

TESTIMONY BY WESLEY K. MACHIDA
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE SENATE COMMITTEE ON HEALTH,
THE SENATE COMMITTEE ON COMMERCE AND COMSUMER PROTECTION,
AND
THE SENANTE COMMITTEE ON JUDICIARY AND LABOR
ON
SENATE BILL NO. 2949

FEBRAURY 10, 2014

RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

Chair Green, Chair Baker, Chair Hee and Members of the
Committees:

S.B. 2949 establishes guidelines for the transition of the
Hawaii Health Systems Corporation (HHSC) and proposes an early
retirement incentive to vested members of the Employees'
Retirement System (ERS).

The Administrative and Legislative Committee of the ERS Board of
Trustees strongly opposes this bill.

Under the proposed legislation, an HHSC employee who became a
member of the ERS prior to July 1, 2012 and elects to receive a
retirement benefit may retire at:

- Age 55 with 10 years of Contributory and/or Hybrid service
- Any age with 20 years of Contributory and/or Hybrid service
- Age 57 with 10 years of Noncontributory service
- Any age with 25 years of Noncontributory service

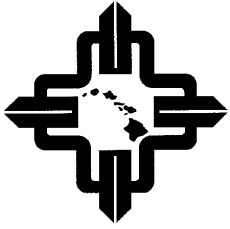
Currently general employee members of the ERS prior to July 1,
2012 may retire at:

- Age 62 with 5 years of Contributory and/or Hybrid service
- Age 55 with 30 years of Hybrid service
- Any age with 25 years of Contributory service
- Age 62 with 10 years of Noncontributory service
- Age 55 with 30 years of Noncontributory service

S.B. 2949 clearly provides HHSC employees with a benefit
enhancement by allowing them to retire prior to meeting the
service retirement requirements of other members of the ERS.
This enhancement is contrary to Act 29, Session Laws of Hawaii

2011, which placed a moratorium on benefit enhancements until the ERS become fully funded. Any benefit enhancement would increase the State and county contributions to the ERS and would increase the ERS's unfunded liability.

Thank you for the opportunity to testify on this important measure.



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

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

Senate Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

Monday, February 10, 2014
Conference Room 229
1:30 p.m.
Hawaii State Capitol

Testimony Strongly Supporting Senate Bill 2949, Relating to Hawaii Health Systems Corporation. Establishes guidelines for the transition of the Hawaii Health Systems Corporation, a regional system, or a combination of two or more regional systems, into a nonprofit corporation. Proposes certain retirement benefits for employees of the Hawaii Health Systems Corporation who are employees' retirement system members.

Wayne Kanemoto

Vice Chair

East Hawaii Region

On behalf of East Hawaii Region (Hilo Medical Center, Ka'u Hospital, and Hale Ho'ola Hamakua) Regional Board of Directors, thank you for the opportunity to present testimony in strong support of Senate Bill 3064 that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit hospital corporation.

As a member of the East Hawaii Regional Board and a resident of Hawaii Island, my main concern is the future of health care services on our island. Working together, we must find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community.

We must be sustainable and rely less on government subsidies while improving access to quality health care. We must also honor the retirement benefits of our employees in our transition.

In order to maintain the existing level of services, HHSC will need funds for capital improvement and repair and maintenance to provide for the well-being and safety of our employees and patients. Facility

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infrastructure and grounds will continue to deteriorate resulting in more costly repairs and increased difficulty with recruiting qualified staff.

Continued and growing losses by HHSC hospitals will inevitably affect services, accessibility and staffing and the ability for HHSC to provide quality care and basic medical services. If not resolved, this may result in possible facility closures and loss of jobs, which will negatively impact communities that HHSC facilities serve.

Over the decades, the Legislature has reorganized and restructured the HHSC, which has not helped to alleviate budget deficits or current health care concerns. The only other viable alternative is to explore a public-private partnership for HHSC facilities to improve quality and the delivery of health care services, as allowed by Act 182 (2009).

Various studies over the years have found that a public/private partnership would save costs and improve the efficiency and cost of the hospital system. For example, the Stroudwater report (January, 2010) found that privatization of the HHSC workforce would save the state approximately \$50,000,000 per year in leave and retirement benefits, alone. In addition, bringing in a private partner would open access to private capital and services.

The legislation being proposed outlines the basic framework for transitioning to a private entity. It sets forth partnership guidelines to ensure that the transition protects employees, the State, and the communities served. We submit that this is a good plan and presents a valid alternative to either closure of facilities, loss of jobs, or increasing subsidies for HHSC.

Thank you for the opportunity to testify in support of this measure and your support.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: rkawasaki@hhsc.org
Subject: Submitted testimony for SB2949 on Feb 10, 2014 13:30PM
Date: Friday, February 07, 2014 5:43:00 PM

SB2949

Submitted on: 2/7/2014

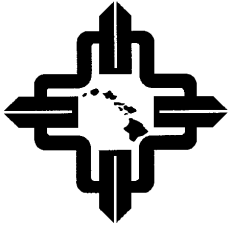
Testimony for HTH/CPN/JDL on Feb 10, 2014 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Richelle Kawasaki	HHSC, Maui Region	Support	No

Comments: RE: TESTIMONY IN SUPPORT OF SB 2949, RELATING TO HHSC Aloha Chair Green, Vice Chair Baker and Members of the Committee: I support S.B. No. 2949, that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation. As an employee of Maui Memorial Medical Center (MMMC) and a resident of Maui, my main concern is the future of health care services on our island. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community. This is an opportunity for MMMC and other HHSC facilities across the state explore sustainability in order to rely less on government subsidies. Most importantly, this will provide for additional opportunities to standardize and improve our clinical practices, thereby improving care to those we serve. It is extremely difficult to attract and retain physician services and this will help us develop into the type of organization that can offer physicians more of what they desire in terms of selecting our Community as the place they practice in. Our aging facilities are constant need of updating and repair in order to provide for the well-being and safety of our employees and patients. Thank you for allowing me to testify. Richelle Kawasaki, Chief of Organizational Development/Assistant Hospital Administrator, HHSC, Maui Region

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HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

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

**Senate Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair**

**Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair**

Monday, February 10, 2014
Conference Room 229
1:30 p.m.
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Testimony Strongly Supporting Senate Bill 2949, Relating to Hawaii Health Systems Corporation. Establishes guidelines for the transition of the Hawaii Health Systems Corporation, a regional system, or a combination of two or more regional systems, into a nonprofit corporation. Proposes certain retirement benefits for employees of the Hawaii Health Systems Corporation who are employees' retirement system members.

Alice M. Hall
Acting President and Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in strong support of Senate Bill 2949, which allows the corporation, a regional system or a combination of two or more regional systems to transition to a nonprofit hospital corporation.

What are the current challenges facing HHSC?

Operating costs for health care facilities continue to rise, while government funding continues to decline, resulting in current losses and adding to future financial

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deficits.

(\$ in millions)	2010	2011	2012	2013
Operating Loss	\$(97.2)	\$(108.2)	\$(138.8)	\$(139.3)
General Fund Subsidy	\$96.7	\$82.0	\$71.9	\$84.6
Net Income (Loss)	\$(0.4)	\$(27.6)	\$(67.7)	\$(53.4)

Factors increasing this gap include:

- Growing expenditures for **infrastructure maintenance and upgrades**, and **health IT improvements** to adhere to new Affordable Care Act requirements;
- Rising costs for **recruitment, retention and training**, which include offering competitive salaries, benefits and collective bargaining;
- **Unfunded bargaining mandates** and liabilities including health fund and retirement systems; and
- **Declining Medicare and State subsidies**, reduced Medicaid and private insurance payments, and effects from the federal budget sequestration; and

What are the current needs of HHSC facilities?

To continue to provide the same level of service and meet Affordable Care Act requirements, **HHSC facilities will require an increase in annual State subsidies**. Immediate needs include an emergency appropriation to cover underfunded collective bargaining raises, decrease in reimbursements from the Federal government, decrease in census (Kauai), and increased technology costs, such as, mandatory change in medical bill coding and electronic health record installations.

In order to maintain the existing level of services at its facilities, **HHSC will need an estimated \$1 billion in capital improvement funds over the next 10 years**. Currently there is only \$40 million available for the entire HHSC system to cover an estimated \$189 million for CIP and life safety needs.

How does this affect HHSC facilities and services?

HHSC's aging facilities are in need of major updating and repair in order to provide for the well-being and safety of our employees and patients. Facility infrastructure and grounds will continue to deteriorate resulting in more costly repairs and increased difficulty with recruiting qualified staff.

Continued and growing losses by community hospitals will inevitably affect services, accessibility and staffing and the ability for HHSC to remain competitive in service quality and cost will be compromised. If not resolved, this may result in **possible facility closures and loss of jobs**, which will negatively impact communities that HHSC facilities serve, especially low income and low income elderly.

What options are available to remedy the situation?

In order to meet funding shortfalls, the HHSC **may need to consider possible reductions in medical services, inventory of supplies and pharmaceuticals, availability of services and/or number of employees.**

Over the decades, the Legislature has reorganized and restructured the HHSC, which has not helped to alleviate budget deficits or current health care concerns. **The only other viable alternative is to explore a public-private partnership** for HHSC facilities to improve quality and the delivery of health care services, as allowed by Act 182 (2009).

Why a private-public partnership?

A public-private partnership will reduce dependence on government subsidies and provide access to private capital. This would help HHSC facilities:

- Broaden access to private capital and services and address physical plant needs;
- Create efficiencies of scale and increased resources;
- Standardize and improve clinical practice through evidence-based guidelines, access to best practices and health information systems which support tracking and monitoring progress;
- Enhance information technology infrastructure;
- Offer private sector compensation packages to attract, retain and integrate qualified medical service personnel; and
- Provide greater access to quality healthcare and lower costs.

Various studies over the years have found that a public/private partnership would save costs and improve the efficiency and cost of the hospital system. For example, the Stroudwater report (January, 2010) found that privatization of the HHSC workforce would save the state approximately \$50,000,000 per year in leave and retirement benefits, alone. In addition, bringing in a private partner would open access to private capital and services.

The legislation being proposed outlines the basic framework for transitioning to a private entity. It sets forth partnership guidelines to ensure that the transition protects employees, the State, and the communities served. It provides for the existing employees by requiring that they be given earned retirement benefits and the same or better compensation as currently in place. A collaborative process is outlined which includes input from the medical staffs, hospital staffs, affected communities, affected boards, the legislature, the attorney general and the director of budget and finance. It requires the promotion and protection of the health care needs of the areas being served. We submit that this is a good plan and presents a valid alternative to either cutting services or increasing subsidies for HHSC.

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

Kenneth T. Ono
Member, Corporate Board of Directors
Hawaii Health Systems Corporation

On behalf of the Corporate Board of Directors of the Hawaii Health Systems Corporation (HHSC), I appreciate the opportunity to present testimony in support of Senate Bill 2949.

This bill will enable HHSC and its regions to begin formal discussions with potential healthcare partners to create public private partnerships.

It is the Corporate Board's number one legislative priority and urge its favorable consideration.

Respectfully submitted,
Kenneth T. Ono
February 9, 2014



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

Senate Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

Monday, February 10, 2014
Conference Room 229
1:30 p.m.
Hawaii State Capitol

Testimony Strongly Supporting Senate Bill 2949, Relating to Hawaii Health Systems Corporation. Establishes guidelines for the transition of the Hawaii Health Systems Corporation, a regional system, or a combination of two or more regional systems, into a nonprofit corporation. Proposes certain retirement benefits for employees of the Hawaii Health Systems Corporation who are employees' retirement system members.

Alistair W Bairos
Chair, West Hawai'i Regional Board, HHSC

On behalf of the West Hawai'i Regional Board of the Hawaii Health Systems Corporation (HHSC), thank you for the opportunity to present testimony in strong support of Senate Bill 2949, which allows the corporation, a regional system or a combination of two or more regional systems to transition to a nonprofit hospital corporation.

Alice M. Hall, Acting President and Chief Executive Officer of HHSC has submitted lengthy testimony detailing the many specific reasons why this bill must move forward as the next step in the evolution of the thirteen facilities encompassing HHSC. HHSC is a large organization providing crucial services to near one-quarter of the state's residents. The initial creation of HHSC and

subsequent readjustments over the years have been essential steps in improving the care delivered by our facilities. The changes envisaged in this current bill are the necessary next step in furthering HHSC's evolution. These changes are absolutely essential as we seek to transform our facilities to meet the current and emerging healthcare needs of the populations we serve.

Enabling the HHSC facilities to pursue a public private partnership with a larger, more robust, highly functioning healthcare system is the only way to achieve the needed economies of scale, access to capital and full integration of best practices that will equitably ensure the populations served continued access to high quality, necessary care.

The West Hawai'i Regional Board of HHSC (Kona and Kohala Hospitals) strongly supports this measure.

Thank you for the opportunity to testify in support of this measure

Mahalo,
Ali Bairos, MD,
Chair, West Hawai'i Regional Board,
HHSC

Testimony of
Wesley Lo
Regional Chief Executive Officer
Maui Memorial Medical Center
on
S.B. 2949
Relating to Hawaii Health Systems Corporation

Joint Senate Committees on Health, Commerce & Consumer Protection and
Judiciary & Labor
Monday, February 10, 2014
1:30 a.m.
Conference Room 229

Aloha Chair Green, Chair Baker, Chair Hee and members of the Committees:

I am testifying in **support of S.B. 2949** that purposes to establish guidelines for the transition of the Hawaii Health System Corporation (HHSC), one or more of the regions of the HHSC into a nonprofit corporation. The passage of this bill is critical to the future delivery and sustainability of quality health care services for the residents of Maui County.

The delivery of healthcare services across the Nation is undergoing a major transformation on all fronts. Here in Hawaii, there also need to be major change to our state's healthcare system as it relates to HHSC. The current structure of HHSC is not sustainable for the long-term delivery of quality health care services for residents, especially those on the Neighbor Islands.

Maui Memorial Medical Center (MMMC) is Hawaii Health Systems Corporation's (HHSC) largest acute care facility and only full-service hospital in Maui County, with one fifth the total inpatient hospital volume in the state. It is also the only hospital in the state with a 24/7 stroke prevention program and only neighbor island hospital that provides comprehensive cardiovascular services. With more than 1,400 employees, including 200 attending physicians, MMMC is one of the largest employers on Maui.

At MMMC our operating costs continue to rise as government funding continues to decline, resulting in current losses and adding to future financial deficits. The factors that are increasing the gap include growing expenditures for infrastructure upgrades and maintenance, and health IT improvements to adhere to Affordable Care Act requirements; rising costs for recruitment, retention and training, including offering competitive salaries, benefits and collective bargaining; unfunded bargaining mandates

and liabilities including health fund and retirement systems; and declining Medicare and State subsidies, reduced Medicaid and private insurance payments, and effects from the federal budget sequestration.

In order to meet funding shortfalls, MMMC is currently working on updating its budget and we may be forced to consider possible reductions in medical services, inventory of supplies and pharmaceuticals, availability of services and/or number of employees.

MMMC's aging facilities are in need of major updating in order to provide for the well-being and safety of our employees and patients. Facility infrastructure and grounds continue to deteriorate resulting in more costly repairs and increased difficulty with recruiting qualified staff. Growing losses by community hospitals will inevitably affect services, accessibility, staffing and the ability for MMMC to remain competitive in quality and costs. If not resolved, this may result in facility closures and loss of jobs, which will negatively impact communities that MMMC serves especially low income and elderly.

Over the decades, MMMC has been reorganized and restructured, which have not helped to alleviate budget deficits or current health care concerns. This also requires additional funding. The only other viable alternative is to explore a private-public partnership option to improve quality and delivery of health care services, per Act 182 (2009).

The 2009 Stroudwater Report, commissioned by the State Legislature, recommended that HHSC focus on efficiencies of scale, expand its expertise and develop a more integrated clinical delivery system that may include engaging a capital-operating partner as the most effective option for the future.

We believe a private-public partnership will reduce our dependence on government subsidies and provide access to private capital. This would help MMMC facilities broaden access to private capital and services and address physical plant needs; create efficiencies of scale and increased resources; standardize and improve clinical practice through evidence-based guidelines, access to best practices and health information systems which support tracking and monitoring progress; enhance information technology infrastructure; offer private sector compensation packages to attract, retain and integrate qualified medical service personnel; and provide greater access to quality healthcare and lower costs.

We are currently in discussions with key stakeholders to determine the best way to address issues that face MMMC and other HHSC facilities across the state, this

includes exploring the option of a public-private partnership. We are working together to come up with options that addresses key issues including clinical services, financial obligations, our labor force and the needs of the community.

This legislation will help us move forward and explore engaging in private public partnership. Our primary focus is to ensure that residents, especially those on the neighbor islands, continue to have access to quality health care services.

We urge you to pass SB 2949. Mahalo for your consideration.



KAUAI REGION
WEST KAUAI MEDICAL CENTER
(DBA KAUAI VETERANS MEMORIAL HOSPITAL AND WAIMEA & PORT ALLEN CLINICS)
MAHELONA MEDICAL CENTER
(DBA SAMUEL MAHELONA MEMORIAL HOSPITAL)
WEST KAUAI CLINIC – KALAHEO

HAWAII HEALTH SYSTEMS CORPORATION

Scott E. McFarland
Interim Regional CEO

Sunday, February 9, 2014

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

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

COMMITTEE ON JUDICIARY AND LABOR
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

Monday, February 10, 2014
1:30PM
Conference Room 229
State Capitol
415 South Beretania Street

Testimony STRONGLY SUPPORTING Senate Bill 2949, Relating to Hawaii Health Systems Corporation. Establishes guidelines for the transition of the Hawaii Health Systems Corporation, a regional system, or a combination of two or more regional systems, into a nonprofit corporation. Proposes certain retirement benefits for employee of the Hawaii Health Systems Corporation who are employees' retirement system members..

Scott E. McFarland
Interim Regional CEO – Hawaii Health Systems Corporation, Kauai Region
West Kauai Medical Center/Kauai Veterans Memorial Hospital
West Kauai Clinics – Waimea, Port Allen, Kalaheo
Mahelona Medical Center/Samuel Mahelona Memorial Hospital

On behalf of the Hawaii Health Systems Corporation (HHSC) Kauai Region Board of Directors, thank you for the opportunity to present testimony in **STRONG SUPPORT** of

KVMH • P.O. BOX 337 • WAIMEA, HAWAII 96796 • PHONE: (808) 338-9431 • FAX: (808) 338-9420

WAIMEA & PORT ALLEN CLINICS, WEST KAUAI CLINIC - KALAHEO
P.O. BOX 669 • WAIMEA, HAWAII 96796 • PHONE: (808) 338-8311 • FAX: (808) 338-0225

MAHELONA • 4800 KAWAIHAU RD. • KAPAA, HAWAII 96746 • PHONE: (808) 822-4961 • FAX: (808) 823-4100

Senate Bill 2949, which allows the corporation, a regional system to transition to a nonprofit hospital organization.

What are the current challenges facing HHSC Kauai Region?

Historically Low In-Patient Hospital Admissions for KVMH and SMMH and Low Long Term Care Census for SMMH. Our Region's two (2) Critical Access Hospitals (CAH) and one (1) of its Licensed Long Term Care Facilities (SMMH) have had persistently low patient and resident censuses since November 2013. The Region is approaching nearly 100 days of this low in-patient hospital census reality which likely means the trend is going to hold for the two (2) HHSC CAHs on the Island. When you “back out” the our Region's Long Term Care Residents (68 in total) from the census, our hospital-based physicians have only been seeing between 45 and 50 patients on a typical day, with nearly half of those patients being seen by the Emergency Department at SMMH which is in close proximity to our Island's densest and largest population base.

This is not necessarily bad news. If fewer people are in need of hospital services, it likely means the overall health of our communities is IMPROVING and is being BETTER managed by Primary Care Providers.

The great news is that our Region's **three (3) Primary Care Clinics** are consistently seeing over **150 patients per day** and over **200 patients on busier days** when colds and flus are prevalent in our neighborhoods. Also on a positive note, both the Region's Emergency Departments (KVMH and SMMH) continue to perform well and be viewed as core medical services that our Kauai Westside and Eastside communities value, appreciate, and expect. The Region's Obstetrics and Gynecology team is strongly performing, and KVMH's Licensed Long Term Care Facility is at maximum resident capacity (20 beds) with a waiting list.

Conversely, SMMH's Licensed Long Term Care Facility (64 beds) has struggled to keep its resident census above 50 given the site's aging physical plant and its institutional, multi-resident (4 to 6 resident patients) room constraints.

The early trend on Kauai appears to be that the Island's Primary Care Physicians are keeping more patients out of the Island's two (2) CAHs with Population Health Management/Patient Centered Medical Homes and are being rewarded with the Quality Payments and Capitated Payments that accompany these patient management strategies. This is actually a really good thing...and an underlying purpose to the Affordable Care Act (Obama Care). Our Region's HHSC-employed Primary Care Physicians are having much early success with Population Health Management approaches.

Long story short...the Fee For Service “heads in hospital beds” model of the past is quickly going away...especially for Kauai's HHSC-owned and operated CAHs. There are encouraging early indications that Population Health Management, Accountable Care Organizations, and Patient-Centered Medical Homes are performing well on Kauai. The Region is taking this new “low census” reality and Population Health Management into consideration as it develops its new Living Strategic Plan as it promised it would during last

November's testimony for the \$7.3 million Emergency Appropriation for which the Kauai Region is especially grateful.

I can report today that the Region's new Living Strategic Plan is nearly complete and does include specific strategies for partnering with other Hawaii-based health and medical providers. In order for those mission-critical Strategies to be efficiently and properly realized, it will require the passage of Senate Bill 2949 or alternate legislative vehicle of a similar nature. The Region's stakeholders look forward sharing our new Living Strategic Plan with Hawaii's Legislative and Executive Branches in the days ahead.

Also impacting the Kauai Region are the modern realities that **operating costs for health care facilities continue to rise, while government funding continues to decline**, resulting in current losses and adding to future financial deficits. Factors increasing this gap include:

- Growing expenditures for **infrastructure maintenance and upgrades**, and **health IT improvements** to adhere to new Affordable Care Act requirements;
- Rising costs for **recruitment, retention and training**, which include offering competitive salaries, benefits and collective bargaining;
- **Unfunded bargaining mandates** and liabilities including health fund and retirement systems; and
- **Declining Medicare and State subsidies**, reduced Medicaid and private insurance payments, and effects from the federal budget sequestration.

What are the current needs of HHSC facilities Statewide?

To continue to provide the same level of service and meet Affordable Care Act requirements, **HHSC facilities will require an increase in annual State subsidies**. Immediate needs include an emergency appropriation to cover underfunded collective bargaining raises, decrease in reimbursements from the Federal government, decrease in census (Kauai), and increased technology costs, such as, mandatory change in medical bill coding and electronic health record installations.

In order to maintain the existing level of services at its facilities, **HHSC will need an estimated \$1 billion in capital improvement funds over the next 10 years**. Currently there is only \$40 million available for the entire HHSC system to cover an estimated \$189 million for CIP and life safety needs.

How does this affect HHSC Kauai Region facilities, services, and people?

The Kauai Region's aging facilities are in need of major updating and repair in order to provide for the well-being and safety of our employees and patients. Samuel Mahelona Memorial Hospital is nearly 100 years old, and the facility's infrastructure and grounds will continue to deteriorate resulting in more costly repairs and increased difficulty with recruiting qualified staff.

Continued and growing losses by our Region's two (2) Critical Access Hospitals with Emergency Departments, three (3) Primary Care Clinics, the Island's only (1) In-Patient Psychiatric and Behavioral Health Services Unit, and two (2) Licensed Long Term Care Facilities will inevitably affect services, accessibility and staffing and the ability for HHSC Kauai Region to remain competitive in service quality and cost will be compromised. If not resolved, this may result in **possible facility closures and loss of jobs**, which will negatively impact communities that our Region's facilities serve, especially low income and low income elderly.

What options are available to remedy the situation?

In order to meet funding shortfalls, the HHSC Kauai Region **may need to consider possible reductions in medical services, inventory of supplies and pharmaceuticals, availability of services and/or number of employees.**

Over the decades, the Legislature has reorganized and restructured the HHSC, which has not helped to alleviate budget deficits or current healthcare concerns. **The only other viable alternative is to explore a public-private partnership** for HHSC facilities, including the those in the Kauai Region, to improve quality and the delivery of health care services, as allowed by Act 182 (2009).

Why a private-public partnership?

A public-private partnership will reduce dependence on government subsidies and provide access to private capital. This would help HHSC Kauai Region facilities:

- Broaden access to private capital and services and address physical plant needs;
- Create efficiencies of scale and increased resources;
- Standardize and improve clinical practice through evidence-based guidelines, access to best practices and health information systems which support tracking and monitoring progress;
- Enhance information technology infrastructure;
- Offer private sector compensation packages to attract, retain and integrate qualified medical service personnel; and
- Provide greater access to quality healthcare and lower costs.

Various studies over the years have found that a public/private partnership would save costs and improve the efficiency and cost of the hospital system. For example, the Stroudwater report (January, 2010) found that privatization of the HHSC workforce would save the State

approximately \$50,000,000 per year in leave and retirement benefits, alone. In addition, bringing in a private partner would open access to private capital and services.

The legislation being proposed outlines the basic framework for transitioning to a private entity. It sets forth partnership guidelines to ensure that the transition protects employees, the State, and the communities served. It provides for the existing employees by requiring that they be given earned retirement benefits and the same or better compensation as currently in place. A collaborative process is outlined which includes input from the medical staffs, hospital staffs, affected communities, affected boards, the legislature, the attorney general and the director of budget and finance. It requires the promotion and protection of the healthcare needs of the areas being served. We submit that this is a good plan and presents a valid alternative to either cutting services or increasing subsidies for HHSC Kauai Region.

Thank you for the opportunity to testify in **STRONG SUPPORT** of this measure.

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

RE: TESTIMONY IN SUPPORT OF SB2949 RELATING TO HHSC

Aloha Chair Green, Vice Chair Baker and Member of the Committee:

My name is Howard N. Ainsley, East Hawaii Regional CEO, Hawaii Health Systems Corporation (HHSC), and I'm in strong support of **SB2949** that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As Chief Executive Officer of Hilo Medical Center (HMC) and East Hawaii Regional CEO for HHSC and a resident of Hawaii Island, my main concern is the future of health care services on our island. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community.

While the exploration of a Public-Private Partnership (PPP) may make many nervous, I believe this is a great opportunity for HMC and other HHSC facilities across the state to become sustainable and rely less on government subsidies. It would also broaden access to private capital and services, create efficiencies of scale, standardize and improve our clinical practice, enhance information technology infrastructure, and allow us to offer private sector compensation packages to attract, retain and integrate qualified medical services personnel.

The shortage of physicians on the neighbor islands is growing with critical services in jeopardy due to the loss of physicians from retirement or other circumstances. In order to fill these gaps, it will take investments in physicians and infrastructure. Without new sources of funding and capital improvements, it will be increasingly difficult to fill these service providers and we will end up with less than the standard of care on Hawaii Island.

Our aging facilities are also in desperate need of major updating and repair in order to provide for the well-being and safety of our employees and patients. They will continue to deteriorate resulting in more costly repairs. And it will make it even more challenging for us to recruit and retain qualified medical staff. At last tally, the estimated deferred maintenance cost of HHCS facilities is \$1 billion over the next years. We need to find a solution.

I urge you to pass this legislation that will allow us to explore the option of a public-private partnership.

Thank you.

Howard N. Ainsley
East Hawaii Regional CEO
Hawaii Health Systems Corporation

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

**Senate Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair**

**Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair**

Monday, February 10, 2014
Conference Room 229
1:30 p.m.
Hawaii State Capitol

Testimony Strongly Supporting Senate Bill 2949, Relating to Hawaii Health Systems Corporation. Establishes guidelines for the transition of the Hawaii Health Systems Corporation, a regional system, or a combination of two or more regional systems, into a nonprofit corporation. Proposes certain retirement benefits for employees of the Hawaii Health Systems Corporation who are employees' retirement system members.

By
Christine Beck APRN

As a member East Hawaii Regional Board of HHSC, an APRN, nurse educator, and community member, I thank you for the opportunity to present testimony in strong support of Senate Bill 2949, which allows the corporation, a regional system or a combination of two or more regional systems to transition to a nonprofit hospital corporation.

Various studies over the years have found that a public/private partnership would save costs and improve the efficiency and cost of the hospital system. In addition, bringing in a private partner would open access to private capital and services.

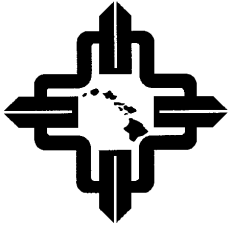
The legislation being proposed outlines the basic framework for transitioning to a private entity. It sets forth partnership guidelines to ensure that the transition protects employees, the State, and the communities served. It provides for the existing employees by requiring that they be given earned retirement benefits and the same or better compensation as currently in place. In addition, this transition would support initiatives to enhance the professionalism of nurses and other non-physician health professionals. A collaborative process is outlined which includes input from the medical staff, hospital staffs, affected communities, affected boards, the legislature, the attorney general and the director of budget and finance. It requires the promotion and protection

of the health care needs of the areas being served. I submit that this is a good plan and presents a valid alternative to either cutting services or increasing subsidies for HHSC.

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

Christine Beck MSN/MA, APRN, PHCNS-BC, FNP-BC, CTN

Assistant Professor-Nursing
University of Hawaii at Hilo SON
Lecturer: UH Manoa SONDH
200 W. Kawili St.
Hilo, Hawaii, 96720
Work cell: [808-756-0607](tel:808-756-0607)
Office Phone: [808-932-7071](tel:808-932-7071)



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

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

Senate Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair
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Monday, February 10, 2014
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Testimony Strongly Supporting Senate Bill 2949, Relating to Hawaii Health Systems Corporation. Establishes guidelines for the transition of the Hawaii Health Systems Corporation, a regional system, or a combination of two or more regional systems, into a nonprofit corporation. Proposes certain retirement benefits for employees of the Hawaii Health Systems Corporation who are employees' retirement system members.

Kurt Corbin
Board Member
Hawaii Health Systems Corporation
East Hawaii Region

On behalf of East Hawaii Region (Hilo Medical Center, Ka'u Hospital, and Hale Ho'ola Hamakua) Regional Board of Directors, thank you for the opportunity to present testimony in strong support of Senate Bill 2949, that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit hospital corporation.

As a member of the East Hawaii Regional Board and a resident of Hawaii Island, my main concern is the future of health care services on our island. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community.

While the exploration of a Public-Private Partnership (PPP) may make many nervous, I believe this is a great opportunity for the East Hawaii Region and other HHSC facilities across the state to become sustainable and rely less on government subsidies. It would also broaden access to private capital and services, create efficiencies of scale, standardize and improve our clinical practice, enhance information

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

technology infrastructure, and allow us to offer private sector compensation packages to attract, retain and integrate qualified medical services personnel.

Operating costs for health care facilities continue to rise, while government funding continues to decline, resulting in current losses and adding to future financial deficits.

Factors increasing this gap include:

- Growing expenditures for infrastructure maintenance and upgrades, and health IT improvements to adhere to new Affordable Care Act requirements;
- Rising costs for recruitment, retention and training, which include offering competitive salaries, benefits and collective bargaining;
- Unfunded bargaining mandates and liabilities including health fund and retirement systems; and
- Declining Medicare and State subsidies, reduced Medicaid and private insurance payments, and effects from the federal budget sequestration; and

In order to maintain the existing level of services, HHSC will need an estimated \$1 billion in capital improvement funds over the next 10 years. Currently there is only \$40 million available for the entire HHSC system to cover an estimated \$189 million for CIP and life safety needs.

HHSC's aging facilities are in need of major updating and repair in order to provide for the well-being and safety of our employees and patients. Facility infrastructure and grounds will continue to deteriorate resulting in more costly repairs and increased difficulty with recruiting qualified staff.

Continued and growing losses by HHSC hospitals will inevitably affect services, accessibility, and staffing and the ability for HHSC to provide quality care and basic medical services. If not resolved, this may result in possible facility closures and loss of jobs, which will negatively impact communities that HHSC facilities serve.

Over the decades, the Legislature has reorganized and restructured the HHSC, which has not helped to alleviate budget deficits or current health care concerns. The only other viable alternative is to explore a public-private partnership for HHSC facilities to improve quality and the delivery of health care services, as allowed by Act 182 (2009).

A public-private partnership will reduce dependence on government subsidies and provide access to private capital. This would help HHSC facilities:

- Broaden access to private capital and services and address physical plant needs;
- Create efficiencies of scale and increased resources;
- Standardize and improve clinical practice through evidence-based guidelines, access to best practices and health information systems which support tracking and monitoring progress;
- Enhance information technology infrastructure;
- Offer private sector compensation packages to attract, retain and integrate qualified medical service personnel; and
- Provide greater access to quality healthcare and lower costs.

Various studies over the years have found that a public/private partnership would save costs and improve the efficiency and cost of the hospital system. For example, the Stroudwater report (January, 2010) found that privatization of the HHSC workforce would save the state approximately \$50,000,000 per year in leave and retirement benefits, alone. In addition, bringing in a private partner would open access to private capital and services.

The legislation being proposed outlines the basic framework for transitioning to a private entity. It sets forth partnership guidelines to ensure that the transition protects employees, the State, and the communities served. We submit that this is a good plan and presents a valid alternative to either closure of facilities, loss of jobs, or increasing subsidies for HHSC.

Thank you for the opportunity to testify in support of this measure and your support.

Kurt Corbin
PO Box 213
Laupahoehoe, HI 96764

February 9, 2014

February 9, 2014

THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

[COMMITTEE ON HEALTH](#)
Senator Josh Green, Chair
Senator Rosalynn H. Baker, Vice Chair

NOTICE OF HEARING
Monday, February 10, 2014
1:30 p.m.
Conference Room 229

Testimony in support of SB 2949, Relating to HHSC. Establishes guidelines for the transition of HHSC, a regional system or a combination of two or more regional systems into a nonprofit corporation.

On behalf of our East Hawaii Regional Board of Directors, I am submitting testimony in support of SB 2949 which seeks to establish guidelines for the transition of HHSC and one or more regional systems into a nonprofit corporation.

As stakeholders – our community, governmental leaders and policy makers, HHSC and regional systems – have attempted to meet our current needs and prepare for the numerous future healthcare challenges which must be addressed in order to provide quality and accessible healthcare at a sustainable cost. Working together, we have taken internal action at the corporate and regional levels (i.e., electronic medical records, implemented operational efficiencies, electronic cost accounting system, improved care coordination and integration, improved quality metrics and outcomes) to meet our communities' needs. It is not enough and the future, with new challenges, is upon.

We want to continue to provide accessible quality care at an affordable and sustainable cost, and therefore look to external alternatives. Throughout the past several years, we have looked at various care delivery models to meet our current needs and address future issues. SB 2949 provides critical and needed legislation which enables our community to explore and transition into a nonprofit corporation. Furthermore, SB 2949 sets forth governance and operational conditions, accountability, criteria for input, decision making, and monitoring.

We ask for your support of SB 2949. Thank you very much.

Sincerely,

GARY YOSHIYAMA
CHAIRPERSON
HHSC East Hawaii Regional Board

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: riverhag@me.com
Subject: Submitted testimony for SB2949 on Feb 10, 2014 13:30PM
Date: Sunday, February 09, 2014 10:28:08 AM

SB2949

Submitted on: 2/9/2014

Testimony for HTH/CPN/JDL on Feb 10, 2014 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Katt MD, FACEP	Hilo Medical Center, Medical Staff	Support	No

Comments: Senate Committee on Health Senator Josh Green, Chair Senator Rosalyn H. Baker, Vice Chair Senate Committee on Commerce and Consumer Protection Senator Rosalyn H. Baker, Chair Senator Brian T. Taniguchi, Vice Chair Senate Committee on Judiciary and Labor Senator Clayton Hee, Chair Senator Maile S.L. Shimabukuro, Vice Chair Monday, February 10, 2014 Conference Room 229 1:30 p.m. Hawaii State Capitol Testimony Strongly Supporting Senate Bill 2949, Relating to Hawaii Health Systems Corporation. Establishes guidelines for the transition of the Hawaii Health Systems Corporation, a regional system, or a combination of two or more regional systems, into a nonprofit corporation. Proposes certain retirement benefits for employees of the Hawaii Health Systems Corporation who are employees' retirement system members. Kathleen Katt MD, FACEP Chiefess of Staff, Hilo Medical Center East Hawaii Region On behalf of Hilo Medical Center, Medical Staff, thank you for the opportunity to present testimony in strong support of Senate Bill 2949, that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit hospital corporation. The Medical Staff of Hilo Medical Center are concerned about the future of health care services on our island. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community. While the exploration of a Public-Private Partnership (PPP) may make many nervous, We believe this is a great opportunity for the East Hawaii Region and other HHSC facilities across the state to become sustainable and rely less on government subsidies. It would also broaden access to private capital and services, create efficiencies of scale, standardize and improve our clinical practice, enhance information technology infrastructure, and allow us to offer private sector compensation packages to attract, retain and integrate qualified medical services personnel. Operating costs for health care facilities continue to rise, while government funding continues to decline, resulting in current losses and adding to future financial deficits. Factors increasing this gap include: Growing expenditures for infrastructure maintenance and upgrades, and health IT improvements to adhere to new Affordable Care Act requirements; Rising costs for recruitment, retention and training, which include offering competitive salaries, benefits and collective

bargaining; Unfunded bargaining mandates and liabilities including health fund and retirement systems; and Declining Medicare and State subsidies, reduced Medicaid and private insurance payments, and effects from the federal budget sequestration; and In order to maintain the existing level of services, HHSC will need an estimated \$1 billion in capital improvement funds over the next 10 years. Currently there is only \$40 million available for the entire HHSC system to cover an estimated \$189 million for CIP and life safety needs. HHSC's aging facilities are in need of major updating and repair in order to provide for the well-being and safety of our employees and patients. Facility infrastructure and grounds will continue to deteriorate resulting in more costly repairs and increased difficulty with recruiting qualified staff. Continued and growing losses by HHSC hospitals will inevitably affect services, accessibility, and staffing and the ability for HHSC to provide quality care and basic medical services. If not resolved, this may result in possible facility closures and loss of jobs, which will negatively impact communities that HHSC facilities serve. Over the decades, the Legislature has reorganized and restructured the HHSC, which has not helped to alleviate budget deficits or current health care concerns. The only other viable alternative is to explore a public-private partnership for HHSC facilities to improve quality and the delivery of health care services, as allowed by Act 182 (2009). A public-private partnership will reduce dependence on government subsidies and provide access to private capital. This would help HHSC facilities:

- Broaden access to private capital and services and address physical plant needs;
- Create efficiencies of scale and increased resources;
- Standardize and improve clinical practice through evidence-based guidelines, access to best practices and health information systems which support tracking and monitoring progress;
- Enhance information technology infrastructure;
- Offer private sector compensation packages to attract, retain and integrate qualified medical service personnel; and
- Provide greater access to quality healthcare and lower costs.

Various studies over the years have found that a public/private partnership would save costs and improve the efficiency and cost of the hospital system. For example, the Stroudwater report (January, 2010) found that privatization of the HHSC workforce would save the state approximately \$50,000,000 per year in leave and retirement benefits, alone. In addition, bringing in a private partner would open access to private capital and services. The legislation being proposed outlines the basic framework for transitioning to a private entity. It sets forth partnership guidelines to ensure that the transition protects employees, the State, and the communities served. We submit that this is a good plan and presents a valid alternative to either closure of facilities, loss of jobs, or increasing subsidies for HHSC. Thank you for the opportunity to testify in support of this measure and your support.

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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COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

Monday, February 10, 2014

1:30 PM.

State Capitol, Room 229

RE: TESTIMONY IN SUPPORT OF SB 2949, RELATING TO HHSC

Aloha Chair Green, Vice Chair Baker and Member of the Committee:

My name is James W. Jones, MD, Maui Nephrology and I'm in strong support of S.B. No. 2949. This bill seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As a medical doctor serving Maui Memorial Medical Center (MMMC) and a resident of Maui, my main concern is the future of health care services on our island. MMMC is HHSC's largest acute care facility and only full-service hospital in Maui County. We are the only hospital in the state with a 24/7 stroke treatment program, the only neighbor island hospital that provides comprehensive cardiovascular services and the only neighbor island hospital with a Trauma Center designation. Currently, we have over 1,400 employees, including 200 attending physicians, making MMMC one of the largest employers on Maui.

I support this legislation because we need a solution that will help MMMC, as well other HHSC facilities across the state, become sustainable, rely less on government subsidies and expand services to address the current and future health care needs of our communities.

When operating revenues are not enough to cover expenses, we have a problem. And if nothing changes, we will be forced to make tough decisions that will compromise the delivery of health care services in Maui County and jeopardize the well-being of our residents and visitors.

On behalf of my colleagues at MMMC and my friends and family on Maui, I urge you to pass this legislation that will allow us to explore the option of a public-private partnership. I am, however, concerned that the transition boards are given unqualified powers, which does not guarantee appropriate input from all community stakeholders. I would recommend modifying the bill, by adding "after appropriate input from medical staff, hospital staff and community stakeholders" prior to each empowerment clause. This ensures that the stakeholders have a voice in the choice. **I will actively oppose any bill that does not ensure local decision making with a future partner.** This is a good opportunity for us and we need your help to move forward.

Sincerely,

James W. Jones, MD

From: [Mike Middlesworth](#)
To: [CPN Testimony](#); [HTHTestimony](#); [JDLTestimony](#)
Subject: *****SPAM***** Senate Bill 2949
Date: Sunday, February 09, 2014 10:43:25 AM

As a member of the East Hawaii Regional Board, Hawaii Health Systems Corporation, I strongly support and urge passage of Senate Bill 2949.

If enacted, this measure would let the state get out of the money-losing hospital business.

Aloha,
Mike Middlesworth
Hilo

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: ted@peskin.net
Subject: Submitted testimony for SB2949 on Feb 10, 2014 13:30PM
Date: Sunday, February 09, 2014 10:21:14 AM

SB2949

Submitted on: 2/9/2014

Testimony for HTH/CPN/JDL on Feb 10, 2014 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
edward peskin,MD	Individual	Support	No

Comments: I strongly support this bill. It is essential in improving the quality of care in Hawaii, especially to our most vulnerable residents.

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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COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

RE: TESTIMONY IN SUPPORT OF SB2949, RELATING TO HHSC

Dear Chair Green, Vice Chair Baker and Members of the Committee:

My name is Leslie Chun, Chief of Clinical and Medical Affairs at MMMC and I'm in strong support of SB2949, that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As a physician and member of the Executive Team of Maui Memorial Medical Center (MMMC) and a resident of Maui, my main concern is the future of health care services on our island. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community.

While the exploration of a Public-Private Partnership (PPP) may make many nervous, I believe this is a great opportunity for MMMC and other HHSC facilities across the state to become sustainable and rely less on government subsidies. It would also broaden access to private capital and services, create efficiencies of scale, standardize and improve our clinical practice, enhance information technology infrastructure, and allow us to offer private sector compensation packages to attract, retain and integrate qualified medical services personnel.

The shortage of physicians on the neighbor islands is growing with critical services in jeopardy due to the loss of physicians from retirement or other circumstances. In order to fill these gaps, it will take investments in physicians and infrastructure. Without new sources of funding and capital improvements, it will be increasingly difficult to fill these service providers and we will end up with less than the standard of care on Maui.

Our aging facilities are also in desperate need of major updating and repair in order to provide for the well-being and safety of our employees and patients. They will continue to deteriorate resulting in more costly repairs. And it will make it even more challenging for us to recruit and retain qualified medical staff. At last tally, the estimated deferred maintenance cost of HHCS facilities is \$1 billion over the next years. We need to find a solution.

I urge you to pass this legislation that will allow us to explore the option of a public-private partnership.

Thank you.

COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

Monday, February 10, 2014

1:30 PM.

State Capitol, Room 229

RE: TESTIMONY IN SUPPORT OF SB 2949, RELATING TO HHSC

Aloha Chair Green, Vice Chair Baker and Member of the Committee:

My name is Dr. Constantin Novoselsky, and I'm in strong support of S.B. No. 2949, that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As a medical doctor of Maui Memorial Medical Center (MMMC) and a resident of Maui, my main concern is the future of health care services on our island. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community.

While the exploration of a Public-Private Partnership (PPP) may make many nervous, I believe this is a great opportunity for MMMC and other HHSC facilities across the state to become sustainable and rely less on government subsidies. It would also broaden access to private capital and services, create efficiencies of scale, standardize and improve our clinical practice, enhance information technology infrastructure, and allow us to offer private sector compensation packages to attract, retain and integrate qualified medical services personnel.

The shortage of physicians on the neighbor islands is growing with critical services in jeopardy due to the loss of physicians from retirement or other circumstances. In order to fill these gaps, it will take investments in physicians and infrastructure. Without new sources of funding and capital improvements, it will be increasingly difficult to fill these service providers resulting in a decline in services and quality.

Our aging facilities are in need of major updating and repair in order to provide for the safety of our employees and patients. They will continue to deteriorate resulting in more costly repairs. Suboptimal facilities make it more challenging for us to recruit and retain healthcare staff. At last tally, the estimated deferred maintenance cost of HHCS facilities is \$1 billion over the next years. We need to find a solution.

I urge you to pass this legislation that will allow us the option of a public-private partnership. I am, however, concerned that the transition boards are given unqualified powers which does not guarantee appropriate input from all community stakeholders. I would recommend modifying the bill, by adding "after appropriate input from medical staff, hospital staff and community stakeholders" prior to each empowerment clause. This ensures that the stakeholders have a voice in the choice.

Thank you.



Constantin Novoselsky, MD

MMG Hospitalist Director

cnovoselsky@gmail.com

c. 718 759 7001

2/8/2014

COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

Monday, February 10, 2014

1:15 PM

State Capitol, Room 229

RE: TESTIMONY IN SUPPORT OF SB 3064, RELATING TO HHSC

Aloha Chair Green, Vice Chair Baker and Members of the Committee:

My name is Colleen F. Inouye, MD, Vice-Chief of Staff of MMMC, and I'm in strong support of the intent of S.B. No. 3064, that seeks to establish a process for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As a physician at Maui Memorial Medical Center (MMMC) and a resident of Maui for 29 years, my main concern is the future of health care services on our island. MMMC is HHSC's largest acute care facility and only full-service hospital in Maui County. We are the only hospital in the state with a 24/7 stroke treatment program, the only neighbor island hospital that provides comprehensive cardiovascular services and the only neighbor island hospital with a Trauma Center designation. Currently, we have over 1,400 employees, including 200 attending physicians, making MMMC one of the largest employers on Maui.

I support this legislation because we need a solution that will help MMMC, as well other HHSC facilities across the state, become sustainable, rely less on government subsidies and expand services to address the current and future health care needs of our communities.

When operating revenues are not enough to cover expenses, we have a problem. And if nothing changes, we will be forced to make tough decisions that will compromise the delivery of health care services in Maui County and jeopardize the well-being of our residents and visitors.

On behalf of my colleagues at MMMC and my friends and family on Maui, I urge you to pass legislation that will allow us the option of a public-private partnership. However, it is important that all of the community stakeholders have a voice in the choice.

Thank you.



COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

Monday, February 10, 2014

1:30 PM.

State Capitol, Room 229

RE: TESTIMONY IN SUPPORT OF SB 2949, RELATING TO HHSC

Aloha Chair Green, Vice Chair Baker and Members of the Committee:

My name is Colleen F. Inouye, MD, Vice-Chief of Staff at MMMC, and I'm in strong support of S.B. No. 2949, that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As a physician at Maui Memorial Medical Center (MMMC) and a resident of Maui for 29 years, my main concern is the future of health care services on our island. MMMC is HHSC's largest acute care facility and only full-service hospital in Maui County. We are the only hospital in the state with a 24/7 stroke treatment program, the only neighbor island hospital that provides comprehensive cardiovascular services and the only neighbor island hospital with a Trauma Center designation. Currently, we have over 1,400 employees, including 200 attending physicians, making MMMC one of the largest employers on Maui.

I support this legislation because we need a solution that will help MMMC, as well other HHSC facilities across the state, become sustainable, rely less on government subsidies and expand services to address the current and future health care needs of our communities.

When operating revenues are not enough to cover expenses, we have a problem. And if nothing changes, we will be forced to make tough decisions that will compromise the delivery of health care services in Maui County and jeopardize the well-being of our residents and visitors.

On behalf of my colleagues at MMMC and my friends and family on Maui, I urge you to pass this legislation that will allow us to explore the option of a public-private partnership. I am, however, concerned that the transition boards are given unqualified powers which does not guarantee appropriate input from all community stakeholders. I would recommend modifying the bill, by adding "after appropriate input from medical staff, hospital staff and community stakeholders" prior to each empowerment clause. This ensures that the stakeholders have a voice in the choice. This is a good opportunity for us and we need your help to move forward.

Thank you.



COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

RE: TESTIMONY IN SUPPORT OF SB 2949, RELATING TO HHSC

Aloha Chair Green, Vice Chair Baker and Member of the Committee:

My name is Gina Flammer, Vice President of the HHSC Maui Regional Board of Directors, and I'm in strong support of S.B. No. 2949, that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As a community member entrusted with the oversight and future of Maui Memorial Medical Center (MMMC) and a resident of Maui, my main concern is the future of health care services on our island. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community.

I understand that the exploration of a Public-Private Partnership (PPP) may make many nervous, I believe this is a great opportunity for MMMC and other HHSC facilities across the state to become sustainable and rely less on government subsidies. It would also broaden access to private capital and services, create efficiencies of scale, standardize and improve our clinical practice, enhance information technology infrastructure, and allow us to offer private sector compensation packages to attract, retain and integrate qualified medical services personnel.

The shortage of physicians on the neighbor islands is growing with critical services in jeopardy due to the loss of physicians from retirement or other circumstances. In order to fill these gaps, it will take investments in physicians and infrastructure. Without new sources of funding and capital improvements, it will be increasingly difficult to fill these service providers and we will end up with less than the standard of care on Maui.

Our aging facilities are also in desperate need of major updating and repair in order to provide for the well-being and safety of our employees and patients. They will continue to deteriorate resulting in more costly repairs. And it will make it even more challenging for us to recruit and retain qualified medical staff. At last tally, the estimated deferred maintenance cost of HHCS facilities is \$1 billion over the next years. We need to find a solution.

I urge you to pass this legislation that will allow us to explore the option of a public-private partnership. Our community needs this.

Thank you,
Gina Flammer

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: psgegen@hotmail.com
Subject: Submitted testimony for SB2949 on Feb 10, 2014 13:30PM
Date: Saturday, February 08, 2014 10:29:56 PM

SB2949

Submitted on: 2/8/2014

Testimony for HTH/CPN/JDL on Feb 10, 2014 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
pat gegen	Individual	Support	No

Comments: Please support the transitional requirements to improve health care delivery while protecting our state employees.

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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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: sherieiko@hawaiiantel.net
Subject: Submitted testimony for SB2949 on Feb 10, 2014 13:30PM
Date: Saturday, February 08, 2014 7:17:42 PM

SB2949

Submitted on: 2/8/2014

Testimony for HTH/CPN/JDL on Feb 10, 2014 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
sheri yamaguchi	Individual	Support	No

Comments: Dear Senator Green and Senator Baker I am in Support of SB 2949 that seeks to establish guidelines for the transition of one or more regions of the HHSC into a nonprofit Corporation. Please support this measure. Thank you Sheri Yamaguchi

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COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

Monday, February 10, 2014

RE: TESTIMONY IN SUPPORT OF SB 2949, RELATING TO HHSC

Aloha Chair Green, Vice Chair Baker and Member of the Committee:

My name is Nick Hughey and I'm in strong support of S.B. No. 2949 that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As an employee of Hawaii Health Systems-Maui Region and a resident of Maui, my main concern is the future of health care services on our island. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community.

I believe the exploration of Private-Public Partnership (PPP) is a great opportunity for MMMC and other HHSC facilities across the state to become sustainable and rely less on government subsidies. It would also broaden access to private capital and services, create efficiencies of scale, standardize and improve our clinical practice, enhance information technology infrastructure, and allow us to offer private sector compensation packages to attract, retain and integrate qualified staff and medical services personnel.

The shortage of physicians on the neighbor islands is growing with critical services in jeopardy due to the loss of physicians from retirement or other circumstances. In order to fill these gaps, it will take investments in physicians and infrastructure. Without new sources of funding and capital improvements, it will be increasingly difficult to fill these service providers and we will end up with less than the standard of care on Maui.

Our aging facilities are also in desperate need of major updating and repair in order to provide for the well-being and safety of our employees and patients. They will continue to deteriorate resulting in more costly repairs. And it will make it even more challenging for us to recruit and retain qualified medical staff. At last tally, the estimated deferred maintenance cost of HHCS facilities is \$1 billion over the next years. We need to find a solution.

I urge you to pass this legislation that will allow us to explore the option of a public-private partnership.

Mahalo,

Nick Hughey

MELVIN D. BURTON, MD, D,ABSM, Maui Chest Medicine, 380 Huku Lii 204, Kihei, HI 96753

COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

Monday, February 10, 2014

1:30 PM

State Capitol, Conference Room 229

RE: TESTIMONY IN SUPPORT OF SB 2949, RELATING TO HHSC

Greetings Chair Green, Vice Chair Baker and Member of the Committee:

My name is Melvin D. Burton, MD / Chief of Staff (MMMC), and I'm in strong support of S.B. No. 2949, that seeks to establish guidelines for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As a medical doctor of Maui Memorial Medical Center (MMMC) and a resident of Maui, one of my main concerns is the future of quality health care services on our island. MMMC is HHSC's largest acute care facility and only full-service hospital in Maui County. We are the only hospital in the state with a 24/7 stroke treatment program, the only neighbor island hospital that provides comprehensive cardiovascular services and the only neighbor island hospital with a Trauma Center designation with neurosurgical and neurocritical care support. Currently, we have over 1,400 employees, including 200 attending physicians, making MMMC one of the largest employers on Maui.

I support this legislation because we need a solution that will help MMMC, as well other HHSC facilities across the state, become sustainable, rely less on government subsidies and expand services to address the current and future health care needs of our communities.

When operating revenues are not enough to cover expenses, we have a problem. And if nothing changes, we will be forced to make tough decisions that will compromise the delivery of health care services in Maui County and jeopardize the well-being of our residents and visitors.

On behalf of my colleagues at MMMC and my friends and family on Maui, I urge you to pass this legislation that will allow us the option of a public-private partnership. I am, however, concerned that the transition boards are given unqualified powers which does not guarantee appropriate input from all community stakeholders. I would recommend modifying the bill, by adding "after appropriate input from medical staff, hospital staff and community stakeholders" prior to each empowerment clause. This ensures that the **stakeholders have a voice in the choice**. This is a good opportunity for us and we need your help to move forward.

Sincerely,

Melvin D. Burton, MD (electronically authenticated by mdburton 2/8/14)

Certifications in Pulmonary Diseases, Sleep Medicine, Critical Care and NeuroCritical Care

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: cliffw001@gmail.com
Subject: Submitted testimony for SB2949 on Feb 10, 2014 13:30PM
Date: Saturday, February 08, 2014 2:30:18 PM

SB2949

Submitted on: 2/8/2014

Testimony for HTH/CPN/JDL on Feb 10, 2014 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
William R. Cliff	Individual	Comments Only	No

Comments: The state system (HHSC) is once again facing a financial crisis. The causes are well known but B2949 or a similar bill is required for HHSC and/or the regions to be able to begin a process that may lead to a long term solution. We do not have time for further studies and or blue ribbon panels. Legislation allowing the HHSC entities to begin good faith negotiations is needed NOW.

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: cvancamp3@hawaii.rr.com
Subject: Submitted testimony for SB2949 on Feb 10, 2014 13:30PM
Date: Friday, February 07, 2014 8:40:02 PM

SB2949

Submitted on: 2/7/2014

Testimony for HTH/CPN/JDL on Feb 10, 2014 13:30PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Carol A. VanCamp	Individual	Support	No

Comments: Our island healthcare facilities are struggling to overcome financial difficulties and limited resources. The ability to partner with other healthcare providers will enable our facilities to be successful.

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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