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**Testimony Supporting the Intent of
SB 3064 Relating to Hawaii Health Systems Corporation**

**SENATE HEALTH COMMITTEE
Sen. Josh Green, Chair
Sen. Rosalyn Baker, Vice Chair**

**February 10, 2014
1:15 p.m. Room 229**

Chair Green, Vice-Chair Baker and members of the Senate Health Committee, thank you for hearing SB 3064 Relating to the Hawaii Health Systems Corporation (HHSC).

The Office of the Governor **supports the intent** of SB 3064 to allow the transition of HHSC to a nonprofit hospital corporation incorporated in the State before January 1, 2000. At this time, we are not commenting on specific language within the bill, but we are carefully evaluating the proposal because we feel that this is an important discussion to have. Therefore, we respectfully request that the bill be passed to ensure further discussion on this as a work in progress.

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.

The 2009 Stroudwater Report, commissioned by the 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 are mindful that there needs to be a balance between the various interests of the state, community, employees, and labor to provide health services in the community. SB 3064 allows for a transition to be negotiated between public and private interests and is a necessary step to insure the future of HHSC.

Thank you for this opportunity to provide testimony in support of SB 3064.



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

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

Monday, February 10, 2014
Conference Room 229
1:15 p.m.
Hawaii State Capitol
415 South Beretania Street

Testimony STRONGLY SUPPORTING Senate Bill 3064, Relating to Hawaii Health Systems Corporation. Allows for the transition of the Hawaii Health Systems Corporation, a regional system, to a nonprofit hospital corporation incorporated in Hawaii before January 1, 2000. Requires the nonprofit hospital corporation to maintain equivalent services in acquired regions for no less than five years. Requires the State to continue to meet all financial obligations to public employees, including all benefits, pensions, and other financial obligations negotiated with public employees' unions before the effective date of this measure.

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 Senate Bill 3064, 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

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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 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 3064 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.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: riverhag@me.com
Subject: Submitted testimony for SB3064 on Feb 10, 2014 13:15PM
Date: Sunday, February 09, 2014 10:32:15 AM

SB3064

Submitted on: 2/9/2014

Testimony for HTH on Feb 10, 2014 13:15PM 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 Monday, February 10, 2014 Conference Room 229 1:15 p.m. Hawaii State Capitol Testimony Strongly Supporting Senate Bill 3064, Relating to Hawaii Health Systems Corporation. Allows for the transition of the Hawaii Health Systems Corporation , a regional system, to a nonprofit hospital corporation incorporated in Hawaii before January 1, 2000. Requires the nonprofit hospital corporation to maintain equivalent services in acquired regions for no less than five years. Requires the State to continue to meet all financial obligations to public employees, including all benefits, pensions, and other financial obligations negotiated with public employees' unions before the effective date of this measure. 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 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. The Medical Staff of Hilo Medical Center is 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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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: rkawasaki@hhsc.org
Subject: Submitted testimony for SB3064 on Feb 10, 2014 13:15PM
Date: Friday, February 07, 2014 5:48:47 PM

SB3064

Submitted on: 2/7/2014

Testimony for HTH on Feb 10, 2014 13:15PM 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. 3064, that allows for the transition of regional systems of the Hawaii Health Systems Corporation to 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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"Health care that is safe, health care that works, and health care that leaves no one behind"

RE: TESTIMONY IN SUPPORT OF SB3064 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 SB3064 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



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**

Monday, February 10, 2014
Conference Room 229
1:15 p.m.
Hawaii State Capitol

Testimony Strongly Supporting Senate Bill 3064, Relating to Hawaii Health Systems Corporation. Allows for the transition of the Hawaii Health Systems Corporation, a regional system, to a nonprofit hospital corporation incorporated in Hawaii before January 1, 2000. Requires the nonprofit hospital corporation to maintain equivalent services in acquired regions for no less than five years. Requires the State to continue to meet all financial obligations to public employees, including all benefits, pensions, and other financial obligations negotiated with public employees' unions before the effective date of this measure.

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 3064, which allows the transition of the Hawaii Health Systems Corporation, a regional system, to a nonprofit hospital corporation incorporated in Hawaii.

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 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)

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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.

Testimony of
Wesley Lo
Regional Chief Executive Officer
Maui Memorial Medical Center
on
S.B. 3064
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. 3064 with Amendments** 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

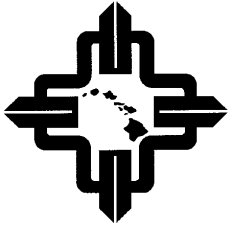
includes exploring the option of a public-private partnership. We are working together to come up with options that addresses key issues including clinical services, financial obligations, our labor force and the needs of the community.

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 support S.B. 3064 and recommend amending the bill as follows:

- Delete the requirement that a nonprofit hospital corporation be incorporated in Hawaii before January 1, 2000
- Provide for regional decision making including all regional stakeholders.
- Provide language to ensure continued access to Quality Services
- Provide that any partnership would provide fair/competitive wages and benefits for staff

Mahalo for your consideration.



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
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Name

***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. The state must also meet the financial obligations of our present employees to facilitate this 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 infrastructure and grounds will continue to deteriorate resulting in more costly repairs and increased difficulty with recruiting qualified staff.

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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.

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
1:15 p.m.
Conference Room 229

**Testimony in support of SB 3064, Relating to HHSC. Allows for the transition of
HHSC, a regional system , to a nonprofit hospital corporation.**

On behalf of our East Hawaii Regional Board of Directors, I am submitting testimony in support of SB 3064 which allows the transition of HHSC, a regional system, to a nonprofit hospital corporation incorporated in Hawaii.

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 3064 outlines the basic framework for transitioning to a nonprofit corporation, and sets forth partnership guidelines to ensure the transition protects employees, the State, and the communities served.

We ask for your support of SB 3064. Thank you very much.

Sincerely,

GARY YOSHIYAMA
CHAIRPERSON
HHSC East Hawaii Regional Board

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

Monday, February 10, 2014
Conference Room 229
1:15 p.m.
Hawaii State Capitol

Testimony Strongly Supporting Senate Bill 3064, Relating to Hawaii Health Systems Corporation. Allows for the transition of the Hawaii Health Systems Corporation, a regional system, to a nonprofit hospital corporation incorporated in Hawaii before January 1, 2000. Requires the nonprofit hospital corporation to maintain equivalent services in acquired regions for no less than five years. Requires the State to continue to meet all financial obligations to public employees, including all benefits, pensions, and other financial obligations negotiated with public employees' unions before the effective date of this measure.

By
Christine Beck APRN, Board Member,
East Hawaii Region of HHSC

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, an APRN, nurse educator, 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 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 healthcare providers and service personnel; and
- Provide greater access to quality healthcare and lower costs.

In addition, a public-private partnership would provide resources and support for continuing education and training opportunities for nurses, physicians, other health professionals which will enhance professionalism and quality patient-centered care.

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. I 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.

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

Assistant Professor-Nursing
University of Hawaii at Hilo SON
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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 Member of the Committee:

My name is Dr. Constantin Novoselsky, 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 medical doctor/health care professional/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. 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. I am, however, greatly concerned that the bill in its current form severely restricts choice and community driven decision-making. I would recommend that the bill be modified by deleting the clause "incorporated in the State before January 1, 2000." It is important that the community stakeholders have a voice in the choice. This is a good opportunity for us and we need your help to move forward.

Mahalo.



Constantin Novoselsky, MD
MMG Hospitalist Director
cnovoselsky@gmail.com
c. 718 759 7001

2/8/2014

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: flammerfamily@aol.com
Subject: Submitted testimony for SB3064 on Feb 10, 2014 13:15PM
Date: Sunday, February 09, 2014 12:37:41 PM

SB3064

Submitted on: 2/9/2014

Testimony for HTH on Feb 10, 2014 13:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Gina Flammer	Individual	Support	No

Comments: Please help to make Hawaii's public hospital system sustainable by allowing for the transition to a non-profit entity. This will provide more options for the hospitals to better serve thier communities and also provides for important protections for current employees. Thank you for your consideration.

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: icuburton@gmail.com
Subject: Submitted testimony for SB3064 on Feb 10, 2014 13:15PM
Date: Saturday, February 08, 2014 3:35:05 PM
Attachments: [Burton testimony for SB3064.rtf](#)

SB3064

Submitted on: 2/8/2014

Testimony for HTH on Feb 10, 2014 13:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Melvin D Burton	Individual	Support	No

Comments: I support this bill only on the condition that the clause "incorporated in the State before January 1, 2000" be removed. Melvin D. Burton, M.D.

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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
1:15 PM
State Capitol, Room 229

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

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

My name is Melvin D. Burton, MD / Chief of Staff at 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 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 legislation that will allow us the option of a public-private partnership. I am, however, greatly concerned that the bill in its current form severely restricts choice and community driven decision-making. I would recommend that the bill be modified by deleting the clause "incorporated in the State before January 1, 2000." It is important that the community **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, M.D. (Electronically authenticated 2/8/14 by mdburton).

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

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: psgegen@hotmail.com
Subject: Submitted testimony for SB3064 on Feb 10, 2014 13:15PM
Date: Saturday, February 08, 2014 10:28:24 PM

SB3064

Submitted on: 2/8/2014

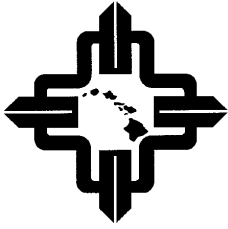
Testimony for HTH on Feb 10, 2014 13:15PM in Conference Room 229

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

Comments: Necessary for more cost affordable health care going forward. Thank You

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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**

Monday, February 10, 2014
Conference Room 229
1:15 p.m.
Hawaii State Capitol

Testimony Strongly Supporting Senate Bill 3064, Relating to Hawaii Health Systems Corporation. Allows for the transition of the Hawaii Health Systems Corporation , a regional system, to a nonprofit hospital corporation incorporated in Hawaii before January 1, 2000. Requires the nonprofit hospital corporation to maintain equivalent services in acquired regions for no less than five years. Requires the State to continue to meet all financial obligations to public employees, including all benefits, pensions, and other financial obligations negotiated with public employees' unions before the effective date of this measure.

***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 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. 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 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.

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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

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: ted@peskin.net
Subject: Submitted testimony for SB3064 on Feb 10, 2014 13:15PM
Date: Sunday, February 09, 2014 10:20:21 AM

SB3064

Submitted on: 2/9/2014

Testimony for HTH on Feb 10, 2014 13:15PM 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.

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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

Monday, February 10, 2014

RE: TESTIMONY IN SUPPORT OF S.B. NO. 3064, RELATING TO HHSC

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

My name is Nick Hughey and I'm in strong support of S.B. No. 3064 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 HHSC-Maui Region and other HHSC regions 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 medical providers 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