards privatization.

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THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 15, 2013
TIME: 2:00 p.m.
PLACE: Conference Room 229
State Capitol
415 Beretania St.

HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

Thank you for this opportunity to submit testimony for **HB 1483, HD2**. The purpose of this measure is to study the feasibility and merits of allowing the operations of one or more regional systems of the Hawaii Health Systems Corporation, or one or more of its individual health facilities, to transition to non-public status.

The original version of this bill would have allowed HHSC to transition to public status, enabling the facilities to explore public-private partnerships. There are numerous benefits to this business model which include:

- Access to private capital to expand services.
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Collectively, the East Hawaii, West Hawaii, Maui Regional and HHSC Corporate Boards acknowledge that a corporate partnership strategy must be pursued, with the first step involving re-structuring HHSC governance and completion of a process for identifying the right entity with which to enter into a partnership. Board "must haves" include aligned missions, preservation of the safety-net, and cultural competence (business and clinical), to name a few. The Boards strive to complete this entire process within the next 2-3 years and recognize the need for continued State support during a transition period.

Again, I thank you for this opportunity to provide testimony. However, your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted by: Harry Yada, Member of the HHSC East Hawaii Regional Board
24 Kaulana Street
Hilo, Hawaii 96720
Phone: (808) 959-4210

From: [Iris Mishima](#)
To: [HTHTestimony](#)
Subject: HB1483
Date: Wednesday, March 13, 2013 9:58:47 PM

Chair of Senate Committee on Health & committee members. I oppose HB1483 to establish task force to study feasibility allowing the Hawaii Health Systems Corporation regional system and their facilities to transition to a public-private partnership status. Concerns are if funding for this task force will be unnecessary spent like a benefit bonus for the legislative task force. Research for this study can be expeditiously done without having a task force in place. Thank you for this opportunity to testify.

From: [Joan Conway](#)
To: [HTHTestimony](#)
Subject: Bill 1483
Date: Thursday, March 14, 2013 11:07:28 AM

I am opposed to this bill because I feel we need to fix our own problem with the management of the system. Why hand over our regional healthcare facilities to an outside corporation?

If Banner saw the value in investing their resources here, why can't we look at their business models and perhaps change HHSC's management to be successful?

Obviously HHSC needs assistance in the way they manage healthcare. Let's look at the winning healthcare organizations and follow their example.

This is a perfect time for change!

Perhaps we need to hire new leaders to assist HHSC in order to facilitate these changes?

Sincerely,

Joan Conway

Sent from my iPhone

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: joycet@halemakua.org
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Wednesday, March 13, 2013 8:54:24 AM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Joyce Tamori	Individual	Support	No

Comments:

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Cc: kdecoito@hpsc.org
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 8:01:16 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
KAANOI DE COITO	Individual	Support	No

Comments:

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THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 15, 2013
TIME: 2:00 p.m.
PLACE: Conference Room 229
State Capitol
415 Beretania St.

HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

Thank you for this opportunity to submit testimony for **HB 1483, HD2**. The purpose of this measure is to study the feasibility and merits of allowing the operations of one or more regional systems of the Hawaii Health Systems Corporation, or one or more of its individual health facilities, to transition to non-public status.

The original version of this bill would have allowed HHSC to transition to public status, enabling the facilities to explore public-private partnerships. As an employee of HHSC on the outer islands I oppose this bill.

The HHSC hospitals are the States safety net hospitals and in most cases the only healthcare facility on the outer islands. There are several reasons why I oppose this bill:

- I fear what services will be cut for the outer island residents in order for a private healthcare organization to make their profit. Organizations where their CEO earns close to \$3 million per year and have stated they do not offer long term care services.
- Although HHSC currently requires subsidies from the State, the organization also takes in several hundred million dollars, most of which stays within the State's economy. How much of this income will head out of state to a private organization.
- How much does the State expect to really save when private organizations aren't looking at HHSC as a whole? The state would still need to subsidize facilities on Oahu and Kauai along with a corporate support office for those facilities.

For these reasons I oppose this bill. I do not believe this "solution" to the healthcare problem is good for the outer island citizens and the economy of Hawaii.

Again, I thank you for this opportunity to provide testimony.

Respectfully submitted by: Kia Hansen, HHSC, Data Processing Systems Analyst
1190 Waianuenue Ave.
Hilo, Hawaii 96720
(808) 932-3010

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: kbquill@gmail.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 7:39:35 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
karen quill	Individual	Support	No

Comments: March 13, 2013 TO: Senate Committee on Health The Honorable Josh Green, Chair The Honorable Rosalyn H. Baker, Vice Chair Honorable Members of the Committee Hearing Date: Friday, March 15, 2013 Time: 2 pm Place: Conference Room 229 State Capitol 415 South Beretania Street FROM: Karen B Quill SUBJECT: Testimony for HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation
Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: Access to private capital to expand services. Private sector compensation packages to retain qualified medical service personnel. Efficiencies of scale and an integrated clinical delivery system with increased resources. Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted. Karen B Quill

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To: [HTHTestimony](#)
Cc: karenparadise@excite.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Wednesday, March 13, 2013 1:33:23 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Williams	Individual	Support	No

Comments: March 13, 2013 TO: Senate Committee on Health The Honorable Josh Green, Chair The Honorable Rosalyn H. Baker, Vice Chair Honorable Members of the Committee Hearing Date: Friday, March 15, 2013 Time: 2 pm Place: Conference Room 229 State Capitol 415 South Beretania Street FROM: Karen Williams SUBJECT: Testimony for HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: • Access to private capital to expand services. • Private sector compensation packages to retain qualified medical service personnel. • Efficiencies of scale and an integrated clinical delivery system with increased resources. • Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted.

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Cc: kaylloyd@earthlink.net
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 1:40:29 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
kay lloyd	Individual	Support	No

Comments: SUBJECT: Testimony for HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: • Access to private capital to expand services. • Private sector compensation packages to retain qualified medical service personnel. • Efficiencies of scale and an integrated clinical delivery system with increased resources. • Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted. Kay Lloyd

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To: [HTHTestimony](#)
Cc: kdeehr@hawaiiantel.net
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 6:00:21 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Kenneth Deehr	Individual	Oppose	No

Comments: Private is not in the best interest of the neighbor islands especially when the state is expected to subsidize a private corp. anyway.

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THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 15, 2013
TIME: 2:00 p.m.
PLACE: Conference Room 229
State Capitol
415 Beretania St.

HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

Thank you for this opportunity to submit testimony for **HB 1483, HD2**. The purpose of this measure is to study the feasibility and merits of allowing the operations of one or more regional systems of the Hawaii Health Systems Corporation, or one or more of its individual health facilities, to transition to non-public status.

The original version of this bill would have allowed HHSC to transition to public status, enabling the facilities to explore public-private partnerships. There are numerous benefits to this business model which include:

- Access to private capital to expand services.
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Collectively, the East Hawaii, West Hawaii, Maui Regional and HHSC Corporate Boards acknowledge that a corporate partnership strategy must be pursued, with the first step involving re-structuring HHSC governance and completion of a process for identifying the right entity with which to enter into a partnership. Board "must haves" include aligned missions, preservation of the safety-net, and cultural competence (business and clinical), to name a few. The Boards strive to complete this entire process within the next 2-3 years and recognize the need for continued State support during a transition period.

Again, I thank you for this opportunity to provide testimony. However, your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted by: **Kimberley McKay, Hale Hoola Hamakua, Radiologic Technologist**
PO Box 23 Ookala, HI 96727
(808) 776-9606

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: lekaleokalani3@yahoo.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Wednesday, March 13, 2013 6:07:17 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Lehua Jackson	Individual	Oppose	No

Comments:

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Cc: leonaholaday@yahoo.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 9:32:22 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Leona Holaday	Individual	Support	No

Comments:

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March 14, 2013

**COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair**

**Friday, March 15, 2013
State Capitol
415 South Beretania St.**

RE: HB 1483 HD 2 - Relating to the Hawaii Health Systems Corporation

Dear Chair Green, Vice Chair Baker and Committee Members:

Thank you for the opportunity to submit testimony for **HB 1483 HD 2**. The purpose of this measure is to establish a task force to study the feasibility and merits of allowing the operations of one or more regional systems of the Hawaii Health Systems Corporation, or one or more of its individual health facilities, to transition to non-public status.

My testimony is in support of returning HB1483 HD2 to its original form to enable HHSC to pursue a public-private partnership.

As a physician, resident of Maui, and member of the Maui Memorial management team, I believe HHSC and its regions need the ability to pursue public-private partnerships. A study was already done in 2009 by Stroudwater Associates. One central recommendation was to pursue exploration of a public private partnership. I believe an additional study is not needed at this time.

Partnering with the private sector has the potential to bring:

- Access to private capital to expand services for our community
- Private sector compensation packages to retain qualified medical service personnel
- Economies of scale and an integrated clinical delivery system with increased resources to help ensure our community has access to world class health care
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to our community.

Thank you again for the opportunity to submit this testimony. Passing this measure has the potential to greatly enhance the current healthcare provided to our community.

Respectfully submitted,

Leslie B. Chun M.D.
Chief of Clinical and Medical Affairs
Maui Memorial Medical Center
808-442-5017

House of Representatives
The Twenty-Seventh Legislature, State of Hawaii
Regular Session of 2013
Committee on Health
Committee on Labor & Public Employment

March 14, 2013

H.B. 1483 H.D.2 – RELATING TO
THE HAWAII HEALTH SYSTEMS CORPORATION

IN OPPOSITION TO HB 1483 H.D.2

Chair Green, Vice Chair Baker, and members of the Committee on Health:

Thank you for the opportunity to provide testimony in **strong opposition of the language in H.B. 1483 H.D.2**, to create a task force to study the feasibility which permits the regional systems of the Hawaii health systems corporation and their health facilities to transition to non-public status.

My name is Leticia Sandoval, and I am a Maui resident for 30 years. I strongly oppose the above bill which will create a task force to study the feasibility which permits the regional systems of the Hawaii health systems corporation and their health facilities to transition to non-public status. With regards to its impact in the community, if Banner Health deems services unfeasible to maintain or lack clinical quality, they will cut those vital services and possibly close facilities that our community depends on. For example, Banner Health has minimal experience with services such as long-term care that are currently provided to our community. Additionally, with Banner Health, Hawaii taxpayers' dollars will be supporting and funding a mainland company to provide Hawaii health services. It deeply troubles me that the Legislature is considering this partnership.

I strongly oppose the passage of H.B. 1483 H.D.2. Thank you for the opportunity to provide testimony.

Sincerely,



Leticia Sandoval

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: laamundson@arvig.net
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Wednesday, March 13, 2013 8:46:01 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Lloyd Amundson	Individual	Support	No

Comments:

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Cc: petesiracusa@gmail.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 11:58:12 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Louis Siracusa	Individual	Support	No

Comments: The Task Force is necessary to fully evaluate the situation with Maui Memorial and the opportunity to partner with an experienced operator.

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Cc: ldolan@fmchawaii.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Wednesday, March 13, 2013 4:54:22 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Lynda Dolan MD	Individual	Support	No

Comments:

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Cc: kahi918@aol.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 12:10:37 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Marie Biga	Individual	Oppose	No

Comments:

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Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Wednesday, March 13, 2013 4:09:19 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Egide	Individual	Support	No

Comments: March 13, 2013 TO: Senate Committee on Health The Honorable Josh Green, Chair The Honorable Rosalyn H. Baker, Vice Chair Honorable Members of the Committee Hearing Date: Friday, March 15, 2013 Time: 2 pm Place: Conference Room 229 State Capitol 415 South Beretania Street FROM: Mark Egide SUBJECT: Testimony for HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation
Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: • Access to private capital to expand services. • Private sector compensation packages to retain qualified medical service personnel. • Efficiencies of scale and an integrated clinical delivery system with increased resources. • Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted.

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To: [HTHTestimony](#)
Cc: jrtnunez@aol.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 12:09:28 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Martin Nunez	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: martin@quill-group.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 7:37:21 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Martin Quill	Individual	Support	No

Comments: March 13, 2013 TO: Senate Committee on Health The Honorable Josh Green, Chair The Honorable Rosalyn H. Baker, Vice Chair Honorable Members of the Committee Hearing Date: Friday, March 15, 2013 Time: 2 pm Place: Conference Room 229 State Capitol 415 South Beretania Street FROM: Martin Quill SUBJECT: Testimony for HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation
Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: Access to private capital to expand services. Private sector compensation packages to retain qualified medical service personnel. Efficiencies of scale and an integrated clinical delivery system with increased resources. Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted. Martin W Quill

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To: HTHTestimony
Cc: ROGERWAILEA@GMAIL.COM
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 11:09:43 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
ROGER MACARTHUR	Individual	Comments Only	No

Comments: I request that HB 1483 be returned to it's original form. I am in favor of privatizing Maui Memorial Hospital to assure that the quality of hospital service is a top priority to service our community. Roger MacArthur

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: maynard257@yahoo.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Wednesday, March 13, 2013 6:15:45 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Maynard Raquinio	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: mlwong64@gmail.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 10:48:23 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Mei Lee Wong	Individual	Support	No

Comments: Your support of returning HB 1483 HD 2 to its original form would be greatly appreciated. Mahalo.

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: mgariando@hsc.org
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 8:53:37 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Melissa Gariando	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: mike.clair@comcast.net
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Wednesday, March 13, 2013 5:10:33 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Clair	Individual	Support	No

Comments: SUBJECT: Testimony for HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: Access to private capital to expand services. Private sector compensation packages to retain qualified medical service personnel. Efficiencies of scale and an integrated clinical delivery system with increased resources. Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted. Michael Clair

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: onmaui808@gmail.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 1:05:47 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Michele Mitra	Individual	Oppose	No

Comments: Thank you for the opportunity to provide testimony in strong opposition of the language in H.B. 1483 H.D. 2, which establishes a task force to study the feasibility of allowing the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to a public-private partnership status. As a member of the Maui community, I believe Maui Memorial Medical Center and the other HHSC facilities need to seek solutions to improve their facilities; however, I believe that they can rely on the current structure to study and consider solutions for the system without creating the instant legislation for a task force. Thank you.

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THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 15, 2013
TIME: 2:00 p.m.
PLACE: Conference Room 229
State Capitol
415 Beretania St.

HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

Thank you for this opportunity to submit testimony for **HB 1483, HD2**. The purpose of this measure is to study the feasibility and merits of allowing the operations of one or more regional systems of the Hawaii Health Systems Corporation, or one or more of its individual health facilities, to transition to non-public status.

The original version of this bill would have allowed HHSC to transition to public status, enabling the facilities to explore public-private partnerships. There are numerous benefits to this business model which include:

- Access to private capital to expand services.
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Collectively, the East Hawaii, West Hawaii, Maui Regional and HHSC Corporate Boards acknowledge that a corporate partnership strategy must be pursued, with the first step involving re-structuring HHSC governance and completion of a process for identifying the right entity with which to enter into a partnership. Board "must haves" include aligned missions, preservation of the safety-net, and cultural competence (business and clinical), to name a few. The Boards strive to complete this entire process within the next 2-3 years and recognize the need for continued State support during a transition period.

Again, I thank you for this opportunity to provide testimony. However, your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted by: Susan B. Hunt, MHA
Volunteer Chair, Strategic Planning Committee
East Hawai'i Regional Board, HHSC
P.O. Box 6255, Kamuela, HI 96743
808-936-3572

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: nazarooski_86@yahoo.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 12:14:21 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Nazareth Nunez	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: nbadoyen@yahoo.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 1:48:12 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Norma Badoyen	Individual	Support	No

Comments: Thank you for allowing me to submit testimony in asking for your support of HB 1483, HD2 to its original form, which will allow HHSC to explore public-private partnerships.

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THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 15, 2013
TIME: 2:00 p.m.
PLACE: Conference Room 229
State Capitol
415 Beretania St.

HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation

Thank you for this opportunity to submit testimony for **HB 1483, HD2**. The purpose of this measure is to study the feasibility and merits of allowing the operations of one or more regional systems of the Hawaii Health Systems Corporation, or one or more of its individual health facilities, to transition to non-public status.

The original version of this bill would have allowed HHSC to transition to public status, enabling the facilities to explore public-private partnerships. There are numerous benefits to this business model which include:

- Access to private capital to expand services.
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Collectively, the East Hawaii, West Hawaii, Maui Regional and HHSC Corporate Boards acknowledge that a corporate partnership strategy must be pursued, with the first step involving re-structuring HHSC governance and completion of a process for identifying the right entity with which to enter into a partnership. Board "must haves" include aligned missions, preservation of the safety-net, and cultural competence (business and clinical), to name a few. The Boards strive to complete this entire process within the next 2-3 years and recognize the need for continued State support during a transition period.

Again, I thank you for this opportunity to provide testimony. However, your support of **returning HB 1483, HD 2 to its original form** would be greatly appreciated.

Respectfully submitted by: Robert D Irvine, MD
1443 Wailuku Drive, Hilo 96720
808 935 8080

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: thelloyd@earthlink.net
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 1:42:32 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
robert lloyd	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: bobt@goodfellowbros.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 10:33:18 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Takamatsu	Individual	Support	No

Comments: I support returning HB 1483, HD 2 to its original form. Thank you, Robert Takamatsu

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From: [Ruth Walker](#)
To: [HTHTestimony](#)
Subject: HB1483 HD2
Date: Thursday, March 14, 2013 12:15:01 PM

I am Ruth Walker, writing in opposition to HB1483 HD2. As a Hilo resident our community depends on the Hilo Medical Center for vital emergency care and other various medical confinements.

We fear that should Banner experience financial failure some time in the future that Banner will pull out of our community, leaving the medical needs of our community in jeopardy because no hospital care will be available to us. We cannot casually fly to Honolulu for care should our hospital close.

Our Big Island communities are already experiencing shortage of doctors. The pending situation under HB 1483 HB2 will escalate our community members, dire health needs.

I therefore ask that you vote against HB 1483 HD2 if you are concerned about the health needs of our Big Island community members.

Thank you for the opportunity to testify in opposition to this Bill.

Ruth Walker
101 Akea Street
Hilo, HI 96720

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: rpasco223@yahoo.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 7:29:37 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Rynella Pasco	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: sogawa@hpsc.org
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 2:08:09 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
sheila ogawa	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: srbiga315@gmail.com
Subject: *Submitted testimony for HB1483 on Mar 15, 2013 14:00PM*
Date: Thursday, March 14, 2013 12:09:59 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Sheldon Biga	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: slke7@aol.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Wednesday, March 13, 2013 4:01:02 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Stacey Egide	Individual	Support	No

Comments: March 13, 2013 TO: Senate Committee on Health The Honorable Josh Green, Chair The Honorable Rosalyn H. Baker, Vice Chair Honorable Members of the Committee Hearing Date: Friday, March 15, 2013 Time: 2 pm Place: Conference Room 229 State Capitol 415 South Beretania Street FROM: Stacey Egide SUBJECT: Testimony for HB 1483, HD2 -- Relating to Hawaii Health Systems Corporation
Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: • Access to private capital to expand services. • Private sector compensation packages to retain qualified medical service personnel. • Efficiencies of scale and an integrated clinical delivery system with increased resources. • Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted.

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: therapps@hawaii.rr.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Wednesday, March 13, 2013 8:23:24 PM

HB1483

Submitted on: 3/13/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Rappenecker	Individual	Support	No

Comments: Thank you for the opportunity to submit comments for HB 1483, HD2. The purpose of this measure is to establish a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation (HHSC) regional systems and their facilities to transition to public-private partnership status. The original version of this bill would have allowed HHSC to explore public-private partnerships. There are numerous benefits to this business model which include: • Access to private capital to expand services. • Private sector compensation packages to retain qualified medical service personnel. • Efficiencies of scale and an integrated clinical delivery system with increased resources. • Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community. Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD 2 to its original form would be greatly appreciated. Respectfully submitted. Steve Rappenecker

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: tamar@chotzen.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 9:00:56 AM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Tamar	Individual	Support	No

Comments: Please support HB 1483. While we don't need more studies, we do need the opportunity to privatize our state hospitals! Mahalo for your support of this important legislation! Tamar Goodfellow

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: tehanib@aol.com
Subject: Submitted testimony for HB1483 on Mar 15, 2013 14:00PM
Date: Thursday, March 14, 2013 12:08:43 PM

HB1483

Submitted on: 3/14/2013

Testimony for HTH on Mar 15, 2013 14:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Tehani Nunez	Individual	Oppose	No

Comments: Thank you for the opportunity to submit testimony in opposition of HB1483. I don't think we should be using Hawaii's taxpayer money and time to study and look at a non-Hawaii based company.

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Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair
Senate Committee on Health
Hawaii State Legislature

Thank you for the opportunity to submit testimony for HB 1483 HD 2, which establishes a task force to study the feasibility of allowing the operations of the Hawaii Health Systems Corporation regional systems and their facilities to transition to non-public status. (Requires report to the Legislature prior to the 2014 Session. Repeals task force on June 30, 2015.)

I support returning this bill to its original form, which would allow HHSC to transition to public status because a public-private partnership can provide:

- Access to private capital to expand services. –
- Private sector compensation packages to retain qualified medical service personnel.
- Efficiencies of scale and an integrated clinical delivery system with increased resources.
- Development of a sustainable model of health care delivery that will lower costs and improve the overall quality of services to the community.

Thank you for allowing me to submit testimony. Your support of returning HB 1483, HD2 to its original form would be greatly appreciated.

Sincerely,



Tony Krieg
Pukalani, Maui, Hi.

TO: Senate Committee on Health
The Honorable Josh Green, Chair
The Honorable Rosalyn H. Baker, Vice Chair
Honorable Members of the Committee

Senate Committee on Ways and Means
The Honorable David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair
Honorable Members of the Committee

House Committee on Health
Representative Della Au Belatti, Chair
Representative Dee Morikawa, Vice-Chair

House Committee on Labor Representative Mark Nakashima, Chair
Representative Mark Hashem, Vice-Chair

From: William R. Cliff

Hearing Date: Friday, March 15, 2013
Time: 2:00 p.m.
Place: Conference Room -- State Capitol
415 South Beretania Street

SUBJECT: [HB 1483, HD2](#), Task Force, allows the creation of a task force to study the feasibility of the HHSC regional system and its facilities to transition to a public-private partnership. Scheduled for Senate Committee on Health hearing,

Thank you for the opportunity to submit testimony regarding HB 1483 HD2. I urge the committee to reconsider the language and intent of HB1483 as originally proposed and the provisions of the companion bill SB1306. As a member of the West Hawaii Regional BOD of HHSC and chair of the strategic planning committee, I am aware of the financial and operational challenges facing our system. We cannot meet future challenges under our present structure. The resources to do so are not available anywhere in our state. This is evidenced by the closure of thousands of hospitals on the mainland and the proliferation of combination and partnership activity in order to meet the mandates of the Affordable Care Act. The state cannot afford the rapidly increasing subsidy requirements required to maintain a healthcare safety net for our citizens.

The background below outlines the information already available to all of us involved in healthcare in our state. We need enabling legislation, not authorization for yet another study. There are more than sufficient safeguards built into SB1306 to preclude the entering into any agreement or partnership that would be detrimental to the stake holders in the healthcare system in Hawaii. We need enabling legislation just to begin the search for alternatives to our present structure. We will never meet the ongoing healthcare needs of our state without openness to change.

BACKGROUND

As a part of a legislative mandate in Act 162, Section 31 (2009), a study was commissioned by HHSC to prepare a report that shall include but not be limited to the following information:

- (1) A comprehensive facility-by-facility review of operations, detailing efficiencies, deficiencies, and any recommendations for corrective action;**
- (2) Overall recommendations on improving effectiveness and efficiencies system-wide;**
- (3) Determination of responsibilities of facility administration, regional boards, corporate office, and Hawai'i health systems corporation corporate board;**
- (4) Determination of centralized services required by the facilities to be provided by the corporate office;**
- (5) Performance benchmarks to be reported to the Legislature prior to the commencement of each regular session and upon request; and**
- (6) Recommendations on transition plans deemed necessary;**
- (7) Evaluation of effectiveness of the current legal structure and adherence to the state procurement code and salary structure;**
- (8) Measures taken to address material control weaknesses and reporting issues cited in audits performed by the state auditor and HHSC's external auditor during fiscal year 2007-2008 and fiscal year 2008-2009;**

A report, prepared by Stroudwater Associates, was submitted to Senate President Colleen Hanabusa on December 28, 2009 as detailed in DC56 (2010).

Respectfully submitted,

William R. Cliff
Kailua Kona, Hawaii