

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HEALTH, JUDICIARY AND LABOR, AND
COMMERCE AND CONSUMER PROTECTION
ON
SENATE BILL NO. 795

February 11, 2015

RELATING TO HAWAII HEALTH SYSTEMS CORPORATION

Senate Bill No. 795 authorizes the Maui Regional Health Care System to enter into an agreement with a private entity to transition one or more of its facilities, including Maui Memorial Medical Center, Kula Hospital, and Lanai Community Hospital, into a new private Hawaii non-profit corporation.

The Department of Budget and Finance supports the general intent of transitioning Hawaii Health Systems Corporation (HHSC) into “a more economically efficient system of health care delivery.” The issues involved in facilitating HHSC sustainability are complex and multifaceted. For this reason, we would recommend moving this bill along to enable further discussion and deliberation.

The Ige Administration will work with the applicable committees during the course of this session to attempt to develop a realistic and workable framework for moving forward to ensure that vital health care services will be provided either through a restructured HHSC or some other appropriate entity.



SB795
RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION
Senate Committee on Health
Senate Committee on Judiciary and Labor
Senate Committee on Commerce and Consumer Protection

February 11, 2015

9:15 a.m.

Room 016

The Administration of the Office of Hawaiian Affairs (OHA) will recommend to the Board of Trustees a position of **COMMENT** for SB795, which authorizes the Maui Regional System of the Hawai'i Health Systems Corporation (HHSC) to lease one or more of its hospital facilities to a new private nonprofit corporation, for a nominal rent of \$1.00 per year. OHA offers these comments based on the status of the land underlying HHSC's Kula Hospital in Maui.

Kula Hospital sits on former crown or government land that was ceded by the Republic of Hawai'i to the United States in 1898, "without the consent of or compensation to the Native Hawaiian people of Hawaii or their sovereign government[.]" P.L. 103-150 (1993). OHA maintains that the state cannot diminish the ceded land corpus until the Native Hawaiian people's claim to ceded lands has been resolved. OHA appreciates that SB795 explicitly requires that HHSC "retain ownership of all real property associated with the lease." OHA suggests that the committees consider including additional express language that the Maui regional system board "shall not dispose of any real assets other than by lease," as is consistent with HB1075, a bill substantially similar to SB795.

The Department of Land and Natural Resources' State Land Information Management System (SLIMS) shows that the HHSC's Kula Hospital is also located on public land trust land. Accordingly, the fiduciary obligations of the state with respect to the public land trust apply to the lands underlying Kula Hospital. OHA notes that the HHSC would be limited to granting nominal-rent leases to a nonprofit corporation, for the purpose of ensuring continued access to health care services for the community. Given the status of these lands as public land trust lands, OHA urges the Committees to consider the following:

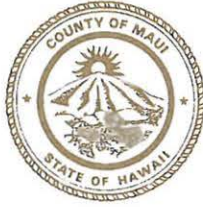
1. While SB795 requires a private entity leasing lands from HHSC to establish a nonprofit corporation organized pursuant to Hawai'i Revised Statutes (HRS) Chapter 414D, the Committees may wish to consider specifying that any such nonprofit also be certified as tax exempt under sections 501(c)(1) or 501(c)(3) of the Internal Revenue Code of 1986. This requirement would be consistent with

statutory requirements governing less than fair market lease rents for lands under the jurisdiction of the Board of Land and Natural Resources. See HRS Section 171-43.1; and

2. With regards to potential revenues that may be realized by a lessee from subleases or other uses of lands leased by HHSC, the Committees may wish to include a mechanism whereby any such revenue generated could be shared with the state.

Mahalo for the opportunity to testify on this measure.

ALAN M. ARAKAWA
MAYOR



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Wailuku, Hawai'i 96793-2155
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OFFICE OF THE MAYOR

Ke'ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

**TESTIMONY OF ALAN ARAKAWA, MAYOR
COUNTY OF MAUI**

BEFORE THE SENATE COMMITTEE ON HEALTH

COMMITTEE ON JUDICIARY AND LABOR

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Wednesday, February 11, 2015

9:15 a.m.

Conference Room 016

SB 795 RELATING TO HAWAII HEALTH SYSTEMS CORPORATION

Honorable Josh Green, Chair, Committee on Health
Honorable Gilbert S.C. Keith-Agaran, Chair, Committee on Judiciary and Labor
Honorable Senator Rosalyn H. Baker, Chair, Committee on Commerce and
Consumer Protection
Honorable Senators of the respective committees

Thank you for this opportunity to testify in **strong SUPPORT of SB 795** which will provide the Maui Regional System the option of partnering with a private non-profit healthcare system in order to address the challenges facing our hospitals and reducing the reliance upon taxpayer subsidies.

The Maui Region hospitals are in critical condition. I, along with a growing number of residents, believe that we are nearing a real "health care crisis" and are concerned as to whether our hospitals will be able to continue providing our communities and visitors with comprehensive, quality health care.

Maui County is the only county made up of three separate islands, but we do not have any private hospitals. Therefore, all of our residents and visitors depend upon Maui Memorial Medical Center, the only full-service, acute care facility in the county, to meet their health care needs. Simply put, any reduction of health care services would be devastating to our communities, businesses and economy.

Senator Green
Senator Keith-Agaran
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In 2014, MMMC's operating expenses increased \$19 million due, in part, to new federally mandated requirements and increased collective bargaining costs. At the same time, not only has state general fund appropriations to HHSC been reduced by approximately \$17 million, but I'm told that the federal budget also includes nearly \$400 billion in reductions and reforms to Medicare, Medicaid, and other federal health related programs over the next decade.

Moreover, according to hospital administrators and as reported in the media:

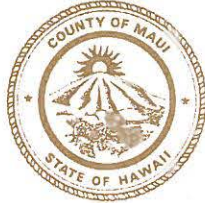
- MMMC ended fiscal year 2014 with an operating loss of \$43.4 million;
- An additional \$46.3 million loss is projected for FY 2015;
- MMMC projects that it will need between \$573 million and \$843 million in State funding over the next 10 years to continue operating at current levels;

Facing such circumstances, MMMC would likely have to consider decreasing operating expenses, which would inevitably lead to reducing health care services in Maui County. With approximately 1,400 employees, MMMC is one of the largest employers in Maui County and any reduction in services would inevitably result in lay-offs. MMMC has already had to close its Adolescent Behavioral Health Unit - which has greatly affected our communities.

Please know that I believe that MMMC, Kula Hospital and Lanai Community Hospital have some of the best and most talented and caring doctors, nurses and staff around. However, with the on-going challenges, including reductions in state and federal subsidies, budget shortfalls, aging and shortage of physicians, and deteriorating facilities, it is simply unrealistic to continue down the same path.

For these reasons, I strongly support SB 795 and humbly ask that this body allow Maui County's hospitals the option of entering into an agreement with a private entity to transition into a new private Hawaii nonprofit corporation.

ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

DEPARTMENT OF MANAGEMENT
COUNTY OF MAUI

TESTIMONY OF KEITH REGAN, MANAGING DIRECTOR
COUNTY OF MAUI

BEFORE THE SENATE COMMITTEE ON HEALTH

COMMITTEE ON JUDICIARY AND LABOR

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Wednesday, February 11, 2015 (at 9:15 a.m.)
Conference Room 016

SB 795 RELATING TO HAWAII HEALTH SYSTEMS CORPORATION

Honorable Josh Green, Chair, Committee on Health
Honorable Gilbert S.C. Keith-Agaran, Chair, Committee on Judiciary and Labor
Honorable Rosalyn Baker, Chair, Committee on Commerce & Consumer Protection
Honorable Senators of the respective committees

Thank you for allowing me to testify in **strong SUPPORT of SB 795.**

I stand firmly behind the purpose of this measure which is to ensure that all people of the State, especially those residing in the county of Maui, have continued access to health care services in the county of Maui and to ensure that these health care services are delivered in a cost-effective manner by enabling the Maui regional health care system to partner with a private entity to transition its facilities into operation as a new private non-profit corporation.

As I see it, each and every one of us, no matter which island we reside on, want our families, children, grandparents, and friends to have access to the highest quality of health care services.

Our regional hospitals, however, are currently in need of help. I, along with a growing number of residents, believe that we are near a real "health care crisis" and that something needs to be done right away. We cannot ignore the fact that the Maui Memorial, a state-funded medical facility, is facing a serious financial deficit and will continue to be a significant burden on the state.

In 2014, MMC's operating expenses increased \$19 million due, in large part, to new federally mandated requirements and increased collective bargaining costs. As operating expenses increased, the state's general fund appropriations to HHSC was reduced by approximately \$17 million, and (I've been told) the federal

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budget includes nearly \$400 billion in reductions and reforms to Medicare, Medicaid, and other federal health related programs over the next decade.

It has also been reported that:

- MMMC ended fiscal year 2014 with an operating loss of \$43.4 million;
- An additional \$46.3 million loss is projected for FY 2015;
- MMMC projects that it will need between \$573 million and \$843 million in State funding over the next 10 years to continue operating at current levels; and,

These statistics raise serious concerns. With reduced state and federal subsidies, Maui Memorial will have to consider decreasing its operating costs, which would likely lead to reduced health care services. Any reduction in services (the adolescent behavioral health unit, Molokini II, has already been closed) would inevitably result in lay-offs. Maui Memorial employs approximately 1,400 residents.

Any reduction of health care services would have a devastating ripple effect to our communities, on tourism, and on our economy. All of the nearly 160,000 residents and 2.3 million visitors per year depend upon Maui Memorial, the only full-service, acute care facility in the county, to meet their health care needs.

Please know that I believe that MMMC, Kula Hospital and Lanai Community Hospital have some of the best and most talented and caring doctors, nurses and staff around. However, with the on-going challenges, including reductions in state and federal subsidies, budget shortfalls, aging and shortage of physicians, and deteriorating facilities, it is simply unrealistic to continue down the same path.

For these reasons, I strongly support SB 795.



**Testimony to the Senate Committee on Health and Committee on Judiciary
and Labor and Committee on Commerce and Consumer Protection
Wednesday, February 11, 2015 at 9:15 A.M.
Conference Room 016, State Capitol**

**RE: SENATE BILL 795 RELATING TO THE HAWAII HEALTH SYSTEMS
CORPORATION**

Chairs Green and Keith-Agaran and Baker, Vice Chairs Wakai and Shimabukuro and Taniguchi,
and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** SB 795, which authorizes the Maui regional health care system to enter into an agreement with a private entity to transition one or more of its facilities, including Maui memorial medical center, Kula hospital, and Lanai community hospital, into a new private Hawaii nonprofit corporation.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports SB 795, as it would continue the discussion of public-private partnerships in Hawaii. We are hopeful that the possibility of an agreement between Maui Regional System and a private entity would increase efficiency in government services and benefits of healthcare to residents of the state.

Thank you for the opportunity to testify.

February 9, 2015

My name is Dr. Moon Park and I am writing in support of SB795 to authorize the Maui regional health care system to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

I've practiced medicine for over 50 years, 44 of those years in Hawaii. In 1971, I founded Clinical Laboratories of Hawaii and Pan Pacific Pathologists, which provide anatomical and clinical tests for Hawaii's medical community, working directly with other private physicians, hospitals and medical service providers. As such, I have witnessed firsthand the challenges that face our healthcare system and hospitals from a physician perspective, as well as a business owner. Healthcare has evolved dramatically and over the years I have had to make adjustments to my business models to make sure I was able to continue to provide services to my patients, while remaining financially stable.

All these years I have watched the community grow along with their medical needs. I have watched technology advance and systems rebuilt to conform. All components of a healthy, thriving community and industry – but ones that require you to be nimble and flexible to stay ahead of your patients' demands. The current model for public healthcare in Hawaii does not allow for this type of growth. The system is broken, and it is our community that will suffer the consequences if we do not change our path now.

Forming a healthcare partnership with an established, experienced organization that has access to financial, technological and organizational resources can change the future of our islands. The importance of a healthy population is sometimes overlooked, but the consequences of the loss of services in Maui County will be devastating and will ripple across the state.

All people of Hawaii deserve access to comprehensive healthcare services of the highest quality, *close to home where healing happens best.*

Mahalo for your consideration.

Signature

Name: Moon Soo Park, M.D.

Address: 3101 Diamond Head Road

Honolulu, HI. 96815
Phone: 808 922-8831



**TESTIMONY IN STRONG SUPPORT OF SB795
RELATING TO HAWAII HEALTH SYSTEMS CORPORATION**

TO THE SENATE COMMITTEES ON HEALTH, JUDICIARY & LABOR,
AND COMMERCE & CONSUMER PROTECTION
Hawaii State Capitol, Conference room 016
February 11, 2015
9:15 a.m.

Dear Chair Green, Chair Keith-Agaran, Chair Baker, and Honorable Senators of the Health, Judiciary and Labor, and Commerce and Consumer Protection committees,

Thank you for the opportunity to testify in strong support of SB795 which will provide the Maui Regional System the option of partnering with a private non-profit healthcare system in order to address the challenges facing our hospitals and reducing the reliance upon taxpayer subsidies.

The Maui Chamber of Commerce supports the provision of coordinated and cost-effective health care services to our entire community, including additional hospitals; primary, urgent, emergent, acute and long-term care; and new health facilities provided by the private sector. Additionally, we have long supported public/private partnerships and viewed this as a way to save government, and ultimately taxpayers, money.

Right now, Maui Region hospitals are in critical condition and many are deeply concerned about whether our hospitals will be able to provide the comprehensive and quality health care needed by our residents our visitors. Maui Memorial Medical Center (MMMC) is the only full-service, acute care facility in our tri-island county this facility is up against extreme challenges.

MMMC has seen expenses increase by \$19 million in 2004 due in large part by Federal mandates and collective bargaining costs, at a time when they have also experience a decline of approximately \$17 million in state general fund appropriations. This equated to a \$43.4 million operating loss in FY 2014 and they expect an additional \$46.3 million loss in FY2015. Something must be done; the current model is not sustainable.

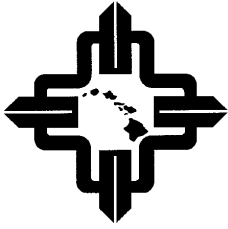
MMMC has already had to close its Adolescent Behavioral Health Unit which has been credited by many (including me as my son has bi-polar disorder) as helping to save their child's life. This is a critical service that must be restored. How this has been allowed in unfathomable to me.

Quality healthcare has to be one of our top priorities and the state funding model is not working. It is resulting in the elimination of needed services and reduced care, despite the many talented doctors, nurses, technicians and staff who work hard to provide the best care possible.

Therefore, I strongly support SB795 and ask that you allow Maui County's hospitals to enter into appropriate agreements with private entities where the quality of our hospital system and care can be improved.

Sincerely,

Pamela Tumpap
President



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 Glenn Wakai, Vice Chair**

**Senate Committee on Judiciary and Labor
Senator Gilbert S. C. Keith-Agaran, Chair
Senator Maile S. L. Shimabukuro, Vice Chair**

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

February 11, 2015
Conference Room 016
9:15 a.m.
Hawaii State Capitol

**Testimony Strongly Supporting Senate Bill 795, Relating to the Hawaii Health
Systems Corporation**

Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawaii Health Systems Corporation

The HHSC Corporate Board **supports** the option of partnerships with private non-profit healthcare systems to address the challenges HHSC hospitals face in continuing to provide vital healthcare services throughout the state, while striving to reduce taxpayer subsidies. The involvement of a private non-profit entity has been identified and recommended by several previous studies, including the requested report to the Legislature delivered in 2010 by Stroudwater Associates.

Healthcare today is a very specialized, complex and rapidly changing business. Federal, state and private health insurance providers strive to reduce spending on healthcare; in particular, expensive hospital costs. This is an environment where maintaining revenue is difficult, and increasing revenue is particularly challenging. Operators of healthcare facilities face constant pressure to provide higher quality care and customer satisfaction at lower cost (the triple aim). Investments in specific areas such as health information technology, physician networks, quality improvement, supply chain management, and expertise in revenue cycle maximization are essential. Hawaii non-profit healthcare providers have already invested substantially in this new

paradigm. HHSC facilities can benefit from partners who can accelerate access to these investments and also greater economies of scale.

HHSC is proud to represent state funded facilities that provide essential healthcare services across the state. But it is recognized that to continue to provide healthcare under a government model as we do today may be unnecessary. Neighbor island communities and our facilities are attracting the interest of private non-profit healthcare systems looking for larger markets and economies of scale. Allowing experts in the healthcare industry to assume more of the responsibility for healthcare in our state can allow precious government dollars to be spent for other needed services. Support of this measure can optimize access to high quality healthcare services and thus contribute to the general economic growth of our state.

Thank you for the opportunity to testify.



Hawaii Health Systems Corporation—Maui Region

State of Hawai'i

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Glenn Wakai, Vice Chair

COMMITTEE ON JUDICIARY AND LABOR
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

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

DATE: Wednesday, February 11, 2015
TIME: 9:15 a.m.
PLACE: Conference Room 016
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT - Senate Bill 795

Thank you for the opportunity to provide testimony in support of Senate Bill 795.

My name is Patrick Saka, Chief Administrative Officer of Hawaii Health Systems Corporation – Maui Region.

The Maui Region hospitals, which include Maui Memorial Medical Center, Lanai Community Hospital and Kula Hospital & Clinic are facing significant challenges in our ability to continue to provide quality healthcare services the Maui County community and also to other communities throughout the state of Hawaii.

Over the past several months, there has been much media coverage about the current financial condition of the Hawaii Health Systems Corporation, including the Maui Region, and the difficult decisions being made to address stagnant revenue growth and increasing operating expenses. Some of the measures the Maui Region has instituted include Reductions in Force (RIF) and reduction of services – closure of Maui Memorial Medical Center's Youth Behavioral Health Unit, Molokini II.

At a 3-hour House Health Committee informational briefing on November 10, 2014 at Maui Waena Intermediate School, some of your legislative colleagues heard directly from the Maui Community about the need for continued support for the Maui Region facilities. There was strong support urging the legislature to allow for a public-private partnership for Maui Region facilities.

COMMITTEE ON HEALTH
COMMITTEE ON JUDICIARY AND LABOR
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
SB 795
February 11, 2015

The Maui Region leadership has made significant efforts over the past several legislative sessions to educate lawmakers about the rapidly changing landscape of the healthcare industry and the potential negative impacts to the Maui Region's ability to continue to provide quality healthcare services in a financially viable manner. One of the solutions proposed was public-private partnerships. There have also been numerous studies mandated by previous legislation to identify possible solutions to the challenges faced by the Hawaii Health Systems Corporation. In each study, there was strong support for the creation of public-private partnerships.

The goal of creating a public-private partnership is to allow Maui Region's hospitals to maintain and expand services and give Maui County the much-needed medical services they need and want as a community.

I ask for your consideration on this proposed measure.

Thank you.



TO: COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Glenn Wakai, Vice Chair

COMMITTEE ON JUDICIARY AND LABOR
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

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

FROM: Richelle Kawasaki, Chief of Organizational Development
Maui Region, Hawaii Health Systems Corporation

DATE: Wednesday, February 11, 2015
TIME: 9:15AM
PLACE: Conference Room 016, State Capitol
415 South Beretania Street

Thank you for the opportunity to provide comments in support of the SB 795 RELATING TO HEALTH. The purpose of this bill is to authorize the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

Here in the Maui Region, we have one acute care hospital (Maui Memorial Medical Center) and two critical access hospitals (Kula Hospital and Lanai Community Hospital). The care we provide to residents and visitors is crucial to the well-being of our Community. We thank you for your past support of healthcare in the Maui Region. Your support has allowed us to be able to provide comprehensive cardiovascular services at Maui Memorial Medical Center as well as to be able to provide 24/7 stroke care to our patients. We are very proud of these accomplishments and would like the opportunity to continue to improve healthcare in our Community.

We humbly ask for the Legislature's help and assistance in finding a solution to our current fiscal challenges. We have looked at many options and continue to challenge ourselves daily to develop solutions that will keep us thriving as an organization. We have requested additional funding from the Legislature and are being told that this may not be a realistic request. As such, we do feel that a public private partnership is currently the best solution to allow us to continue to grow as a healthcare provider.

Please support us as an organization that is recognized in our Community as one of the largest employers in the County of Maui. We want to continue to provide jobs for our dedicated workforce who has made it their mission to care for those in medical need. We also want to continue to provide individuals with the opportunity to seek out meaningful careers in health care here in our Region.

We hope that this Legislative Session will bring about positive change and your continued commitment to supporting healthcare here in the Maui Region. We urge you to move this bill forward. Thank you for the opportunity to provide these comments.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: psgegen@hotmail.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Monday, February 09, 2015 9:38:58 PM

SB795

Submitted on: 2/9/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
pat gegen	Kauai Regional Board - HHSC	Comments Only	No

Comments: The Kauai Regional Board supports the Maui Regional Board in their effort to provide the best possible healthcare for their community in the most cost effective manner. We support the intent of their efforts but are in no position to determine the best financial arrangements for the PPP transition so we offer no comment on the details. We are hopeful they can find a partner who can help them achieve what they want.

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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LĀNA'Ī COMMUNITY HEALTH CENTER

P. O. Box 630142
Lāna'ī City, HI 96763-0142



Phone: 808-565-6919
Fax: 808-565-9111

The Community is our Patient -- men, women, children, uninsured, insured!

COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Glenn Wakai, Vice Chair

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S. C. Keith-Agaran, Chair

Senator Maile S. . Shimabukuro, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

Senator Brian T Taniguchi Vice Chair

Testimony in Opposition of SB795

Relating to Hawaii Health Systems Corporation

Wednesday, February 11, 2015, 9:15AM

Conference Room 016

Submitted by Diana M V Shaw, PhD, MPH, MBA, FACMPE

Executive Director, Lāna'ī Community Health Center

Written Testimony

I am writing in opposition of SB795. While I fully understand that change is needed in order to provide HHSC with a viable future, the change outlined in this bill is one that has been crafted without community input. In addition, it was crafted without input from Lāna'ī Community Health Center (LCHC) who is now providing ongoing care for 47% of the population of the island of Lāna'ī. And, our patient numbers continue to grow monthly with, on average, 20-25 new patients seeking continuing care from us. We are an essential provider on our island, and the only safety net outpatient provider on this island.

E Ola nō Lāna'ī

LIFE, HEALTH, and WELL-BEING FOR LĀNA'Ī

We understand that Section §323F-7.6, Hawaii Revised Statutes (HRS), provides the authority to transition a HHSC regional system or health facility to a new entity, however, there was no conversation as to how this bill and the subsequent lease of Lānaʻi Community Hospital would affect our community, or LCHC's ability to care for its patients. Our Health Center needs to be involved in any plans to transition this facility because it will affect us and our patients. Section §323F-25 of HRS states:

“Regional system board; community hospitals; community health centers; collaboration. Each regional system board and each community hospital under the jurisdiction of the corporation shall collaborate with community health centers within their respective geographic jurisdictions to maximize funding from the state and federal governments to:

- (1) Maximize reimbursement for health care services provided;*
- (2) Acquire funds for capital investment;*
- (3) Provide expanded hours of service; and*
- (4) Ensure the provision of the appropriate level of care to the community served by each community health center.”*

It's clear that the legislative intent when regional systems were created was to require collaboration with community health centers that were in a regional system's geographic jurisdiction. Although this collaboration has not always occurred, it must occur -- particularly in instances where the health center serves a large population of the area -- such as is the case with LCHC.

A few additional specifics that you might not be aware of:

1. Ellison, the island's owner, has made comments about changing the health care system on our island -- he, nor his team have had any conversation with LCHC.
2. Ellison's team has had extensive conversations with Straub/HPH that fashioned a health care system around that organization -- though LCHC reached out repeatedly to Ellison's team, no conversation has occurred.
3. Will HPH be a good partner to LCHC and its patient? You can decide for yourself:
 - LCHC has been trying to get admitting privileges at Lānaʻi Community Hospital for its internist, Dr. Joe Humphry, since June 2014. While this hospital is an affiliate of Maui Region, it has a contract with Straub/HPH for ER, LTC and Medical Director services. Is our inability to get privileges just plain incompetency on the part of the Maui Memorial credentialing and privileging office, or is there something to the fact that if credentialed, Dr. Humphry will be the first non-HPH provider with admitting privileges at that facility?
 - LCHC has had also experienced continuous problems with the ER physicians lack of communication regarding our patients -- patients not being sent back to LCHC when we are the patient's provider and LCHC is not contacted for discussion or input when our patients present at the ER (in spite of our 24/7 coverage). And, LCHC has had continued problems obtaining x-ray results in a timely manner.
 - These issues continue in spite of our establishing an LCH/LCHC breakfast on a quarterly basis so that our providers can interface with the ER and lab staff, and monthly LCH/LCHC leadership meetings.

Our questions: what happens to LCHC and our ability to provide services to our community if this bill is approved without any safeguards to protect a community's choice? Without any safeguard that will allow LCHC to continue to provide services? Is this bill taking the 'community' out of community medicine?

There are many more concerns from a taxpayers perspective:

1. The new entity has control of the Maui Region System's assets; yet the liabilities of the system remain with the State (i.e., the taxpayer)
2. The State (i.e., the taxpayer) guarantees the new entity a maximum annual operating subsidy not to exceed the 2014 subsidy without a time limit
3. The first 10 years of the lease, the State [i.e., the taxpayer] will jointly fund capital expenditures with the private entity – details are left to a lease that is not yet written
4. There are provisions in the bill that address primary care expansion, expansion of the private entity's service lines, and coordination of LTC patients – however, there is no safeguard as to what will be provided on neighbor islands versus on Oahu – (There is cost to the health care system and patients when services are moved to Oahu. Has this been taken into consideration? Has it even been calculated?)

While the intent of this bill is laudable – addressing HHSC issues – the unintended consequences are huge. The removal of 'community' from community medicine is costly. The conversation of the community and significant providers within the community needs to occur before this bill, and HB1075, proceeds further and become law.

Thank you for the opportunity to testify.

A handwritten signature in dark ink, appearing to be 'DVK' with a flourish extending to the right.

February 9, 2015

Dear Legislature:

I am Dr Tracy Dorheim, and am writing in support of SB795. I am a cardiothoracic surgeon at Maui Memorial Medical Center, and also serve as interim Chief of Clinical Affairs.

Maui County residents are deserving of the same standard of living as the residents in the rest of the state of Hawaii. This includes not only access to health care - but the same quality.

While medicine is expected to stay state of the art and practice standard of care healthcare, the current HHSC environment is perfectly designed for mediocrity and non-sustainability - the details of which have been discussed Ad-nauseum.

SB795 offers a viable solution. Please consider the citizens of Maui County and look to a long term solution.

Tracy Dorheim, MD

215 Kamalei Circle

Kahului, HI 96732

808-344-4601

Wednesday, February 11, 2015– 9:15 a.m.
Conference Room 016

The Senate Committee on Health

To: Senator Josh Green, Chair
Senator Glenn Wakai, Vice Chair

The Senate Committee on Judiciary & Labor

To: Senator Gilbert Keith-Agaran, Chair
Senator Maile Shimabukuro, Vice Chair

The Senate Committee on Commerce & Consumer Protection

To: Senator Rosalyn Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

From: David Okabe
EVP, CFO and Treasurer

**Re: SB 795 – Relating to the Hawai'i Health Systems Corporation
Testimony in Support**

My name is David Okabe, Executive Vice President, Chief Financial Officer and Treasurer at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-governmental employer. Hawai'i Pacific Health is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

Why we are interested:

Ensuring access to high quality health care for all Hawai'i residents is the core mission of Hawai'i Pacific Health. Based on the HHSC Maui Regional Healthcare System's estimates, operating losses are expected to increase significantly over the next 10 years. These deficits will almost certainly require increased support from Hawai'i's tax payers, or potential cuts to health care services and jobs on the island of Maui.

Hawai'i Pacific Health believes that being proactive today will help to create a sustainable health care system ensuring Maui County residents can access high quality, local health care in the future. Unless the state addresses the financial challenges facing the Maui Region, the repercussions will be detrimental to the entire state.

Hawai'i Pacific Health is willing to be part of a solution and accept the financial risk of delivering healthcare on Maui through an operating lease agreement. We believe that a public-private partnership – which is not an acquisition but partnering with the state of Hawai'i and the Maui community - is the best approach to creating a sustainable health care delivery system on Maui, a system that will grow to meet the needs of the community. Recognizing this potential, we are committed to working with Maui and have invested the necessary time and resources on due diligence to further explore this possibility. Although we are willing to be part of a solution, we also believe it is imperative that all key stakeholders for Maui come together to produce a successful, collaborative solution.

Why Hawai'i Pacific Health?

Hawai'i Pacific Health has the experience, resources and infrastructure to successfully support this collaborative effort. As a statewide system with multiple facilities, Hawai'i Pacific Health has demonstrated that it can provide effective, locally dedicated health care on Maui. HPH already provides various adult and pediatric specialty services on Maui and Lana'i. We send our physicians to Maui to provide specialty services. We operate the Straub Clinic on Lana'i, where we provide physician coverage for Lana'i Community Hospital. On Kaua'i, HPH operates Wilcox Memorial Hospital, a sustainable, high quality, health care system with an integrated hospital and neighborhood clinics. As an employer, HPH also has worked successfully with a number of labor unions which represent many HPH employees.

Under a private, not-for-profit hospital structure, HPH can manage hospital operations using best practices which the Maui region is not able to do under the current public hospital labor agreements and structure. For example, we have the ability to provide appropriate staffing using national health care industry benchmarks for the number and types of patients in a particular unit or service area. This is one example of how we are able to provide the best possible care efficiently and effectively for the patients we serve.

Under HPH's proposal to Maui, state operating subsidies shall not exceed the 2014 fiscal year subsidy and may be lowered based on performance with the goal of eventually being eliminated. This represents a significant savings to the state of Hawai'i compared to the expected Maui Region operating losses projected over the next 10 years.

What we hope to accomplish:

The Maui Region is growing rapidly and is in need of the full spectrum of health care services. Knowing that patients heal better when surrounded by their family and friends, we believe care should be delivered locally whenever possible. Therefore, HPH is committed to maintaining and improving access to high quality health care services on the island. As part of our due diligence, HPH will be looking at services provided on Maui versus services that are provided for Maui residents on other islands. Once the hospital becomes sustainable, we expect access to services will need to expand, not contract.

Why SB 795 is needed:

HPH will need to make sound management decisions to be successful on Maui. The passage of SB 795 will enable us to work with the Maui Region to make the kinds of changes that will allow the Maui Region facilities to become sustainable. The ability to manage hospital operations using hospital best practices is critical to the success of the proposed public-private partnership.

With support from the state of Hawai'i under a public-private partnership, over time we expect the Maui Region to improve operating performance and become self-sustaining. The requirements of a successful public-private partnership are outlined in SB 795.

Enabling legislation is an essential next step for us to complete our due diligence. We therefore ask that this committee pass SB 795 so that these discussions with the Maui Region can continue.

Thank you for this opportunity to testify.



Wednesday, February 11, 2015 – 9:15 a.m.
Conference Room 016

The Senate Committees on Health, Judiciary and Labor, and Commerce and Consumer Protection

To: Senator Josh Green, MD, Chair, HTH Committee
Senator Glenn Wakai, Vice Chair, HTH Committee

Senator Gilbert Keith-Agaran, Chair, JDL Committee
Senator Maile Shimabukuro, Vice Chair, JDL Committee

Senator Rosalyn Baker, Chair, CPN Committee
Senator Brian Taniguchi, Vice Chair, CPN Committee

From: George Greene
President & CEO
Healthcare Association of Hawaii

Re: Testimony in Support
SB795 – Relating to Hawaii Health Systems Corporation (HHSC)

The Healthcare Association of Hawaii's 160 member organizations include all of the acute care hospitals in Hawaii, all public and private skilled nursing facilities, all the Medicare-certified home health agencies, all hospices, all assisted living facilities, durable medical equipment suppliers and home infusion/pharmacies. Members also represent other healthcare providers from throughout the continuum including case management, air and ground ambulance, blood bank, dialysis, and more. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to testify in **support** of SB795, which would allow HHSC's Maui regional system to enter into an agreement with a private entity to transition one of more of its facilities into a new private Hawaii nonprofit corporation.

At a time when HHSC is facing severe financial challenges with no simple solutions in sight, it is imperative that all options be explored. The framework of the innovative public-private partnership as outlined in this bill holds the potential to expand the reach of Maui hospitals to maintain vital parts of the healthcare continuum. The residents of Maui deserve a top-tier, sustainable healthcare system. This bill holds the promise of growing service lines for their benefit, while reducing the ever-growing tax subsidy being borne by taxpayers.

Thank you for the opportunity to testify in support of SB795.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: beverlyzigmond@juno.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Sunday, February 08, 2015 7:03:12 PM

SB795

Submitted on: 2/8/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
beverlyzigmond	Lanai Community Health Center	Oppose	No

Comments: I am writing in opposition of HB1075. While I fully understand that change is needed in order to provide HHSC with a viable future, the change outlined in this bill is one that has been crafted without ANY input from our community. In addition, it was crafted without input from Lana'i Community Health Center (LCHC) who is now providing ongoing care for 47% of the population of the island of Lana'i. LCHC is an essential provider on our island, and the only safety net outpatient provider on this island. There was no conversation as to how this bill and the subsequent lease of Lana'i Community Hospital (LCH) would affect our community, or LCHC's ability to care for its patients. As a consequence there are no safeguards in the bill that protect our community or LCHC's ability to care for its patients. As further evidence of concern, LCHC has attempted to get admitting privileges at Lana'i Community Hospital for our internist, Dr. Joe Humphry, since June 2014. While this hospital is an affiliate of Maui Region, it has a contract with Straub/HPH for ER, LTC and Medical Director services. Is our inability to get privileges just plain incompetency on the part of the Maui Memorial credentialing and privileging office, or is there something to the fact that if credentialed, Dr. Humphry will be the first non-HPH provider with admitting privileges at that facility? • LCHC has had also experienced continuous problems with the ER physicians lack of communication regarding our patients – patients not being sent back to LCHC when we are the patient's provider and LCHC is not contacted for discussion or input when our patients present at the ER (in spite of our 24/7 coverage). And, LCHC has had continued problems obtaining x-ray results in a timely manner. Our questions: what happens to LCHC and our ability to provide services to our community if this bill is approved without any safeguards to protect a community's choice? Without any safeguard that will allow LCHC to continue to provide services? Is this bill taking the 'community' out of community medicine? There are many more concerns from a taxpayers perspective: 1. The new entity has control of the Maui Region System's assets; yet the liabilities of the system remain with the State (i.e., the taxpayer) 2. The State (i.e., the taxpayer) guarantees the new entity a maximum annual operating subsidy not to exceed the 2014 subsidy without a time limit 3. The first 10 years of the lease, the State [i.e., the taxpayer] will jointly fund capital expenditures with the private entity – details are left to a lease that is not yet written 4. There are provisions in the bill that address primary care expansion,

expansion of the private entity's service lines, and coordination of LTC patients – however, there is no safeguard as to what will be provided on neighbor islands versus on Oahu –(There is cost to the health care system and patients when services are moved to Oahu. Has this been taken into consideration? Has it even been calculated?) The intent of this bill is laudable – addressing HHSC issues – but the unintended consequences are huge. The removal of 'community' from community medicine is costly. The conversation of the community and significant providers within the community needs to occur before this bill, and SB795, proceeds further and become law. Mahalo for the opportunity to testify. Beverly Zigmond President, Board of Directors Lanai Community Health Center

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Maui Hotel & Lodging
ASSOCIATION

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association
on
SB795
Relating To The Hawaii Health Systems Corporation

COMMITTEE ON HEALTH
COMMITTEE ON JUDICIARY AND LABOR
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Wednesday, February 11, 2015, 9:15am
Conference Room 016

Dear Chairs Green, Keith-Agaran, Baker, Vice Chairs Wakai, Shimabukuro, Taniguchi, and Members of the Committees,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 150 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 20,000 local residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA **supports** SB795 that authorizes the Maui regional health care system to enter into an agreement with a private entity to transition one or more of its facilities, including Maui memorial medical center, Kula hospital, and Lanai community hospital, into a new private Hawaii 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.

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. This facility cares for MHLA employees, their families and our visitors to Maui.

The current structure of HHSC is not sustainable for the long-term delivery of quality healthcare services for residents, especially those of us living on the neighbor islands. 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.

MMMC's aging facilities are in need of major updating in order to provide for the well-being and safety of our residents and visitors. 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 leaving residents and visitors alike to seek care on Oahu. This scenario, especially with urgent care, is not the future we want to see for Maui.

Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

The Twenty-Eighth Legislature, State of Hawaii
The Senate

Committee on Health
Committee on Judiciary and Labor
Committee on Commerce and Consumer Protection

Testimony by
Hawaii Government Employees Association
February 11, 2015

S.B. 795 – RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly opposes the purpose and intent of S.B. 795, which authorizes the Maui regional health care system to enter into an agreement to transition to a private nonprofit corporation.

As written, S.B. 795 creates an excessively favorable and one-sided deal for private acquisition by establishing a nominal \$1 fixed long-term lease agreement for 25 years for the private operator, maintaining employees for no less than six months only if they satisfy the private operator's job requirements, obligating the State to assume all current liabilities, and binding future Legislatures and all tax payers to millions of dollars of operating subsidies and 50% of the costs for any capital improvement projects for 10 years. In this scenario, it is made abundantly clear: in the hasty blitz to sell, the taxpayers and the employees will suffer at the expense of the private operator's profit.

Policy as complex and multifarious as this deserves intensive and thoughtful scrutiny from the Legislature. We respectfully argue that the first step in this process, prior to any other considerations, should be a thorough and independent financial and management audit. We raise serious reservations and grave concerns over proposed legislation to rapidly privatize the safety net hospital system: it's a risky and dangerous proposition, which may cause irreversible harm to our community. It is unrealistic to believe that Maui County's population of 154,000 residents can sustain similar utilization as Oahu's population of 953,000, without an exorbitant and perpetual state subsidy, a severe reduction of services, or a combination of both. Any type of private acquisition will rely heavily on tax payers' dollars to support the system, while the Legislature relinquishes its oversight on how those tax dollars are spent and cannot guarantee that the private operator remain.

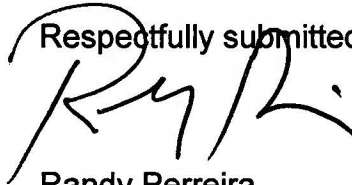
Advancing legislation that enables privatization, without fully assessing the System's financial and management situation is premature. We respectfully implore the

S.B. 795
Committee on Health
Committee on Judiciary and Labor
Committee on Commerce and Consumer Protection
February 11, 2015
Page 2

Legislature to judiciously complete its due diligence, ensure satisfactory answers to all of its questions, and exhaust every avenue prior to fracturing and selling a portion of the state's assets. We cannot afford any lesser degree of scrutiny or the potential of a failed experiment when it comes to delivering critical safety net services.

We respectfully request that the Committees defer S.B. 795 and consider the resolutions provided in S.B. 1355, which recentralizes the Hawaii Health Systems Corporation and calls for the Auditor to complete a full financial and management audit of the System, prior to privatizing our hospitals.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randy Perreira', written over the typed name.

Randy Perreira
Executive Director

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: 808tigress@gmail.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 2:53:02 PM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Garcia	HGEA	Oppose	No

Comments: THE TWENTY-EIGHTH LEGISLATURE THE SENATE REGULAR SESSION OF 2015 COMMITTEE ON HEALTH DATE: Wednesday, February 11, 2015 TIME: 9:00AM PLACE: State Capitol, Conference Room 016 415 South Beretania Street Testimony Opposing S.B. 311 & S.B. 795, relating to Hawaii Health Systems Corporation Chair Green, Vice Chair Wakai and members of the Senate Committee on Health: Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Lisa Garcia, I live in Paia, and I work as a Tax Clerk. I strongly oppose S.B. 311 and S.B. 795. The state's safety net hospital system should remain a public hospital system. If it is privatized there are no guarantees that the state will save money and thousands of employees would be at risk of losing their jobs and benefits. Hawaii can do better. It would be prudent to recentralize Hawaii Health Systems Corporation and to conduct full financial and management audits. I respectfully request that you hear and support S.B. 1355. Sincerely, Lisa Garcia

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HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

Testimony of George Szigeti
President & CEO
HAWAI'I LODGING & TOURISM ASSOCIATION
Senate Committees on Health, Judiciary and Labor, and Commerce and Consumer Protection
Hearing on February 11, 2015, 9:15 a.m.
SB 795 Relating to the Hawai'i Health Systems Corporation

Dear Chairs, Vice Chairs, and Members of the Committees on Health, Judiciary and Labor, and Commerce and Consumer Protection. My name is George Szigeti and I am the President and CEO of the Hawai'i Lodging & Tourism Association.

The Hawai'i Lodging & Tourism Association (HLTA) is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms that benefit from and strengthen Hawai'i's visitor industry. Our membership includes over 150 lodging properties, representing over 50,000 rooms, and over 400 other Allied members. The visitor industry was responsible for generating \$14.9 billion in visitor spending in 2014 and supported 170,000 jobs statewide – we represent one of Hawai'i's largest industries and a critical sector of the economy.

On behalf of HLTA, permit me to offer this testimony regarding SB 795 Relating to the Hawai'i Health Systems Corporation, which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a private Hawai'i nonprofit corporation.

The Hawai'i Lodging & Tourism Association **SUPPORTS** Senate Bill 795, which is critical to the future sustainability of quality health care services for the residents and visitors of Maui County. Maui Memorial Medical Center (MMMC) is the only full-service hospital in Maui County. Along with its sister facilities, Kula Hospital and Lanai Community Hospital, it serves the entire populations of three islands – Maui, Lanai and Molokai. It is also worth noting that MMMC is also one of the largest employers on Maui with close to 1,400 employees.

In 2014 MMMC required a \$33.6M subsidy, which is a big concern; however, it's an even bigger concern that they are estimated to have an increasing shortfall of \$573M - \$843M over the next 10 years to maintain status quo operations. This is a problem as facilities such as MMMC are in need of major updating in order to provide for the well-being and safety of their employees and patients. Growing losses will inevitably affect services, accessibility, staffing and the ability for HHSC Maui Region to remain competitive in quality and costs. With this trend estimated to continue year after year, the population of Maui County would be vulnerable to a loss of services and jobs, leaving many families with no other option but to fly to Oahu for care; which would have statewide repercussions as it would create a "ripple effect" on health care access for other areas.

In conclusion we would like to comment that we **support** a public-private partnership, as it will reduce dependence on government subsidies and provide access to private capital which will allow these HHSC facilities to create sustainability.

Thank you for the opportunity to testify.

From: kauaiboy4200@aol.com
To: [HTHTestimony](#)
Subject: OPPOSE SB 795
Date: Sunday, February 08, 2015 4:32:39 PM

Greetings Chair Green, Vice Chair Wakai, and committee members:

I am writing in STRONG Opposition to SB 795

The Purpose and intent of HB 1420 which recentralizes HHSC and provides auditors to complete a full financial and management audit of the system is the correct thing to do before acting on any other bills such as this bill SB 795 and SB 311.

As a citizen of the state of Hawaii in rural Kauai County I have grave concerns over proposed legislation to privatize the safety net hospital system it is a risky proposition which I firmly believe will cause harm to our community and overall cost the tax payer while the legislature relinquishes its oversight on how tax payer dollars are spend and cannot even guarantee the private provider will stay. It is crystal clear that any form of private acquisition will rely heavily on tax payer dollars!

Passing ANY legislation that will enable privatization in any way without fully assessing the HHSC systems financial and management situation is premature and down right negligent.

I humbly implore the legislature to complete its due diligence and ensure satisfactory answers to all its questions before it fractures and sells this states assets

Mahalo for the opportunity to present testimony.

Sincerely,

Joseph A Savino
PO Box 390
Kaunakani, Hawaii 96747

808-652-2092

From: [Susie Uwekoolani](#)
To: [HTHTestimony](#)
Subject: SB 795
Date: Sunday, February 08, 2015 6:08:56 PM

I am opposed to this measure for a number of reasons. First the HPH has zero experience with long term care. I worry that long term care could be reduced or eliminated. Perhaps Kula Hospital's privatization could be delayed to avoid overwhelming HPH. Second, MMMC is saying that people would not be "shipped" off island to receive services. I beg to differ. We so underutilize the cardiac program that the expense outweighs any profit. Third, the number of employees that will tap into the retirement system will be large. Are they ready for this expense? Lastly, will HPH help us where we need help, an increase in the number of beds? We have a huge wait time in the ER, large numbers of cancelled surgeries and procedures due to lack of beds. We have huge costs in overtime to try to accommodate all these patients. Mahalo for this opportunity, Susie Uwekoolani RN, BSN

State of Hawai'i
The Senate

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Glenn Wakai, Vice Chair

COMMITTEE ON JUDICIARY AND LABOR
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

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

DATE: Wednesday, February 11, 2015
TIME: 9:15AM
PLACE: Conference Room 016
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT
Senate Bill 795

My name is Karey Kapoi and I am writing in support of SB795 to authorize the Maui regional health care system to enter into an agreement with a private Hawaii nonprofit corporation.

I have worked at Maui Memorial Medical Center for almost five (5) years, and my mother before me for nearly thirty (30) years. In that time, I've watched my mother and her peers dedicate countless hours under sometimes strained circumstances to meet the growing demands of our residents and visitors. I have also enjoyed the privilege to work alongside some of the most dedicated and compassionate individuals in our community, who have, despite public criticism and challenges continuously delivered the highest level of care possible.

Over the years, the hospital has grown and responded to the changing industry it's a part of, and although it has had to endure a number of challenges, it has never wavered in the level of care offered. We have, however reached a point where our options for growth have diminished. If the State cannot fund us according to what is required at least for status quo operations, they should allow our hospital to explore a partnership that can provide and maintain the level of care we need.

As a mother, an employee and a resident of this State, I am hopeful that you will support SB795 to allow the Maui Region to continue to serve and grow as it has the potential to do, and as our community deserves.

I ask for your consideration on this proposed measure.

Mahalo.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: rkayelny@gmail.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Monday, February 09, 2015 1:42:14 PM

SB795

Submitted on: 2/9/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Robin Kaye	Individual	Oppose	No

Comments: I am opposed to the passage of SB 795. I understand the need to secure the future of HHSC, the Lana'i Community Health Center has not been a part of this discussion. That is a significant oversight, given that they serve almost 50% of our population. I have personally experienced their commitment to quality community healthcare; having any discussion about our hospital without the active involvement of the Lana'i Community Health Center is more than a "missed opportunity;" it is a terrible mistake.

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HPCCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Health

The Hon. Josh Green, Chair

The Hon. Glenn Wakai, Vice Chair

Senate Committee on Judiciary and Labor

The Hon. Gilbert S.C. Keith-Agaran, Chair

The Hon. Maile S.L. Shimabukuro, Vice Chair

Senate Committee on Commerce and Consumer Protection

The Hon. Rosalyn H. Baker, Chair

The Hon. Brian T. Taniguchi, Vice Chair

Testimony on Senate Bill 795

Relating to the Hawaii Health Systems Corporation

Submitted by Robert Hirokawa, Chief Executive Officer

February 11, 2015, 9:15 am, Room 016

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, opposes Senate Bill 795 as drafted, which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

We recognize that section §323F-7.6, Hawaii Revised Statutes (HRS), provides the authority to transition a HHSC regional system or health facility to a new entity. HPCA opposes this bill because it lacks inclusion, input, and consideration of federally qualified health centers in the system's region. For example, with regard to this measure, Lanai Community Health Center serves almost 50% of the residents on Lanai. The health center should be involved in any plans to transition a facility because it will affect them and their patients. Section §323F-25 of HRS states:

“Regional system board; community hospitals; community health centers;

collaboration. Each regional system board and each community hospital under the jurisdiction of the corporation shall collaborate with community health centers within their respective geographic jurisdictions to maximize funding from the state and federal governments to:

- (1) Maximize reimbursement for health care services provided;
- (2) Acquire funds for capital investment;
- (3) Provide expanded hours of service; and
- (4) Ensure the provision of the appropriate level of care to the community served by each community health center.”

It's clear that the legislative intent when regional systems were created was to require collaboration with community health centers that were in a regional system's geographic jurisdiction. Although this collaboration has not always occurred, it **must** occur; particularly if the health center serves a large population of the area. If this measure moves forward we ask the committee to consider amendments that include language similar to HRS §323F-25 and require collaboration with federally qualified health centers in their geographic jurisdiction as a condition of transition and prior to transition. We ask that the same language also be placed into HRS §323F-7.6 so that any future transitions require collaboration with federal qualified health centers.

Thank you for the opportunity to testify.

February 8, 2015

Re: Senate Bill 795

My name is Barry Shitamoto and I am writing in support of **SB795** to authorize the Maui region health care system to enter into an agreement with a private entity, Hawaii nonprofit corporation.

I am a Maui native and physician for over 37 years. I have been privileged to currently work in all of HHSC's major hospitals on all islands as well as all of HPH's four major hospital facilities on Oahu and Kauai. But the great majority of my time is spent working at Maui Memorial Medical Center, where I currently serve as a Regional Board Member.

Hospitals, much more than any other medical provider, defines the level of access and quality of care in our communities. Hospitals provide the emergency services, surgical services, obstetric services, and high technology diagnostic services that keep our community healthy.

Access and quality have become critically affected and important in all of our neighbor island communities. The current environment of declining provider payments, physician shortages (and aging), and an unsustainable, rigid State Hospital System will create a "perfect storm" healthcare situation with regards to access and quality.

While the problem is complex, the current SB795 provides a sturdy and in my opinion, a very durable pathway to enhance healthcare for all Maui citizens. Maui Memorial Medical Center is the primary driver of healthcare and a large part of the local economy. Please allow both Maui citizens the opportunity to create a healthcare system with a strong partner to enrich access and quality. This will be a win not only for Maui but also for the State's overall health!!

Thank you for your consideration

Barry Shitamoto, MD
43 Kamalei Circle
Kahului, HI 96732
808-242-2590

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: k.mehana@gmail.com
Subject: *Submitted testimony for SB795 on Feb 11, 2015 09:15AM*
Date: Monday, February 09, 2015 2:46:12 PM

SB795

Submitted on: 2/9/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Roselani Kahoolalahala	Individual	Oppose	No

Comments:

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Testimony of
William T. Rees
on
SB795
Relating To The Hawaii Health Systems Corporation
COMMITTEE ON HEALTH
COMMITTEE ON JUDICIARY AND LABOR
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Wednesday, February 11, 2015, 9:15am
Conference Room 016

Dear Chairs Green, Keith-Agaran, Baker, Vice Chairs Wakai, Shimabukuro, Taniguchi, and Members of the Committees,

Fly or Die – that’s what we say on Maui now regarding the current sad condition of MMMC; either fly to Oahu for treatment or risk death at MMMC’s understaffed, underfunded, undercleaned, undermaintained facility. And it’s only going to get worse as consumer expectation and demand for hospital services increase along with the expenses it takes to run a hospital. Unfortunately, as we have seen with the recent requests before the legislature to increase MMMC’s annual budget, the already stark disconnect between Oahu legislators and Maui’s healthcare needs is only going to widen. That is why **I support SB795** – we should let people who know the business of how to successfully run a hospital take charge rather than allowing the health and even the very lives of Maui residents to be determined by legislators who are unaware of the potential life-altering (or even life-ending) consequences of business as usual by the legislature’s holding of MMMC’s purse strings.

Thank you.



*REALTORS®
Association of
Maui, Inc.*

441 Ala Makani Place
Kahului, Maui, HI 96732-3507
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February 11, 2015

TESTIMONY TO THE SENATE COMMITTEES ON HEALTH, JUDICIARY AND LABOR, AND
COMMERCE AND CONSUMER PROTECTION
REGARDING: SENATE BILL 795 HAWAII HEALTH SYSTEMS CORPORATION

Thank you for this opportunity to submit testimony to your committees. I am David DeLeon, government affairs director for the Realtors Association of Maui, representing the 1,400-member Realtors Association of Maui.

On October 28, the RAM Board of Directors approved the following statement:

The Realtors Association of Maui is concerned for the very existence of Maui's only hospital. We support the efforts of the Hawaii Health Systems Corporation to allow a public-private partnership to create a viable, self-sustaining fiscal structure for the Maui Memorial Medical Center. RAM asks the Maui state legislative delegation to take all necessary steps to approve the legislation necessary to allow that to happen.

Our association does not usually involve itself in the health-related issues, but when circumstances call into question the future viability of our single hospital, we find it necessary to let our collective voices be heard. The fourteen hundred members of our association are first and foremost residents of this community and are dependent on having a first class, on-island facility that can meet our medical needs here, so that we do not have to travel to Oahu or the mainland for ordinary treatment.

Maui is a vibrant, growing community that generally meets its own needs. But this is a challenging time for hospitals across the country. It has become clear that MMMC needs either a sustainable source of state funding or the freedom to seek partners who will bring additional resources and staff without any additional cost to the state. The good news is that MMMC has attracted a number of well qualified suitors, both from the mainland and locally, seeking that partnership. How such a partnership is structured or with whom is yet to be seen, but with a pending debt for this year alone at \$50 million, we believe the time for quibbling is over. Our association, and we are sure, our whole community wants to see our only hospital on firmer fiscal ground and in position to thrive.

We are not in the hospital business, so we won't delve into all of the options that a public-private partnership will bring. We do appreciate the complexity of this issue: protecting the interests of our community, the state and 1,400 MMMC employees. But we also believe the existing model is broken and the time to allow a public-private partnership to emerge has come. Mahalo for your attention to this extremely important Maui issue.

Anthony P. Takitani
Gilbert S.C. Keith-Agaran
David M. Jorgensen

24 North Church Street, Suite 409
WAILUKU, MAUI, HI 96793-2222
(808) 242-4049 • FAX (808) 244-4021
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Joseph L. Wildman
Eve M. Green
Of Counsel

TAKITANI, AGARAN & JORGENSEN

A Law Partnership

February 9, 2015

SENATOR JOSH GREEN
SENATOR GILBERT S.C. KEITH-AGARAN
SENATOR ROSALYN H. BAKER

Re: SB 795; 2/11/15 Hearing Before Committee on Health, Committee on
Judiciary and Labor, and Committee on Commerce and Consumer Protection

Aloha Chair Green, Chair Agaran and Chair Baker,

My name is Dave Jorgensen. I'm an attorney and 23 year resident of Wailuku, Maui, and I'm submitting this testimony in support of **SB795** to authorize the Maui regional health care system to enter into an agreement with a private entity to provide health care services in Maui County.

Maui Memorial Medical Center, Kula Hospital and Lanai Community Hospital have been an integral part of our community for generations. Almost every Maui resident has received or knows someone who has received care at one of these great facilities. The islands of Maui County have over 160,000 combined residents, and over 2.3 million visitors each year. This may seem insignificant compared to Oahu in numbers, but also consider that we only have one full-service, acute care hospital to rely on for everything from a broken bone, to childbirth, to triple bypass surgery. Our growing community, like Oahu's, has medical needs that require access to quality healthcare, close to our homes and our families where healing happens best. We deserve it.

Can you imagine if all C-sections had to be performed on Oahu, or a child with a broken arm had to be airlifted to Honolulu for treatment? Can you imagine what that would do to our families – physically, emotionally and financially? Can you imagine the volume of patients that would now be transferred to Oahu and what that would do to further exacerbate ER wait times, bed availability and the physician shortage problems our state is already facing if we can't have a functioning healthcare system on the second most populated island in the state?

Maui Memorial Medical Center is also one of the largest employers in Maui. If even more services are lost, we'll inevitably be putting these jobs on the line. Everyone is affected by the loss of healthcare services on Maui: all employees, children and kupuna, residents and visitors alike.

I urge you to put the health of our residents, both physical and financial, first. The time is now. This issue cannot be sidestepped any longer in an Oahu-centric view of the State without seriously and adversely affecting our community. Any further reduction in staff or services as an answer to this financial crisis will have a devastating effect on our community...your community. Cutting is not the answer. And with further reduction in support from the state, you are leaving less and less options. It is up to you to save our hospitals.

Mahalo for your consideration.


DAVID M. JORGENSEN

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: tamar@chotzen.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Monday, February 09, 2015 7:37:21 PM

SB795

Submitted on: 2/9/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

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

Comments: Dear Committee Chairs Baker, Green, and Keith-Agaran, as well as committee members, Please Support SB 795 to allow Maui Memorial Hospital to enter into a public private partnership. Such a partnership will leverage state dollars, improve facilities and services, and retain jobs on Maui. MMMC is our only choice on Maui. We can't go down the street to another hospital. Flying to Oahu or elsewhere for services is a huge financial and emotional burden to Maui residents, not to mention the delay in critical care that it can cause. We need MMMC to be a great hospital. Adequate funding by the legislature is unlikely as budgets are being cut, not grown. A public private partnership will bring private dollars to help grow and improve our only hospital. The HGEA opposes this bill because it says we will lose union jobs. What they don't say is that we are losing those jobs due to state budget cuts if we do nothing! MMMC will employ more people on Maui if SB795 is passed! We hope you will support this legislation until it passes! Thank YOU! Tamar Goodfellow

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: kaleon@juno.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Monday, February 09, 2015 7:42:47 PM

SB795

Submitted on: 2/9/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Daniel Navas	Individual	Support	No

Comments: I wish to submit my support for SB795 allowing for Maui Memorial Medical Center, Lanai Community Hospital, and Kula Hospital to enter into a private partnership. I firmly believe this will offer needed resources, competition, and expertise that will ultimately improve the hospitals and the healthcare for the residents of Maui County. Thank you, Daniel Navas

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: Steveg@goodfellowbros.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Monday, February 09, 2015 8:14:51 PM

SB795

Submitted on: 2/9/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
James Stephen Goodfellow	Goodfellow Bros., Inc.	Support	No

Comments: Dear Committee Chairs and Members, Please support SB95. This legislation is critical to our community. Maui has only one hospital. As CEO of Goodfellow Bros. Inc. and our 600 employees and their families, I can tell you that we need quality health care on Maui. A public private partnership will bring new resources to our island, ensuring improved services and facilities, at less cost to the state. This legislation makes economic sense. It makes sense for effectively meeting the health care needs of our community. And it will help save lives, jobs, and money. Please vote yes. Thank you. Steve Goofellow

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LĀNA'Ī COMMUNITY HEALTH CENTER

Serenity Chambers, Ph.D.
P. O. Box 630142
Lāna'ī City, HI 96763-0142



Phone: 808-565-6919 x121
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COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Glenn Wakai, Vice Chair

Testimony in OPPOSITION of SB795

Relating to Health

February 11, 2015, 9:15am, Conference room 016

Submitted by Serenity Chambers, Ph.D.

Licensed Psychologist, Behavioral Health Specialist, Lanai Community Health Center

Written Testimony

I am writing in opposition of SB795. While I fully understand that change is needed in order to provide HHSC with a viable future, the change outlined in this bill is one that has been crafted without critical community input. In addition, it was crafted without input from Lāna'ī Community Health Center (LCHC), an organization which is now providing ongoing care for 47% of the population of the island of Lāna'ī, with patient volumes that continue to rapidly grow. As a federally qualified health center, LCHC is an essential provider and the only safety net outpatient provider on this island.

As a health care provider living on Lāna'ī and working at LCHC for the last 3 years, I have witnessed first hand the needs of the most vulnerable, low income, uninsured, chronically ill patients, and as a team we have worked hard to grow our services to meet the unique needs of our patients. We are very concerned as to how this bill and the subsequent lease of Lāna'ī Community Hospital would affect our patient's healthcare, LCHC's ability to care for its patients, and the health and wellness of the community at large. It is troubling that there has been no solicitation of input from LCHC, despite the fact that we serve almost half of the island's population and that our mission is to continue to serve the healthcare needs of the island, with special emphasis on its most vulnerable residents.

With all the big changes happening on Lāna'ī, I am deeply concerned about this small community absorbing yet another big change they have no control over, which may have grave negative consequences on the healthcare of residents. In a time of vast change when uncertainty prevails, the importance of soliciting input from those who will be impacted cannot be understated, as this will play a huge role on how well the community adjusts to those changes. It is a simple and reasonable request to ask that this small community of 3200 people be given this opportunity, and that the island's main providers be invited to contribute their vast experience as well. A conversation with the community and the principal providers within the community needs to occur before this bill, and SB795, proceeds further and becomes law.

Thank you for the opportunity to testify.

E Ola nō Lāna'ī

LIFE. HEALTH. and WELL-BEING FOR LĀNA'Ī

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: goodhone@gmail.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Monday, February 09, 2015 8:32:18 PM

SB795

Submitted on: 2/9/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Virgil Medeiros	Individual	Comments Only	No

Comments: I strongly oppose the passage of SB795. HHSC must be maintained as a State system and it's employees, civil servants of the State of Hawaii to preserve the safety net structure.

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A private partnership will not solve the answer to the budget shortfall that Maui Memorial is experiencing. I would like to see the Maui Memorial Medical Center be able to receive the funding it needs from the state because it is the only hospital on Maui.

A private partnership will affect the livelihood of the current employees and thus the quality of health care received there.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: susannepayn@yahoo.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 5:16:01 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
susanne payn	Individual	Comments Only	No

Comments: Aloha, I am writing to express my concern over the privatization of the hospital. It seems like the vendor is not taking any risk, the state will pay for all the capital expenditures as well as a hefty subsidy for the first 10 years. I agree that an audit should be done, we have too many chiefs and not enough indians (an expression). After review, maybe the state and employees can sit down and discuss changes that would help the hospital (starting at the administrative levels) and including employee wages/benefits. I wouldn't want to take cuts, but will be willing if its the only way to save my job? Maybe changing to PTO, example a new hire is entitled to a month of vacation, although I do feel that the old timers have earned the vacation, cuts like this might help. I feel that employees would be willing to work with the employer, especially if it means losing their jobs, or only having a guaranty for 6 months. It seems as though privatization will only bust the unions. Maybe a letter to the unions/employees explaining the options (privatization vs. wage/benefit cuts from you would help). Its better to have a job with a little less than to not have a job. You are all in our thoughts and prayers for this very important decision. May the Lord guide you, Aloha and God bless, Susanne Payn

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Cc: skaye@runbox.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 6:03:08 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
sally kaye	Individual	Oppose	No

Comments: This bill is premature and subject to challenge. Pursuant to HRS Sec. 323 F-25 the regional system's Board "shall" collaborate with community health centers within its jurisdiction. This has not occurred. Until such time as the impacted communities and the centers that serve them are consulted, this bill should not move forward.

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To: [HTHTestimony](#)
Cc: kalepa@maui.net
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 7:49:33 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Jonathan Starr	Individual	Support	No

Comments: Dear Senators, I request your steadfast Support for this Bill. It is essential to us, the residents of Maui County, in order to preserve excellence in medical care on Maui. I believe that the public-private partnership is the only viable way to keep our Maui Hospital thriving, and without it Maui will be plagued with serious health and safety issues. I have use Maui Memorial Hospital a number of times, several of them for serious issues, and my treatment and care has been consistently excellent. Please do not let this degrade. Please support SB795, Mahalo, Jonathan Starr Kaupo & Wailuku, Maui

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To: [HTHTestimony](#)
Cc: oluolu@maui.net
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 7:56:50 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Helen Nielsen	Individual	Support	No

Comments: I am writing in strong support of this measure, to allow Maui Memorial Hospital to enter into an agreement with a private entity so that medical services continue to be served in Maui County. I live on Maui and know how important these facilities are. And I understand how the Executive Director has been exploring every possible option to be able to continue these vital services. Unless the State is willing to commit to subsidize the hospitals quite heavily, I see no other option. I believe the Executive Director of Maui Memorial has the very best interests of the community in mind as he moves towards this transition. Please vote in support. (I also believe that if the community knew how important this measure is, they would be out in force, supporting it as I do. Everyone wants to keep our hospitals strong and accessible.)

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Testimony of WESLEY LO

Senate Committee on Health
Senator Josh Green, Chair
Senator Glenn Wakai, Vice Chair

Senate Committee on Judiciary and Labor
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

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

DATE: Wednesday, February 11, 2015
TIME: 9:15 a.m.
PLACE: Conference Room 016
State Capitol
415 South Beretania Street

**TESTIMONY IN SUPPORT
SENATE BILL 795**

Chairs Green, Keith-Agaran, Baker, Vice Chairs Wakai, Simabukuro, Taniguchi, and members of the Senate Committee on Health, Senate Committee on Judiciary and Labor, Senate Committee on Commerce and Consumer Protection:

My name is Wesley Lo, Chief Executive Officer of Hawai'i Health Systems Corporation – Maui Region. Thank you for the opportunity to provide testimony on Senate Bill 795

The Maui Region hospitals, which include Maui Memorial Medical Center, Lāna'i and Kula Hospitals, are in need of help. We are at a critical point in our journey as an organization, as a group of committed medical personnel and professionals and as a community.

Maui Memorial Medial Center is the only acute care hospital in all of Maui County, we have no private hospitals, as such, we are left to care for all of Maui Nui – it is our pleasure and our passion, yet we have an ever-growing challenge in meeting the increasing needs of our fiscal responsibilities and our want to provide more services to our County and those who visit our islands.

We are proud of our efforts over the last several years to improve the services for the County of Maui as well as improve our financial position. During the period from 2008 to 2013, we were able to increase our Operating Revenues by \$72.6 million, while our Operating Expenses only increased by \$55.1 million for the same period.

At the same time, we improved our financial situation, we also increased and improved services to our community, our heart program, stroke program, and trauma programs are proof of our efforts to improve the healthcare in the county of Maui.

As we predicted for years, in 2014, the landscape changed.

Our revenues started feeling the effects of reduced reimbursements related to the Affordable Care Act, as well as the fact that we have started reaching capacity in many areas of the hospital and the ability to grow Revenues without significant investment have been virtually shut down. In 2014, we started feeling the effects of new requirements related to federally mandated requirements (Electronic Medical Records) as well as increased collective bargaining costs. That year, our revenues increased \$800,000, while our operating expenses increased \$19 million (of which \$9.9 million was related to EMR/ICD-10 implementation costs; and \$10.8 million was related to increases in Salaries, Wages and Benefits.

For FY 2015, revenues for the first half of the year did not show an increase over last year and remain flat and we are seeing further increases in expenses related to inflation and negotiated salaries, wages and benefits. This is exacerbated by the fact that the general fund appropriations to HHSC were reduced by approximately \$17 million.

As we look into the future, we have just learned the President Obama's federal budget includes approximately \$400 billion in reductions and reforms to Medicare, Medicaid and other HHSC programs over the next decade, which will invariably affect the state's rural hospital system

We cannot continue this trend.

As a region, if we were to look at decreasing the operating expenses, we would have to look at decreasing services to Maui County. Maui Memorial has already closed its Youth Behavioral Health division – a loss that has affected Maui and Hawai'i Counties. We do not want to cut any more services, but the financial chasm continues to widen.

The burden is heavy as Maui County's largest employer, so our attempts to create a public-private partnership is to allow Maui Region's hospitals to maintain

and expand services and give Maui County the much-needed medical services they need and want as a community.

SB 795 provides the opportunity for Maui Region to explore opportunities to dramatically reduce subsidies to maintain the status quo, increase services and provide competitive fair market value private sector compensation and work rules that are appropriate for a 24/7 hospital operations.

We recognize and value our staff – every single one of them is the soul and heart beat of this region. They are the faces that calm scared family members, the hearts that touch our patients in some of their most challenging times, they are the arms that welcome new life to Maui, they are my neighbors and friends. This hospital means so much to so many on Maui, and it is difficult to fathom the worse for this region. Our need to find a public-private partner is not to obfuscate the challenges of a fiscally deficient system but it truly is our last opportunity to find a solution, short of closing departments, restricting services and releasing employees.

Maui has no private hospitals that provide these services; we are the option – the only option.

I ask for your consideration on this proposed measure.

Mahalo.

Wesley Lo
Regional Chief Executive Officer
Maui Memorial Medical Center

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: smcfarland@hhsc.org
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 8:46:26 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Scott McFarland	Individual	Support	Yes

Comments: As a Regional CEO within the HHSC System, I support the option of partnerships with private non-profit healthcare systems to address the challenges HHSC hospitals face in continuing to provide vital healthcare services throughout the state, while striving to reduce taxpayer subsidies. The involvement of a private non-profit entity has been identified and recommended by several previous studies, including the requested report to the Legislature delivered in 2010 by Stroudwater Associates. Healthcare today is a very specialized, complex and rapidly changing business. Federal, state and private health insurance providers strive to reduce spending on healthcare; in particular, expensive hospital costs. This is an environment where maintaining revenue is difficult, and increasing revenue is particularly challenging. Operators of healthcare facilities face constant pressure to provide higher quality care and customer satisfaction at lower cost (the triple aim). Investments in specific areas such as health information technology, physician networks, quality improvement, supply chain management, and expertise in revenue cycle maximization are essential. Hawaii non-profit healthcare providers have already invested substantially in this new paradigm. HHSC facilities can benefit from partners who can accelerate access to these investments and also greater economies of scale. HHSC is proud to represent state funded facilities that provide essential healthcare services across the state. But it is recognized that to continue to provide healthcare under a government model as we do today may be unnecessary. Neighbor island communities and our facilities are attracting the interest of private non-profit healthcare systems looking for larger markets and economies of scale. Allowing experts in the healthcare industry to assume more of the responsibility for healthcare in our state can allow precious government dollars to be spent for other needed services. Support of this measure can optimize access to high quality healthcare services and thus contribute to the general economic growth of our state. Thank you for the opportunity to testify.

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To: [HTHTestimony](#)
Cc: jkodama@hhsc.org
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 8:54:30 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Judy Kodama	Individual	Support	No

Comments: I am writing in support of SB795 to authorize the Maui regional health care system to enter into an agreement with a private Hawaii nonprofit corporation. My name is Judy Kodama and I have worked at MMMC for 28 years. I have held multiple positions from staff RN to current Director of Nursing position and have seen our healthcare evolving dramatically, yet our public healthcare system has failed to keep pace. This has created financial problems that have not only limited our resources, but also hindered our ability to grow with the increasing needs of our healthcare on Maui. Staff at MMMC are working in a very difficult economic situation which needs action now. I believe any reduction of services will put our community in to a severe healthcare crisis. Our Maui Ohana deserves to have continuous healthcare services close to our home. I humbly ask for the legislature to assist in finding a solution during this legislative session. Thank you for the opportunity to provide these comments.

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To: [HTHTestimony](#)
Cc: sherieiko@hawaiiantel.net
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 8:59:36 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

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

Comments: I am writing in support of SB795 to authorize the Maui regional health care system to enter into an agreement with a private Hawaii nonprofit corporation. I was born and raised on Maui and have seen Maui Memorial Medical Center blossom into the only hospital in the state with a 24/7 stroke prevention program and only neighbor island hospital that provides comprehensive cardiovascular services. Patients are not only residents and visitors of Maui county, but also extend to Hilo, Kona and Kauai as well. Please consider passing this Bill, in its present form, or providing the funding needed to Maui Memorial Medical Center. Thank you very much for your consideration.

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: gailm808@gmail.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 9:17:56 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Gail Miyahira	Individual	Comments Only	No

Comments: I support this bill with reservation. I would like the Maui Community and the stakeholders at the hospital have national options than to limit to Hawaii non profit healthcare corporations. Change is desperately needed for healthcare in the Maui region. The hope for change is for financial sustainability, and for management that can demonstrate knowledge, skill and leadership to create efficiencies, practice cost containment and understands and listens to the 'heart ' of the organization...it's employees.

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Dear Legislators and Concerned Citizens,

I am writing to express my concern and conditional support for SB 795. While I believe a change is in order for the community of Maui, I am concerned that the golden parachute will be offered to only a politically connected few while others in the workforce are in jeopardy of downsizing through some degree of centralization. I hope that the bill in its current state will be amended to provide assurance for those whose jobs may be consolidated. Also of concern are employees who have invested a large degree of their professional life in Maui Memorial, are close to retirement, and will no doubt lose financially. I appreciate the opportunity to give testimony. I value the health and community of Maui and the dedication of those who have struggled to make our hospital a better place for all.

Respectfully,

Penny Souder RN MS

Testimony of Nick Hughey

Senate Committee on Health
Senator Josh Green, Chair
Senator Glenn Wakai, Vice Chair

Senate Committee on Judiciary and Labor
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

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

DATE: Wednesday, February 11, 2015
TIME: 9:15 a.m.
PLACE: Conference Room 016
State Capitol
415 South Beretania Street

**TESTIMONY IN SUPPORT
SENATE BILL 795**

Chairs Green, Keith-Agaran, Baker, Vice Chairs Wakai, Simabukuro, Taniguchi, and members of the Senate Committee on Health, Senate Committee on Judiciary and Labor, Senate Committee on Commerce and Consumer Protection:

My name is Nick Hughey, Chief Business Officer of Hawai'i Health Systems Corporation – Maui Region. Thank you for the opportunity to provide testimony on Senate Bill 795

The Maui Region hospitals, which include Maui Memorial Medical Center, Lāna'i and Kula Hospitals, are in need of help. We are at a critical point as an organization, professionals and as a community.

Maui Memorial Medical Center is the only acute care hospital in Maui County, we have no private hospitals, as such, we are left to care for all of Maui. We have continual fiscal challenges in meeting the increasing medical needs of community. We are striving to provide more services to our County and for persons who visit our islands.

We are proud of our efforts over the last several years to improve the services for the County of Maui as well as improve our financial position. During the period

from 2008 to 2013, we were able to increase our Operating Revenues by \$72.6 million, while our Operating Expenses only increased by \$55.1 million for the same period.

At the same time, we improved our financial situation, we also increased and improved services to our community, our heart program, stroke program, and trauma programs are proof of our efforts to improve the healthcare in the county of Maui.

In 2014, the healthcare landscape changed.

The regional revenues started feeling the effects of reduced reimbursements related to the Affordable Care Act, as well as the reality we have started reaching capacity in many areas of the hospital and the ability to grow Revenues without significant investment have been diminished. In 2014, the impact effects of requirements related to requirements related Electronic Medical Records as well as increased collective bargaining costs. That year, our revenues increased \$800,000, while our operating expenses increased \$19 million (of which \$9.9 million was related to EMR/ICD-10 implementation costs; and \$10.8 million was related to increases in Salaries, Wages and Benefits.

For FY 2015, revenues for the first half of the year have not shown an increase over last year and remain flat and we are seeing further increases in expenses related to inflation and negotiated salaries, wages and benefits. This is exacerbated by the fact that the general fund appropriations to HHSC were reduced by approximately \$17 million..

The above mentioned trajectory cannot continue.

As a region, if decreasing operating expenses is the only available option, the region will have to consider decreasing services to Maui County. Maui Memorial has already closed its Adolescent Behavioral Health division – a loss that has affected Maui and Hawai'i Counties.

The attempt to create a public-private partnership is to allow Maui Region's hospitals to maintain and expand services. The partnership opportunity provides Maui County the ability to maintain and grow medical services to meet the needs of our growing community.

SB 795 provides the opportunity for Maui Region to explore opportunities to reduce subsidies to maintain the status quo, increase services and provide competitive fair market value private sector compensation.

The HHSC- Maui Region values our staff – every single one of them is the soul and heartbeat of this region.

The need to create public-private partner is an opportunity to find a viable long term solution.

Mahalo,

Nick Hughey, RN, MBA, FACHE
HHSC- Maui Region Chief Business Officer
Maui Memorial Medical Center*Kula Hospital and Clinic*Lanai Community Hospital

State of Hawaii
Senate Committee on Health
Senator Josh Green, Chair
Senator Glenn Wakai, Vice Chair

Senate Committee on Judiciary and Labor
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

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

Date: Wednesday, February 11, 2015
Time: 9:15AM
Place: Conference Room 016
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT

Bill SB795

Chairs Green, Keith-Agaran, Baker, Vice Chairs Wakai, Simabukuro, Taniguchi, and members of the Senate Committee on Health, Senate Committee on Judiciary and Labor, Senate Committee on Commerce and Consumer Protection:

My name is Susan Stewart. I am acting CMO of Maui Memorial Medical Center (MMMC) and a former member of the Maui Regional Board. I was a physician actively caring for patients at MMMC from 1986 until June of 2013. I have personally witnessed the improvements in patient care on Maui and the expansion of medical services available to the people of Maui. For the past year I have worked in administration at the hospital and have had first hand experience with the difficulties encountered in delivering care and expanding services while working in a system encumbered by work rules and union rules that are not suited to a 24/7 hospital operation. These rules often force us to be inefficient and wasteful of valuable resources.

I do not feel that Maui Memorial should be the "Mayo of the Pacific." I do feel that medical care that is of proven value, that saves lives and prevents disability needs to be provided to our population. Yes we need our heart program because minutes lost in treatment translate into bad outcomes. Yes we need our stroke program because minutes can mean the difference between full recovery and a life spent in a wheel chair. Yes we need our trauma services because appropriate and prompt intervention can mean the difference between life and death. Saying that these services are available on Oahu and therefore are not needed here, undervalues the lives of our citizens.

Changes in medical care and documentation have placed increased stress on an already stressed system. New layers of expenses are continually being added for coding, documentation and reporting. In addition our employment expenses have risen significantly. Despite being unprecedentedly busy this winter our revenues cannot keep up with the expenses. We need help to avert cutting services and to be able to continue to provide quality care to the citizens of Maui and ideally to further expand services.

The message we at Maui Memorial Medical Center are getting from the state is that you cannot afford to help us. I appreciate the fiscal reality that the legislature and governor face. I am sympathetic. You have difficult choices you need to make. But I feel we have an alternative available that will not place further fiscal strain on the Hawaii State Government, and will allow us to achieve our medical goals and that solution is Bill SB795.

Thank you for your attention.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: avharris@upwhawaii.org
Subject: *Submitted testimony for SB795 on Feb 11, 2015 09:15AM*
Date: Tuesday, February 10, 2015 11:45:35 AM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Art Harris	UPW Hawaii	Oppose	No

Comments:

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From: [KW](#)
To: [HTHTestimony](#)
Subject: SB 795 - Health Care
Date: Tuesday, February 10, 2015 11:35:23 AM

I am in full support of the current language in SB 795. As a Maui Resident it is time that the medical facilities on Maui island have a strong financial footing and are not seen merely as revenue centers for the large Honolulu hospitals. There is no need for the proposed private facility to be beholden to HGEA. As is so often the case the "new" private facility will likely provide strong wages and benefits. It is time that public sector unions in Hawaii realize that the world is changing and that healthcare is changing and that an employee/management structure that allows the hospital to exist in today's reality become a reality.

Kurt Wollenhaupt
P. O. Box 1407
Wailuku, HI 96793-1407

808 214 5811 (home)

February 10, 2015

RE: Testimony in support of SB795

Dear Chair Green, Chair Keith-Agaran, and Chair Baker,

I am writing in **strong support of SB795**, a bill to enable a partnership between the hospitals of the Maui Region of HHSC and a private nonprofit partner. I am a graduate of the UH Family Medicine Residency, an assistant clinical professor in the department of Family Medicine at JABSOM and the medical director of Kula Hospital and Clinic. I have practiced on Maui for 17 years and have been the Kula Hospital medical director for the past 6 years. As a physician who practices in both clinical and administrative capacities at Kula Hospital I have seen both the wonderful patient care we give and the hurdles we have to leap as a state agency to accomplish that. As a quasi state agency we are hampered by state rules regarding contracting, procurement, recruitment, and management in our efforts to adjust to the changing healthcare environment. I have many stories about how these rules and regulations have affected our ability to operate including the 1.5 years it took me to recruit a quality, appropriate family physician to an attractive full time outpatient position at Kula Clinic. As a state agency we cannot be nimble enough to survive and thrive in this rapidly changing field.

This is the THIRD year the Maui Region has supported legislation to allow a private nonprofit partnership as a path toward sustainable quality healthcare for Maui. The model of a private nonprofit partner was recommended in the 2009 Stroudwater report commissioned by the legislature by the independent Stroudwater and Associates firm. Last year heard feedback from the legislature that a bill with a local partner and specific details was required. SB795 is supported by HPH, the largest healthcare provider in Hawaii, and includes details about how the partnership can be accomplished.

As each year that passes without enabling legislation, we face greater difficulties in maintaining quality services and recruiting providers to our community. Updated physician workforce data estimate that we are short 113 physicians for our population on Maui. It is terribly difficult to recruit desperately needed physicians to a medical community in a fiscal crisis with an uncertain future. As each year passes our system is more stressed and becomes less and less attractive to a private partner.

Maui Memorial Medical Center is the only acute care hospital on Maui. It is difficult for residents of Oahu, where you can actually walk from one acute care hospital to another, to imagine depending on only 1 acute care hospital. On our island, if MMMC fails, our community fails. Maui residents have asked for this legislation for

3 years now. This year we have a serious, respected, long term local partner in HPH working with us. Do not let this opportunity slip through your fingers as it may not come again. Please pass SB975 and allow Maui residents to have access to a sustainable healthcare system.

Respectfully submitted,
Nicole Apoliona, M.D.
Medical Director, Kula Hospital and Clinic

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: knaoki@yahoo.com
Subject: *Submitted testimony for SB795 on Feb 11, 2015 09:15AM*
Date: Tuesday, February 10, 2015 1:15:12 PM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Kris Marcello	Individual	Oppose	No

Comments:

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From: [Aaron DeVere Lau](#)
To: [HTHTestimony](#)
Subject: SB795 - HHSC Privatization Bill
Date: Tuesday, February 10, 2015 11:07:21 AM

I support this bill.

The private sector is more capable of running a hospital system.

mahalo,

Aaron D. Lau

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: karenparadise@excite.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 1:23:51 PM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

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

Comments: The viability of healthcare on Maui depends on you permitting the hospital to explore a private partnership arrangement. The citizens of Maui deserve to have quality healthcare without having to go to the mainland or Oahu.

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: yookom@gmail.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 1:33:52 PM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Deborah dela Cruz	Individual	Oppose	No

Comments: As a Lana'i resident, I oppose the proposed Bill. There hasn't been enough community input sought on the Bill. The Lana'i Community Health Center has not been consulted as required by statute especially regarding ensuring the provision of the appropriate level of care for the community. There have been no assurances that the transitioned facility would accept patients from the Center. The wording regarding coordination of long-term care patients gives no assurances of those patients remaining on Lana'i and what services will be offered to them here. There is little or no benefit for the community and appears to just be a way for the State to dump the responsibility for Lana'i on another entity.

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THE TWENTY-EIGHTH LEGISLATURE
THE SENATE
REGULAR SESSION OF 2015
COMMITTEE ON HEALTH

DATE: Wednesday, February 11, 2015

TIME: 9:00AM

PLACE: State Capitol, Conference Room 016
415 South Beretania Street

Testimony Opposing S.B. 311 & S.B. 795, relating to Hawaii Health Systems Corporation

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

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Chad Nakamura, I live in Hawaii, and I work as a Data Process User Support Technician.

I strongly oppose S.B. 311 and S.B. 795. The state's safety net hospital system should remain a public hospital system. If it is privatized there are no guarantees that the state will save money and thousands of employees would be at risk of losing their jobs and benefits.

Hawaii can do better. It would be prudent to recentralize Hawaii Health Systems Corporation and to conduct full financial and management audits. I respectfully request that you hear and support S.B. 1355.

Sincerely,

Chad Nakamura

Email testimony to hthtestimony@capitol.hawaii.gov.

From: Surfah1808@aol.com
To: [HTHTestimony](#)
Subject: HHSC Bills
Date: Tuesday, February 10, 2015 1:04:02 PM

To Senate Committee members on Health

Thank you for this opportunity to provide testimony in S.B. 795.

I've been working at Leahi Hospital since 2001-started from CNA, LPN, & currently as a RN. Our missions for our community is to provide the highest quality of life in Long Term Care through: Integrity, collaboration, caring, commitment, and innovation. Staff at Leahi and our sister facility, Maluhia, have been dedicating ourselves to continue our role in meeting the needs of our community with respectful, responsible and accountable manners for everything we provide.

As a result, we produced many success stories of our residents and their families. For example, residents who had massive stroke were able to return to the community after our compassionate, dedicated care.

Moreover, we are proud to be a provider, as the state's safety net hospital system, for those residents who have difficulty in being accepted by private based nursing facilities after closure of long-term care facilities, including HMC.

Also, we are a provider for those residents from Hawaii State Hospital. Some residents from there are conditional release. Staff are frequently encounter close call for "dangerous behaviors," which are related their diagnoses. Despite all, we continue to provide compassionate care, which hands are meant for healing, minds are meant for sharing and hearts are meant for caring toward our goal of the highest quality of life for each resident.

Many times, nurses are donating our time by cutting our non-paid break-time or staying back late to ensure all aspects of nursing cares, including assessments, documentation etc. are thoroughly taking account for highest level of residents' quality of life.

We continue to look for better ways to improve our care and work processes and to inspire hope, aloha, and a feeling of Ohana to those entrusted to us.

Thank you very much,
Yukiko Barut, RN, BSN, BCom, RAC-CT @ Leahi Hospital

From: drzalenski@hawaii.rr.com
To: [HTHTestimony](#)
Subject: Testimony Related to Bills regarding HHSC Privatization
Date: Tuesday, February 10, 2015 12:43:50 PM

Aloha,

I am very much opposed to all bills including S.B. 795 that relate to HHSC Privatization. Privatization is a step backwards with regard to employee benefits and rights, in addition to sustaining a committed workforce in an already short-staffed health care profession.

There is no Aloha in the proposed legislation related to privatization. I believe that this will have a severe negative impact on Hilo Medical Center, the employees, and our community.

It is my request that you do not pass any legislation related to the privatization of HHSC.

Mahalo for your time and consideration!

Michelle L. Zalenski, PsyD
P.O. Box 4491
Hilo, Hawaii 96720

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From: [Michael Murphy](#)
To: [HTHTestimony](#)
Subject: S.B. 795 is Unacceptable!
Date: Tuesday, February 10, 2015 11:17:05 AM

My name is Michael Murphy. I live in Kapolei and work downtown with the City and County of Honolulu, Department of Transportation Services. I am greatly concerned about S.B. 795, the bill to "privatize" the state's safety net hospital system. I am strongly against it because:

- The private company will require the 2014 level of subsidy of operating and capital funds for 10 years! What does privatization accomplish?!
- It is exempted from state laws, including those governing civil service employment and collective bargaining! We don't need non-accountability and union busting! There is no language providing for union negotiation. It's intent in this regard is clear, it seeks to avoid unionization!
- Current employees are only guaranteed continued employment for 6 months and only if they meet unspecified job requirements, so if they are deemed by the private company not to qualify, they can be immediately let go! This is unfair!

I urge you to reject this measure as antithetical to fair treatment of workers!

Thanks!

Michael A. Murphy
91-1003 Hokuimo Street
Kapolei, HI 96707

(808) 861-5797

From: [Alison Stransky](#)
To: [HTHTestimony](#)
Subject: Testimony re S.B. 795
Date: Tuesday, February 10, 2015 11:56:17 AM

Aloha – I have been employed by HHSC and a member of HGEA since 2008. I am in favor of S.B. 795 for several reasons.

HGEA: While it's nice to make a good salary and have lots of days off, it is my understanding that the salary levels and work hours imposed on HHSC by HGEA are not a good fit for a healthcare system. I would rather sacrifice my personal comfort and allow the people of Hawaii to retain access to a safety net healthcare system, than to put my "rights" as an HGEA employee ahead of the greater good. I believe that labor costs are the largest factor in the unsustainable business model at work at HHSC, and the current salary and benefit structure must give way to a leaner workforce. This is a painful reality across the nation, not just here in Hawaii.

I am also personally aware that HGEA allows 'bad apple' employees to remain in their jobs; it's nearly impossible to fire a poor performer under the current model. Having a work group carry the load for a 'flat tire' employee adds to labor costs.

Privatization: I work directly with the procurement process at HHSC and have a pretty clear sense of what is spent and how goods and services are acquired. There is waste. A mandated standardization of the hospitals imposed by a private partnership(s) would require, for example, that all hospitals use the same type of suture, paper towel, and medical device. This kind of standardization, which is nationally considered to be a best business practice, cannot occur when each region can "do its own thing". I support privatization, lower medical costs and tax-payer savings.

Subsidies: The state will be required to support its safety-net healthcare system one way or another, for the foreseeable future. The collective welfare of our people, through taxation and legislation is your mandate. If the state is asked to continue its subsidy of HHSC, so be it. We have hundreds of precious, vulnerable kapuna who have nowhere else to live except in our long term care (LTC) facilities, and the legislature must find a way to keep the LTC doors open, even if it means making hard choices. If caring for our elderly and indigent isn't a good use of taxes I don't know what is!

Mahalo for allowing me to express my views!

Alison Stransky
Corporate Contracts Manager
Hawaii Health Systems Corp.
3675 Kilauea Ave, Honolulu, HI 96816
808-733-9074

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From: [Lawrence Denis III](#)
To: [HTHTestimony](#)
Subject: S.B. 795
Date: Tuesday, February 10, 2015 3:11:01 PM

Aloha,

I am in STRONG OPPOSITION to this bill. Please kill it immediately. I do not work for the hospital, nor am I related to anyone who does - but I am a Teacher and I don't agree with the intent of this law. It's privatization at its best while using STATE FUNDS.

As written now, S.B. 795 gives the private company a 25-year lease at \$1 per year, requires continued state operating and capital subsidies and only guarantees six months of employment for current employees if they meet the private operator's job requirements.

This is not being prudent with state funds, nor is it taking care of your valued public servants.

Again, I strongly request that you kill this bill immediately.

Thank you,

/s/ Lawrence Denis III

Governments at all levels play a large role in the provision and accessibility of medical care in Maui County. The Federal Government through reimbursement rates established by Medicare make Maui County somewhat unattractive to physicians relative to many mainland municipalities. This is compounded by the high cost of living and housing here on Maui. The initial stages of Obamacare has resulted in several senior but experienced specialists retiring with more expected in the near future. Last year we lost two of three private Gastroenterologists and the only two private Urologists. The hospital is losing two cardiologists early this year. The County is very short of primary care physicians and has large holes in its specialist coverage. There are insufficient specialists to fully cover the Emergency Department.

The lack of a clear future for Maui Memorial Medical Center is a major obstacle for recruitment. This has been going on for several years and is getting worse. It is time to finish this instability. Only with the vision of a stable future can professionals uproot their careers and families and make the move to Maui. While the talk of helping new physicians with their loans may help relieve some of the primary care deficiencies, only a solid stable attractive hospital can attract the seriously needed subspecialist to Maui. Without these subspecialists on Maui our patients (our friends and relatives) will be required to assume the added expense and inconvenience to travel to Honolulu for medical care. For many this will be a hardship.

Only through some form of private partnership with Maui Memorial Medical Center will there be added expertise to manage the hospital, reduced expenses and provide stability to the medical community. We need a hospital on a solid financial foothold to attract a full compliment of physicians and ancillary staff to provide proper medical care to the community. The current continuation of uncertainty is a huge weight to bear for the whole community to bear.

Ronald M Boyd MD
Interventional Radiologist
Chief of the Medical Staff
Maui Memorial Medical Center

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: championhome@hotmail.com
Subject: Submitted testimony for SB795 on Feb 11, 2015 09:15AM
Date: Tuesday, February 10, 2015 4:50:51 PM

SB795

Submitted on: 2/10/2015

Testimony for HTH/JDL/CPN on Feb 11, 2015 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Arnold Abe	Individual	Oppose	No

Comments: Testimony Opposing S.B. 311 & S.B. 795, relating to Hawaii Health Systems Corporation Chair Green, Vice Chair Wakai and members of the Senate Committee on Health: Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Arnold Abe, I live in Wailuku, Maui, and I work as a Civil Engineer for the County of Maui. I strongly oppose S.B. 311 and S.B. 795. The state's safety net hospital system should remain a public hospital system. If it is privatized there are no guarantees that the state will save money and thousands of employees would be at risk of losing their jobs and benefits. Hawaii can do better. It would be prudent to re-centralize Hawaii Health Systems Corporation and to conduct full financial and management audits. I respectfully request that you hear and support S.B. 1355.

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From: [jodie-keenana@batin.com](#)
To: [HTHTestimony](#)
Subject: SB795
Date: Tuesday, February 10, 2015 3:31:05 PM

I am opposing SB795.

Should this pass many would lose jobs. Jobs are not guaranteed, and it is not guaranteed that the private sector will provide better patient care. We are already, struggling as a Healthcare system, competing with the private sector. Management is where the change needs to be. They set the rules and they take care of who they want and like. Especially when people in management, themselves, and blame everything on union and our payraise. They neglect to mention their own raises. Going private will not make our health system better. It will make completion.

Sent from my Verizon Wireless 4G LTE smartphone