

GM566

Measure Title: Submitting for consideration and confirmation to the Health Planning Council, Tri-Isle Subarea, Gubernatorial Nominee, RUSSELL JOHNSON, for a term to expire 06-30-2019.

Report Title: Health Planning Council, Tri-Isle Subarea

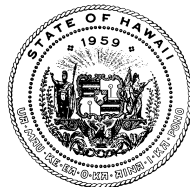
Description:

Companion:

Package:

Current Referral: CPH

Introducer(s):



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

Senate Committee on Commerce, Consumer Protection, and Health

GM 566, Gubernatorial Nominee to the Tri-Isle Subarea Health Planning Council

Testimony of Romala Sue Radcliffe SHPDA Administrator

Tuesday, March 1, 2016
9:30 a.m.

1 **Department's Position:** The Department of Health supports the nomination and confirmation
2 of Mr. Russell Johnson to the Tri-Isle Subarea Health Planning Council (TISAC).

3 **Fiscal Implications:** None

4 **Purpose and Justification:** The purpose is for the consideration and confirmation of the
5 TISAC, Gubernatorial Nominee, Mr. Russell Johnson.

6 Mr. Johnson, CPA, has extensive experience in accounting and administrative
7 management. Prior to his retirement, Mr. Johnson was the Regional Chief Financial Officer of
8 the Maui Region of HHSC which included Maui Memorial Medical Center, Kula Hospital, and
9 Lana'i Community Hospital. Through this background in healthcare finance and operations,
10 Mr. Johnson can make valuable contributions to Council decision making.

11 He also previously served as the Division Controller of Kapalua Land Company, Ltd.;
12 Accounting Manager at Wailea Resort Company, Ltd.; and accountant at Aus CPAs and H & R
13 Block. Mr. Johnson is actively engaged in the community. He currently serves on Maui
14 Memorial Medical Center's Medical Ethics Committee. Past community service activity

1 includes the County of Maui Salary Commission; County of Maui Cost of Government
2 Commissions; Makawao School PTA; and Big Brothers/Big Sisters.

3 We ask for your support on the confirmation of Mr. Russell Johnson, enabling him to
4 serve a second term on the Tri-Isle Subarea Health Planning Council.

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2016

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

Senator Rosalyn H. Baker, Chair
Senator Michelle N. Kidani, Vice Chair

Tuesday, March 01, 2016 at 9:30 am
State Capitol, Room 229

In consideration of
GM 566

Chair Baker, Vice Chair Kidani, and members of the Senate Committee on Commerce, Consumer Protection, and Health.

My name is Karey Kapoi and I previously worked at Maui Memorial Medical Center with Russell Johnson when he served as Regional Chief Financial Officer. I humbly ask for your confirmation of Mr. Johnson to continue to serve on the Tri-Isle SAC in its advisory role to the State Health Planning and Development Agency (SHPDA).

Mr. Johnson's extensive experience in healthcare finance and overall business economics, coupled with his commitment to the well-being of our staff and community, made his leadership in the Maui Region invaluable in guiding our facilities through very challenging times. I hope this committee will confirm his nomination to continue to support SHPDA's work through the analysis of financial and census data as submitted through the CON applications.

Mahalo for the opportunity to testify. Please feel free to call upon me directly for any questions or concerns: (808) 870-5171.

Best Regards,

Karey Kapoi

GM566 - Health Planning Council, Tri-Isle Subarea

Russell Johnson

(1) Why do you want to be a member of the Board?

I am currently serving as Chairman of the Tri Isle Council. The Tri-Isle Sub-area Council has two primary purposes; they are to help SHPDA administer the Certificate of Need applications by conducting hearings and making recommendations for approval or disapproval for new healthcare facilities or programs and to provide recommendations to SHPDA regarding the Maui County's highest health care priorities. We accomplish the later through discussions with a broad range of community groups and individuals.

I initially became interested in serving when as the Chief Financial Officer of Maui Memorial Hospital I was involved in several CON hearings both as an applicant and as a non-applicant. I noticed that most of the panel members involved in the CON process had clinical backgrounds or general management backgrounds. Relatively few had backgrounds in healthcare finance. I felt that with my background I could help critically analyze the financial data, census or volume data, and the other relevant data in the CON applications and ask critical questions that other panel members might otherwise miss. In short, I felt I could make a valuable contribution to the decision making process. I believe that has been the case.

Over the years, participation on the council has introduced me to the complete panoply of community healthcare issues ranging from early childhood dental care to hospice care. I have enjoyed learning about these issues and look forward to participating in preparing the Maui County portion of the preparation and revision of the State's Health Services and Facilities plan.

(2) What do you perceive are the roles and responsibilities of a member of the Board?

With regard to the CON process, my responsibility is to:

- Begin the process by determining that I am conflict of interest free and have an open mind
- Thoroughly review the application
- Prepare questions for the applicant and those testifying
- Listen carefully to all
- Make a recommendation to the SHPDA director based solely on the six criteria outlined in the CON process based on the evidence presented using my best judgement.

With regard to participation in the planning process, my responsibilities are:

- To educate myself as thoroughly as possible about all healthcare issues facing our community.
- Meet with and listen to a wide variety of community groups and members to understand their healthcare concerns and priorities.
- To identify data bases and other critical information sites that can be used in assisting with evidence based prioritization.
- Help in the revision of the Health Services and Facilities Plan.

(3) In what ways do you feel that you can help protect the consumer?

There is no free market economy in healthcare. There are money making healthcare services and money losing healthcare services. There are patients with insurance coverage that makes them profitable and patients with insurance that makes them unprofitable. Most healthcare providers must provide a combination of money making and money losing services and care for money making and money losing patients.

I feel that I can best protect the consumer by understanding the intricacies of healthcare cross subsidization. With that understanding, I can try to make sure that any CON applicant not be allowed to cherry pick just profitable services and profitable patients but must offer a complete range of services for the type of healthcare they are providing and the profitability of the patients they are targeting reflect the profitability of the community as a whole. In short, my service on the Tri-Isle SAC can protect the consumer by trying to ensure that all patients have access to all healthcare services.

(4) Given your understanding of the roles and responsibilities of a Board member, why do you believe that you are qualified for the position? Please include a brief statement of your skills, expertise and knowledge that would aid you as a member of the Board.

Background:

Leilehua High School -1965

University of Hawaii – BA History/ Accounting

CPA

Relevant Experience:

Controller – Kapalua Land Company 1991 – 2004

Regional Chief Financial Officer – Maui Memorial Medical Center – 2004 - 2011

Other:

I currently serve on MMMC’s Medical Ethics Committee.

As previously indicated the primary expertise I bring to the Council is my knowledge of healthcare finance, particularly reimbursement structures, and my ability to analyze financial statements. In addition I am well acquainted with the

healthcare systems on Maui, including the availability of healthcare personnel and other healthcare resources.

(5) What do you hope to accomplish during your term of service?

- Identify and partner with other community healthcare prioritization projects such as the HAH Maui County Community Health Needs Assessment or any relevant legislative healthcare initiative task forces.
- Identify and meet with various community groups with a variety of backgrounds and locations that can provide input as to the healthcare priorities for the groups they represent. Examples would be community associations, ethnic associations, healthcare organizations, and community members with specific expertise.
- After hearing from community groups and members, develop a methodology for identifying and prioritizing community health care priorities based on both data driven evidence and discussions with community members.
- Prepare whatever deliverables are required such as a list of recommendations to SHPDA or a formal report.

(6) Name three qualities that best describe you and how these qualities will benefit the Board.

Evidence (data, dollars or numbers) driven – In establishing healthcare priorities, I would be searching for those improvements we can make to community health where we can get the most long term value for the dollars expended. Healthcare improvement priorities advocated by the loudest or most powerful voices must be backed by data and cost benefit analysis and ranked objectively against competing priorities.

Objective – I bring no preconceived notions or personal agenda to the process. I believe I can be fair to all.

Committed – I am willing and have the time to do the work.

(7) Name a previous experience you've had that will be beneficial as a Board member.

I have served on the Council for six years. I have participated in CON hearings representing an applicant, testifying against an applicant and as a reviewing panel member. I believe the Council benefits from members that are experienced and understand the process from all sides.

- (8) Can you foresee any possible conflicts of interest that could arise during your service on the Board? How would you overcome conflicts of interest?

Should I be asked and agree to do any consulting work for a health care provider on Maui, I would have to recuse myself from any CON hearings that would involve that provider either as an applicant or as an opponent. I don't anticipate this hypothetical occurring.

In a recent CON case, I strongly suspected that Kula Hospital would be testifying in opposition. At the time I was retired and had no relationship with MMMC or HHSC other than my service on the MMMC Medical Ethics Committee and my support for the MMMC Foundation. None the less, I asked the Hawaii State Ethics Commission for a ruling on if I had a conflict of interest. They ruled I did not. My participation in the hearing was later challenged by the applicant as having too close an association with HHSC. Having gone through the extra effort of getting a ruling from the State Ethics Commission proved to be worthwhile.

I am sensitive to and aware of how to deal with even the appearance of a potential conflict of interests.