

**State of Hawaii House of Representatives  
Committee on Consumer Protection and Commerce**

**HB 2502 Relating to Health  
TESTIMONY IN SUPPORT**

**TESTIFIER:** Palani Smith - Liberty Dialysis/FMC  
**DATE:** Thursday, February 6, 2020  
**TIME:** 2:00 PM  
**PLACE:** Conference Room 329

Good afternoon Chair Takumi, Vice-Chair Ichiyama and members of the Hawaii State House Committee on Consumer Protection and Commerce:

My name is Palani Smith and I am the Director of Market Development for Liberty Dialysis-Hawaii, a Fresenius organization. Thank you for allowing me to provide testimony IN STRONG SUPPORT of HB2502 related to Health and addressing the concerns of our chronic healthcare workforce shortage in the State of Hawaii.

Let me start by stating that we are pro-development in accordance to meeting the healthcare needs of communities and we fully support the Certificate of Need (CON) process. However, because of the severe shortage of healthcare workers and nephrologists, we find it necessary to address changes in the CON process to specifically address workforce shortages especially in the rural areas of the state.

Liberty Dialysis-Hawaii, with its 27 statewide clinics, 675 employees and 2,500 patients and their families, works tenaciously everyday to be a provider of sustainable, high-quality dialysis care. This legislation addresses a series of critical challenges facing our rural clinics. With a growing chronic kidney disease (CKD) population in Hawaii, the need to provide life-sustaining treatment for End Stage Renal disease (ESRD) patients is also on the rise.

However, the number of existing and new patients do not correspond in proportion to the rate of required healthcare workers currently employed and entering the workforce. While Liberty Dialysis-Hawaii enjoys a 90% employee retention rate, according to the Healthcare Association of Hawaii, there is a shortage of 2,200 healthcare workers across our state in various disciplines. With rural areas being hit the hardest with this crisis, and some of our clinics intermittently mandating 16-hour work schedules to continue treating patients, we are at a tipping point.

A focus on the workforce shortage issue, through an added provision in the CON application criteria, allows for critical fact-finding in the State Health Planning Department Agency's (SHPDA) decision-making process. This does not restrict new development, nor does it prevent patients access to care. What it does do, however, is to ensure that the needs of the community are met while not causing undue hardship to existing patients and services.

While the current CON process lightly touches upon the issue of impact to the existing healthcare system of the areas it does not specifically, as a part of a category, cover the topic of workforce shortages. The following are the current criteria the State Health Planning Department Agency uses for CON applications:

- The relationship of the proposal to the Health Services and Facilities Plan.
- Need for and accessibility of the proposal.
- Quality of the service or care that is proposed
- Cost and financial impact of the proposal
- Relationship of the proposal to the existing health care system
- The availability of resources for the proposed service.

In 2002, St. Francis Healthcare system had 2 hospitals and was considered by the Centers for Medicare and Medicaid Services (CMS) to be the largest dialysis acute care system in the nation. To that point, then Administrator of CMS, Tom Scully, stated to the St. Francis Sisters of Syracuse, "I don't know how you have been able to survive for so long" As we know, 4 years later, the sisters reorganized their system by selling their dialysis facilities and hospitals because it was no longer sustainable.

The reason I mention this, is because of the consequential impact of this issue. If we are not able to provide high quality of care to our patients, they may end up in one of our hospitals. If that happens, then these patients have an average length of stay anywhere from 3-7 days. Each day a dialysis patient is in the hospital, not only is a bed occupied, but the hospital sustains a loss because of reimbursement issues. So, this issue not just impacts our clinics on the front-end but also the hospital systems as well.

In closing, I reiterate our position, that we support development to address the growing healthcare needs of our communities. This legislation addresses this because it puts forth another key element regarding workforce shortages for consideration of new development, which as a matter of course, will meet the community's needs regarding access to care. Secondly, we support the CON process as it is a needed function to ensure a system is in place to manage Hawaii's overall healthcare system and the impact development, or lack thereof, affects our communities. However, because of the severity of the shortages in our healthcare workforce, we need to more closely scrutinize this issue and the impact new healthcare development has on our existing healthcare providers and the healthcare system within this state.

The net result, of which, is to ensure a sustainable and robust healthcare network in our state for years to come. Thank you again for allowing me to share our perspective on this issue.



**Thursday, February 6, 2020 at 2:00 PM**  
**Conference Room 329**

**House Committee Consumer Protection & Commerce**

To: Chair Roy M. Takumi  
Vice Chair Linda Ichiyama

From: Paige Heckathorn Choy  
Director of Government Affairs  
Healthcare Association of Hawaii

Re: **Testimony in Support**  
**HB 2502 HD 1, Relating to Health**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

We appreciate the opportunity to provide **support** for this measure. We appreciate the legislature's acknowledgment of the importance of a strong healthcare workforce. Our members are actively working to address current workforce needs and to meet the demands of our aging population. This includes an initiative to provide more opportunities for students in health academies at public high schools to receive industry certification that will allow them to secure a well-paying job in a healthcare role upon graduation. From there, students can embark on a career path in healthcare with many growth opportunities.

The state government also has a role in determining the needs for healthcare services in communities across the islands, as evidenced by the Certificate of Need (CON) program. The CON program has a rigorous process that includes public hearings, with an opportunity for all parties to provide input and engage in discussion about whether the criteria—including the availability of healthcare personnel—is met as part of any application. We appreciate the measured approach of this legislation to consider workforce needs as part of the CON criteria that SHPDA must use for any applications.

Thank you for the opportunity to provide comments on this measure.



## THE QUEEN'S HEALTH SYSTEMS

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To: The Honorable Roy M. Takumi, Chair  
The Honorable Linda Ichiyama, Vice Chair  
Members, Committee on Consumer Protection and Commerce

From: Rowena Buffett Timms, Executive Vice President & Chief Administrative Officer, The Queen's Health Systems  
Colette Masunaga, Manager, Government Relations & External Affairs, The Queen's Health Systems

Date: February 5, 2020

Hrg: House Committee on Consumer Protection and Commerce Hearing; Thursday, February 6, 2020 at 2:00 p.m. in Room 329

Re: **Comments on HB 2502 HD1, Relating to Health**

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The Queen's Health Systems (Queen's) is a not-for-profit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, 66 health care centers and labs, and more than 1,600 physicians statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to offer comments on H.B. 2502 HD1, relating to health. This measure include in the relationship to the existing health care system of an area, the availability of workforce, as a criterion that the State Health Planning and Development Agency (SHPDA) may adopt as part of its certificate of need (CON) review.

Queen's believes that this version of the bill is an improvement from previous language that would have allowed facilities to circumvent the CON process, which prevents over commercialization of medical services in Hawaii.

When reviewing CON applications, SHPDA considers six criteria categories, which include relationship to the Health Services and Facilities Plan, need and accessibility, quality, cost and financial impact, relationship to the existing health care system, and availability of resources for the proposed service. The measure may not be necessary since these six criteria take into consideration workforce availability.

Thank you for the opportunity to testify on this measure.

*The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*

Testimony of  
Jonathan Ching  
Government Relations Manager

Before:  
House Committee on Consumer Protection & Commerce  
The Honorable Roy M. Takumi, Chair  
The Honorable Linda Ichiyama, Vice Chair

February 6, 2020  
2:00 p.m.  
Conference Room 329

**Re: HB2502 HD1, Relating to Health**

Chair Takumi, Vice Chair Ichiyama, and committee members, thank you for this opportunity to provide testimony on HB2502 HD1, which requires the State Health Planning and Development Agency to include the relationship to the existing health care system of an area, including the availability of workforce, as a criterion as part of its certificate of need review.

**Kaiser Permanente Hawai‘i offers the following COMMENTS on HB2502 HD1**

Kaiser Permanente Hawai‘i acknowledges the challenges facing Hawaii residents in accessing healthcare due to a shortage of healthcare providers. To this end, we are a supportive participant of the Healthcare Association of Hawai‘i’s Healthcare Workforce Initiative, which seeks to provide more opportunities for students in health academies at public high schools to receive industry certification that will allow them to secure a well-paying job in a healthcare role upon graduation. From there, students can embark on a career path in healthcare with many growth opportunities.

While we believe the amendments made in the House Health Committee to HB2502 more appropriately aligns with the preamble of the bill to ensure a viable workforce for expanded health care services in rural areas, Kaiser Permanente Hawai‘i believes that the current Certificate of Need Criteria already requires State Health Planning and Development Agency (“SHPDA”) to include the relationship to the existing health care system of the area, including the availability of workforce (see attached CON Criteria Worksheet).

Hawai‘i Administrative Rules § 11-186-15, currently requires SHPDA to “consider the following criteria in the review of an application for a certificate of need:”

[ . . . ]

(10) The relationship of the proposal to the existing health care system of the area;

[ . . . ]



(12) The availability of resources (including health personnel, management personnel, and funds for capital and operating needs) for the provision of the services proposed to be provided and the need for alternative uses of these resources as identified by the state health services and facilities plan.

**Given that the relationship to the existing health care system of an area, including the availability of workforce is already one of the criteria that SHPDA shall consider in its review of a certificate of need, we believe HB2502 HD1 is unnecessary.**

Thank you for the opportunity to provide testimony on this measure.

**CRITERIA BY WHICH CERTIFICATE OF NEED APPLICATIONS MUST BE JUDGED**

	CRITERIA	MET	NOT MET	COMMENTS
RELATIONSHIP TO THE STATE PLAN	1. Relationship of the proposal to the state health services and facilities plan.			
NEED AND ACCESSIBILITY	2. The need that the population served or to be served has for the services proposed to be offered or expanded, and the extent to which all residents of the area, and in particular the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups are likely to have access to those services. 3. In the case of a reduction, elimination, or relocation of a facility or service: A. the need that the population presently served has for the service; B. the extent to which that need will be met adequately by the proposed relocation or by alternative arrangements; and C. the effect of the reduction, elimination, or relocation of the service on the ability of the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities and other underserved groups to obtain needed health care.			
QUALITY OF SERVICE/CARE	4. The applicant's compliance with federal and state licensure and certification requirements. 5. The quality of the health care services proposed. 6. In the case of existing health services or facilities, the quality of care provided by those facilities in the past.			
COST AND FINANCES	7. The probable impact of the proposal on the overall costs of health services to the community. 8. The probable impact of the proposal on the costs of and charges for providing health services by the applicant. 9. The immediate and long-term financial feasibility of the proposal.			
RELATIONSHIP TO THE EXISTING HEALTHCARE SYSTEM	10. The relationship of the proposal to the existing health care system of the area. 11. The availability of less costly or more effective alternative methods of providing services.			
AVAILABILITY OF RESOURCES	12. The availability of resources (including health personnel, management personnel, and funds for capital and operating needs) for the provision of the services proposed to be provided and the need for alternative uses of these resources as identified by the Hawai'i Health Performance Plan, H2P2, (state health services and facilities plan).			