

Wednesday – April 8, 2015 9:45 am
Conference Room 211

SENATE COMMITTEE ON JUDICIARY AND LABOR

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

SENATE COMMITTEE ON WAYS AND MEANS

Senator Jill Tokuda, Chair
Senator Ronald Kouchi, Vice Chair

From: David Okabe
EVP, CFO and Treasurer

**Re: HB 1075, HD2, Proposed SD2 – Relating to Hawaii Health Systems Corporation
Testimony In Support With Comments**

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.

I am writing in support of the Proposed SD2 of HB 1075, HD2, SD1. We greatly appreciate the legislature's efforts in crafting a solution for HHSC and in the time invested in the Proposed SD2 to address the concerns raised by the attorney general.

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. 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. We believe that a public-private partnership 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.

If it is the intent of the committees to exempt this transaction from 323D, then we wish to point out a discrepancy in Section 323F-H(b)(5) on page 12, starting at line 1 which makes meeting the requirements of chapter 323D a condition of seeking operating subsidies. We suggest deleting the reference to chapter 323D in Section 323F-H(b)(5) for consistency.

Additionally, with regard to the requirements of section 323F-H(7) on page 12 beginning at line 11, HPH currently produces consolidated audited financial statements at the system level and not at the facility level. We would be able to provide supplemental financial schedules to accompany the HPH Consolidated audit in the process of determining the type of financial statements which could be produced to satisfy the requirements of 323F-22 and also be consistent with our existing financial reporting infrastructure and practices. We will be providing additional comments regarding this requirement to the committee.”

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

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON JUDICIARY AND LABOR
AND WAYS AND MEANS
ON
HOUSE BILL NOS. 1075, H.D. 2, S.D. 1, AND 1075, H.D. 2, PROPOSED S.D. 2

April 8, 2015

RELATING TO HEALTH

House Bill Nos. 1075, H.D. 2, S.D. 1, and 1075, H.D. 2, Proposed S.D. 2, authorize the Maui Regional System of the Hawaii Health Systems Corporation (HHSC) to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit entity for management and operations.

The Department of Budget and Finance supports the general intent of these bills; however, we would like the opportunity to have further discussions with the Committees to address and clarify various policy and technical issues with respect to the following:

- Determining if there is a need or merit in having a competitive private entity selection process;
- Process for negotiating and approving the transition agreement/lease;
- Determination of liabilities to be assumed by the HHSC and/or the State;
- Objective/purpose of operating subsidy and the open-ended nature of the subsidy; and
- Objective/purpose of the CIP subsidy.

The issues involved in transitioning the Maui Region into a new private Hawaii nonprofit entity for management and operations are complex and multifaceted. The Ige Administration would like to work with the Committees to improve the enabling legislation in order to maximize the potential for a successful transition.

Finally, we are requesting that an appropriation of \$350,000 in general funds for FY 15 (with a lapse date of June 30, 2016) be included in the bill to engage a technical consultant to assist the State with due diligence in the transition agreement negotiation process. The proposed Maui Region transition is a major undertaking and the State needs specialized expertise to ensure that the State's and taxpayers' interests are being met.



**HB1075 HD2 SD1
RELATING TO HEALTH**

Senate Committee on Judiciary and Labor
Senate Committee on Ways and Means

April 8, 2015

9:45 a.m.

Room 211

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on HB1075 HD2 SD1, 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 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 HB1075 HD2 SD1 explicitly determines that HHSC "shall retain ownership of all real property with the lease" and that the Maui regional system board "shall not dispose of any real assets other than by lease."

The Department of Land and Natural Resources' State Land Information Management System shows the HHSC's Kula Hospital is 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 leasing to a nonprofit corporation, for the purpose of ensuring 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. Specifying that any private nonprofit corporation that will operate and manage a transitioned hospital facility 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 ("BLNR"). See HRS § 171-43.1.
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.



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 Judiciary and Labor
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association
April 8, 2015

H.B. 1075, H.D. 2, S.D. 1 – RELATING TO HEALTH

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly opposes the purpose and intent of H.B. 1075, H.D. 2, S.D. 1 which authorizes the Maui regional health care system to enter into an agreement to transition to a private nonprofit corporation.

As written, H.B. 1075, H.D. 2, S.D. 1 creates an excessively favorable and singularly beneficial deal for private acquisition by establishing a nominal \$1 fixed long-term lease agreement for 25 years for a 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 a 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 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 H.B. 1075 and first consider the resolutions provided in H.B. 1112, H.D. 2, which centralizes 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 safety net hospitals.

Respectfully submitted,

Randy Perreira
Executive Director

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 10:18:52 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

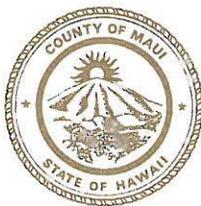
Submitted By	Organization	Testifier Position	Present at Hearing
Dayton Nakanelua	United Public Workers	Oppose	Yes

Comments:

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MAYOR



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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 JUDICIARY AND LABOR

and

SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, April 8, 2015

9:45 a.m.

Conference Room 211

HB 1075, HD2, SD2 RELATING TO HEALTH

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

Honorable Senator Jill N. Tokuda, Chair
Honorable Senator Ronald D. Kouchi, Vice Chair
Honorable Members of the Senate Committee on Ways and Means

Thank you for this opportunity to testify in **STRONG SUPPORT** of **HB 1075, HD2, SD2**, which has the intent of ensuring that the people of the state have continued access to health care services in Maui County.

As Mayor of Maui County, it is with great concern when I say that we are on the verge of a "health care crisis".

Significant Finance Deficit

- Maui Memorial Medical Center is facing a serious financial deficit and will continue to be a significant burden on the state.
- In 2014, Maui Memorial'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 appropriation to HHSC was reduced by approximately \$17 million and the federal 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:

- Maui Memorial ended fiscal year 2014 with an operating loss of \$43.4 million; and,
- It projects needing between \$573 million and \$843 million in State funding over the next 10 years to continue operating at current levels.

Simply put, losses of this magnitude are not sustainable and will continue to put a strain on the state.

Reduced Health Care Services and Lay-offs

Those opposing this measure are concerned that current employees might be laid off. None of us want to see lay-offs, so I can understand their concerns. However, if this measure does not pass, Maui Memorial will be forced to reduce its expenses by cutting services and laying off staff.

In fact, the Hawaii Health Systems Corporation's Maui Region Board recently voted to cut \$28 million in services and positions at Maui Memorial for the upcoming fiscal year. Service cuts now being considered include heart, surgical and intensive care units, oncology, obstetrics and gynecology services, and physician call coverage. The adolescent health unit, Molokini II, has already been closed.

Conclusion

Please know that I believe that Maui Memorial, 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 it is simply unrealistic to continue down the same path.

I believe that each and every one of us, no matter which island we live on, wants our families, children, grandparents, and friends to have access to the highest quality of health care services. For this, and the reasons mentioned, I strongly support HB 1075, HD2, SD2.

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama



Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

April 6, 2015

TO: The Honorable Gilbert S.C. Keith-Agaran, Chair
Senate Committee on Judiciary and Labor

The Honorable Jill N. Tokuda, Chair
Senate Committee on Ways and Means

FROM: Mike White
Council Chair

A handwritten signature in black ink, appearing to read "Mike White", is written over the printed name and title.

SUBJECT: **HEARING OF APRIL 8, 2015; TESTIMONY IN SUPPORT OF HB 1075,
HD2, SD1, RELATING TO HEALTH**

Thank you for the opportunity to testify in **support** of this important bill. The purpose of this measure 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.

The Maui County Council has not had the opportunity to take a formal position on this matter. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I support this measure for the following reasons:

1. Maui Memorial Medical Center, Kula Hospital, and Lanai Community Hospital are the only facilities in our County that serve the healthcare needs of more than 11,000 inpatients and more than 45,000 emergency room patients per year.
2. The demand for healthcare services is outpacing hospital operating budgets. There is only so much streamlining that can be done without having a negative impact on public health. Our local economy also depends on the perception and reality of high-quality health care being available in Maui County for local residents and the visitor industry. However, decreases in State subsidies and health insurance reimbursements threaten the reliability of our medical facilities. Potential cuts also threaten the job security of more than 1,500 employees. Please consider these public employees and the potential opportunities this legislation can offer to them and their families.

3. I also respectfully urge the Legislature to carefully consider the consequences of the options before them: maintain the current direction of the hospitals as a public system with a higher risk of losing jobs and healthcare services, or act on legislation that can guarantee the continuity of healthcare services throughout Maui County.
4. Strengthening healthcare services is a core value for Maui County residents, as reflected in the 2030 General Plan. For example, the Countywide Policy Plan states the following goals for the County of Maui: (a) cooperate with the State and Federal governments and nonprofit organizations to broaden access to healthcare services; (b) encourage the State and Federal governments and private sector to improve the quality and delivery of healthcare services; (c) encourage the expansion and improvement of local hospitals; and (d) support broadened access to affordable healthcare and recognize the economic challenges posed to families when healthcare services are only available off-island. I respectfully urge you to help us meet these goals.

For the foregoing reasons, I **support** this measure.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Subject: *Submitted testimony for HB1075 on Apr 8, 2015 09:45AM*
Date: Monday, April 06, 2015 2:16:08 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Don Couch	Individual	Support	No

Comments:

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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Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
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Stacy Crivello
Riki Hokama



Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
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200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

April 7, 2015

TO: Honorable Gilbert S.C. Keith-Agaran, Chair
Senate, Judiciary and Labor Committee

Honorable Jill N. Tokuda, Chair
Senate, Ways and Means Committee

FROM: Councilmember Gladys C. Baisa

A handwritten signature in cursive script that reads "Gladys C. Baisa".

SUBJECT: **HEARING OF APRIL 7, 2015; TESTIMONY IN SUPPORT OF HB 1075
H.D. 2, S.D. 1, RELATING TO HEALTH**

I **support HB 1075, HD 2, SD 1**, for the reasons cited in testimony submitted by the Maui County Council Chair, and urge you to **support** this measure that 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.

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama



Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
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WAILUKU, MAUI, HAWAII 96793
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April 7, 2015

TO: Honorable Gilbert S.C. Keith-Agaran, Chair
Senate Committee on Judiciary and Labor
Honorable Jill N. Tokuda, Chair
Senate Committee on Ways and Means

FROM: Stacy Crivello
Councilmember

A handwritten signature in black ink, appearing to read "Crivello", written over the printed name and title.

DATE: April 8, 2015

SUBJECT: **SUPPORT HB 1075 H.D. 2, S.D. 1, RELATING TO HEALTH**

I support HB 1075 for the reasons cited in testimony submitted by the Maui County Council Chair, and urge you to support this measure.

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

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

COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

Date: Wednesday, April 08, 2015
Time: 9:45 am
Place: Conference Room 211
State Capitol
415 South Beretania Street

**TESTIMONY IN SUPPORT OF
HB 1075, HD2, SD1
RELATING TO HEALTH**

Chair Keith-Agaran, Vice Chair Shimabukuro, Members of the Committee on Judiciary and Labor, Chair Tokuda, Vice Chair Kouchi and Members of the Committee on Ways and Means

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. Having served this community for well

over two decades I have witnessed the growth of these services and the improved medical care provided to the people of Maui. Now this is in jeopardy.

Medical care has technologically advanced requiring expensive diagnostic tools and a vast array of new and costly treatment options. 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 increasingly busy our revenues cannot keep up with the expenses. We are facing ever increasing deficits which will necessitate service cuts. Do not delude yourselves that these cuts will not be painful and detrimental to our patients health and to our beautiful Island's image. These deficits cannot be covered by becoming "more efficient." Balancing the budget will require drastic reductions in services. Once again Mauians will have to travel off island for care, or if they cannot travel, forgo treatment altogether. Doctors will become frustrated with their ability to provide good care and leave the island further shrinking an already inadequate population of providers.

I do appreciate that some government employees will be negatively impacted under a public private partnership. However, I also know some will be negatively impacted by service reductions. We must put the patients before ourselves. **All** patients of all ages will be negatively impacted by service cuts, so please support Bill HB1075.

Thank you for your attention.

Testimony in support of Bill HB 1075

Dr. Ronald Boyd, Chief of Medical Staff, Maui Memorial Medical Center

Health care is evolving rapidly due to increasing costs and legislative changes such as the Affordable Health Care Act. Maui Memorial is not capable of responding to these changes and as such is now entering an ever increasing spiral of deficits which will lead to contraction of services offered. This reduction in services which is just around the corner, and some would say has already started, will adversely affect all of the citizens on Maui. We do not have a safety net of other hospitals on Maui such as in Honolulu. We do not have the competition of health services such as in Honolulu.

Maui Memorial needs HELP. By partnering with a proven provider in the State of Hawaii we can put a halt to this downward spiral that we see coming. There is a significant shortage of physicians on Maui (as in the State as a whole). But these shortages create major gaps in care on Maui. Subspecialty physicians are not available for emergency care. HPH was able to address this similar problem at Wilcox. Forming Affordable Care Organizations and hiring physicians directly (or in some cases contracting) HPH will be able to close the glaring gaps we currently have in physician coverage on Maui. With the current cash shortfalls Maui Memorial is running in the opposite direction. Threatening to reduce emergency coverage is eminent. Scary.

We recognize the issues of the unionized staff. HPH works with 4 different unions. These are unions that are familiar and adaptable to the needs of providing patient care in an efficient manner on a 24/7 basis.

We, the physicians of the medical staff implore you to move this bill forward. The status quo will only lead to the effective position that Maui Memorial has moved to Oahu as that will be the only place that true comprehensive care will be available.



Foundation
MAUI MEMORIAL
MEDICAL CENTER



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

Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

Date: Wednesday, April 8, 2015

Time: 9:45 a.m.

Place: Conference Room 211, State Capitol, 415 South Beretania St.

Re: Testimony in Support
HB 1075, HD2, Proposed SD2, Relating to Health

My name is Lisa Varde and I am the Executive Director of the Maui Memorial Medical Center Foundation. We are a private nonprofit organization that has been supporting Maui Memorial for nearly 20 years by purchasing new equipment, helping to fund renovations, and supporting staff education and training.

We believe that Maui Memorial is one of the most, if not the most, vital and essential organizations in Maui County, where matters of life and death are presented every hour of every day. Most people in our community know someone who has been a patient at the hospital or have been a patient themselves. Maui residents do not have the luxury of choosing which hospital they go to – there is only one. We all need to work together to help make it the best it can be.

A public/private partnership is the best solution for Maui Memorial. Not only will it allow Maui Memorial to preserve jobs and preserve services, it will allow the hospital to grow and improve to meet the ever-changing needs of our community.

It would be irresponsible to sit by and witness the inevitable heartache, hardship and actual loss of life that thousands of Maui residents would have to endure if they were forced to fly to Oahu for treatment. Not to mention the strain it would put on Oahu hospitals if they were forced to accommodate even a fraction of the 60,000 patients that Maui Memorial treats every year.

As the opinion piece in the April 3 Star Advertiser stated: "There comes a point when the diagnostic testing has to end and the treatment must begin. Maui County residents simply cannot afford to lose their primary care facilities, and the status quo is leading them precisely toward that end."

Please support a public/private partnership. Maui County residents and visitors deserve access to the same type of quality health care available here on Oahu. Thank you for your consideration.

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Senate Committee on Judiciary and Labor

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Senator Laura H. Thielen
Senator Sam Slom

April 8, 2015
Conference Room 211
9:45 a.m.

Testimony Supporting HB 1075, Relating to Health

Carlayna Nakamura, RN, MS, MPH
Development Coordinator, Maui Memorial Medical Center Foundation

I humbly thank you all for the opportunity to write in support of HB 1075 a bill to enable a partnership between the hospitals of the Maui Region of HHSC and a private, non profit partner.

Health is a very precious thing... We really realize this when we may suddenly not have it – and when we need medical help we want to trust that our hospital, physicians and nurses have the best of everything possible to take care of us.

When I lived on Oahu I knew which hospital I wanted to be in when I had a baby, and then which hospital I wanted my husband to take me to in an emergency, and then which hospital I wanted to take my father to for the best eye surgery possible. On Maui there aren't those kinds of choices – there is only one acute care hospital on our island, one emergency room, one labor and delivery department, one heart and vascular center. That is why it is absolutely critical that we have the very best care available – the necessary specialists, equipment and resources – especially in an emergency when every second counts. We want our loved ones with us when we are ill or having a medical emergency – a warm hand and words of assurance mean the world, help us feel safe and less afraid.

It is unbelievably scary to think that we may lose some of the vital services we have waited so long for in light of the huge financial shortfalls MMMC is facing. It was only a short time ago that patients from Maui needed to be flown to Oahu for many emergencies including heart attacks and strokes – losing precious minutes in transport that may deter the most optimal outcomes. If there is not a

solution for the financial shortfalls - services will have to be cut – and our Maui patients will again need to fly to Oahu for many services that should be provided at home – again losing precious time not to mention being away from family and friends.

We are very grateful for the support the state has given our hospital over so many years but believe it is unrealistic to think that the State can subsidize MMMC in the amount that is needed to meet the growing health care demands of our expanding population. Health care is changing rapidly and is becoming more and more specialized and complex and requires the ability to move and adapt quickly with the ever changing landscape or risk losing money and opportunities. Partnering with a private non profit health care system has been recommended by several studies and allows our hospitals to benefit from partners with a wealth of experience and resources in all areas of hospital management unencumbered by a multitude of rules, regulations and procurement processes that often hamper overall efficiencies and the ability to be nimble and react quickly to change. Over time this type of partnership will allow more and more State funds to be used for other needed services.

There is no solution that is going to make everyone happy but I do have hope and faith that all of you will make the right decision – a decision that is best for our community, and most importantly our patients who need and deserve the best medical care possible at home. I have faith and hope that the health care and lives of those in our community is more important than politics and will be based on what will allow the Maui Region the greatest advantage in maintaining and growing services to meet the needs of our communities. I urge you to pass HB 1075 knowing that there are many, many details to be dealt with, many state regulations that need to be looked at but I have faith that those can be worked out and I have faith that if all of the stakeholders work together for the needs of our patients we will have the thriving hospital community that Maui needs and deserves.

I humbly thank you again for your time and support.



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

COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

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

DATE: Wednesday, April 8, 2015

TIME: 9:45 a.m.

PLACE: Conference Room 211, State Capitol, 415 South Beretania Street

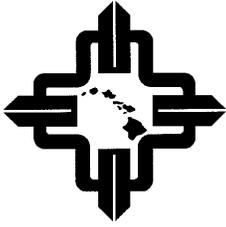
Thank you for the opportunity to provide comments in support of HB 1075, HD2, SD1 (Proposed SD2) RELATING TO HEALTH. The purpose of this bill is to authorize a regional system of the Hawaii health systems corporation, in collaboration with a private entity, to transition any one or more of its facilities to management and operation by a new private nonprofit entity.

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 this testimony.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

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

Senate Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

April 8, 2015
Conference Room 211
9:45 a.m.
Hawaii State Capitol

**Testimony Strongly Supporting House Bill 1075, SD1 Relating to Health.
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. (SD1)
Authorizes a regional system of the Hawaii health systems corporation, in collaboration with a private entity, to transition any one or more of its facilities to management and operation by a new private nonprofit entity. (Proposed SD2)**

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

The HHSC Corporate Board **strongly supports** this measure enabling Maui Region's option to partner with a private entity to operate vital healthcare services for Maui County. Approval of the Maui Regional Board, HHSC Corporation, Attorney General, Department of Budget and Finance and the Governor are all required before any final agreement can be made with a partner. This will assure that the best interests of Maui's citizens and the taxpayers are upheld.

Hospital operation is not a traditional government function. Across the U.S., government operation of acute care hospitals has been rare, occurring only in the poorest areas. Where it still occurs, partnerships with nongovernmental operators of healthcare systems are universally sought. The reasons are similar: the costly inefficiencies and expense of government operations. With a salary fringe rate of 52% (compared to the non-profit hospital workforce fringe at 25%) and civil service work rules, HHSC has to use 85% of its revenues for labor costs and needs a taxpayer subsidy to provide enough funding to pay for equipment, supplies and all the other costs of running

hospitals. Because of its size, Maui Region receives 36% of the general fund appropriation to HHSC.

Maui and other HHSC hospitals are caught in an unsustainable model of rising labor costs and chronic underfunding. Let me be clear, labor costs are not the same as the salary, wages and benefits earned. Our employees are our greatest asset and deserve their pay that unfortunately in many ways lags behind similar health workers at non-profit hospitals. It is not their fault their retirement benefits are so costly and underfunded, or that civil service work rules lead to expensive inefficiencies in hospitals.

Those who say Maui Memorial has over-developed its services and should remain a safety net (read minimum services) hospital are holding back progress and misleading the public and workers. Look to the example of Wilcox Memorial Hospital on Kauai. It provides a stable array of general and specialty services and competitive salaries without taxpayer subsidy. How? Because as a community non-profit hospital they negotiate their own union contracts and under Hawaii Pacific Health benefit from all of the centralized support it provides. Maui, with a much larger and fairly affluent population, can support an even higher level of sub-specialty services cost-effectively. Warnings of massive service cuts and lay-offs by a new private employer in Maui are scare tactics, not likely scenarios. On the contrary, allowing experts in the industry to assume more of the responsibility of operating our hospitals will stabilize them financially and preserve jobs.

Critics say that HHSC is running a deficit because of poor management or over-funding of administration without any good evidence to that effect. They call for an audit before anything else is done, plainly ignoring the conclusions of previous audits. The 2009 Stroudwater Report, commissioned by the Legislature, found approximately 6.5 million dollars in possible operating efficiencies achievable under the existing HHSC system, but 80 million dollars in labor savings with a transition from civil service to community hospital model. The recommendation made then to transition to a private non-profit operation is even more urgently needed now and should not be delayed for another study.

We are all concerned about the future for current Maui Region employees. Asking healthcare workers on Maui to work under union agreements similar to those in hospitals in Honolulu or Wilcox on Kauai is a big change. But considering the financial realities, it is the best path for a sustainable future for their hospitals that will provide good salaries and the possibility of new services and jobs in the future.

Thank you for the opportunity to testify.



Hawaii Health Systems Corporation—Maui Region

State of Hawai'i

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

COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

DATE: Wednesday, April 8, 2015
TIME: 9:45 a.m.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT - House Bill 1075 HD2 SD1 and Proposed SD2

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 (HHSC), 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.

Two of the most daunting financial challenges faced by the HHSC are: 1) increased payroll costs, as a result of recent collective bargaining agreements and 2) funding of pensions and other post-employment benefits (OPEB). In regards to addressing the OPEB funding issue, in the current legislative session, House Bill 1356 – RELATING TO UNFUNDED LIABILITIES crossed over to the Senate and was referred to the JDL and WAM committees. There are several ominous statements in the bill that are apropos to what HHSC is faced with:

“Paying for both the increasing costs of healthcare premiums as well as prefunding other post-employment benefits is not sustainable into the foreseeable future with the State's current and projected revenues.”

“The financial viability and future of Hawaii is at stake. The understanding, encouragement, and support of everyone in the public and private sector, including employee unions and employers, is needed to solve the State's unfunded liabilities, which have the potential to bankrupt the State.”

COMMITTEE ON HEALTH
COMMITTEE ON COMMERCE & CONSUMER PROTECTION
HB1075 HD2 SD1 and Proposed SD2
April 8, 2015

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.

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 residents and visitors the much-needed medical services they need and deserve in their community.

The time to act is now. These serious issues cannot be "kicked down the road."

Thank you for the opportunity to provide testimony in support of House Bill 1075 HD2 SD1 and Proposed SD2.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

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

Senate Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

April 8, 2015
Conference Room 211
9:45 a.m.
Hawaii State Capitol

**Testimony Strongly Supporting House Bill 1075, SD1 Relating to Health.
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. (SD1)**
**Authorizes a regional system of the Hawaii health systems corporation, in
collaboration with a private entity, to transition any one or more of its facilities to
management and operation by a new private nonprofit entity. (Proposed SD2)**

Carol A. VanCamp
Chair, Corporate Board of Directors
Hawaii Health Systems Corporation

The HHSC Corporate Board **strongly supports** this measure that enables the Maui Region to pursue a partnership with a private entity to operate vital healthcare services for Maui County, as we believe it's important to support the efforts of our regions to pursue partnerships and resources that will help them meet the healthcare needs of their communities. We are also confident that the approval safeguards in this legislation are sufficient to ensure proper oversight and accountability in finalizing any resulting partnership agreements.

Maui and our other HHSC hospitals are caught in an unsustainable model of rising labor and other increasing costs and chronic underfunding, due to limited State resources, changes in healthcare reimbursements, etc. We believe this is why the Stroudwater Report commissioned by the Legislature in 2009 concluded that pursuing public/private partnerships should be a major goal for HHSC.

Our HHSC Corporate CEO, Dr. Linda Rosen, has also provided more detailed testimony supporting this bill that outlines additional reasons why this it is so important. Simultaneously with this effort to obtain legislation allowing the Maui partnership or other future partnerships, we are working closely with our regions to improve efficiencies and revenues so that we are also doing our part to help reduce our growing deficits. However, we know that these efforts will only provide a small portion of what is needed in order to sustain critical healthcare services in our island communities.

Thank you for this opportunity to provide testimony.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 11:17:21 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Judy Donovan	Kona Community Hospital, West Hawaii Region, HHSC	Support	No

Comments:

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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HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

THE SENATE

THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

Testimony in Support of HB1075, HD2, SD1

Aloha Chairs Keith-Agaran and Tokuda and members of the Judiciary and Labor and Ways and Means Committees

My name is Tony Krieg, C.E.O. of Hale Makuu Health Services on Maui. The majority of patients from Maui Memorial Medical Center who need post acute nursing home and skilled home health care are discharged to Hale Makuu's nursing homes (344 SNF/ICF beds) and Home Health by Hale Makuu. Our two nursing homes admit, on average, 40 patients per month from Maui Memorial Medical Center.

We are a partner with Maui Memorial Medical Center and work together to streamline the admission process between our facilities and services, find ways to reduce the waitlist and make sure that both organizations improve the quality of care for the patients that we both serve.

As you know, there is a severe shortage of primary care physicians in Maui and the rest of the state. To be admitted to Hale Makuu's services, each potential patient needs a primary care physician to care for them. Nearly all of the local physicians on Maui, except Kaiser Permanente, are now too busy to admit and attend patients in our nursing homes. In order to keep patient flow between our homes and Maui Memorial, Hale Makuu Health Services contracts temporary physicians from the Mainland who rotate on a 4-6 month basis. This is not efficient and, as you can imagine, is very costly and probably not sustainable.

As you know, Hawaii Pacific Health is in discussions with Maui Memorial and HHSC to provide capital and expertise to improve the health care delivery system at the hospital and in our community. HPH has proven expertise in working with physician groups to provide high quality primary and specialty care in Hawaii. We believe that this partnership will benefit Hale Makuu, Kula and Maui Memorial by integrating proven patient care and care transition models between our facilities to improve patient outcomes and third party reimbursements.

This bill provides a vehicle for a transition to a public-private partnership which makes economic sense and will improve the health care delivery system on Maui. I urge you to pass this bill out of your committees for third reading in the Senate.



Thursday, April 8, 2015 – 9:45 a.m.
Conference Room #211

Senate Committees on Judiciary and Labor and Ways and Means

To: Senator Gil Keith-Agaran, Chair, JDL Committee
Senator Maile Shimabukuro, Vice Chair, JDL Committee

Senator Jill Tokuda, Chair, WAM Committee
Senator Ron Kouchi, Vice Chair, WAM Committee

From: George Greene, President & CEO
Healthcare Association of Hawaii

Re: Testimony in Support
HB1075 HD2 SD1 – Relating to Health

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 HB1075 HD2 SD1, 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 HB1075 HD2 SD1.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 7:55:34 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Arthur Damasco	Brother Nature Foundation, Inc.	Support	No

Comments: It is vital that we utilize every advantage in having more facilities made, especially here on Maui. Brother Nature Foundation, Inc. supports having multi-facilities here on Maui.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 9:43:16 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Joe Kent	Grassroot Institute of Hawaii	Comments Only	Yes

Comments: Dear Chair and Committee Members: The Grassroot Institute of Hawaii would like to offer comment on HB 1075, 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. Public-private partnerships, when done right, can be a terrific model to increase efficiency. This model has been demonstrated to work successfully across the country. This model has been tried in California, North Carolina, Alabama, Mississippi, Florida, New York City, and many other states. When the public hospital in Conroe, Texas privatized, the \$104 million in savings were used to establish a community health care foundation. When California's Sequoia Healthcare entered into a joint venture with a private non-profit, the district netted \$30 million in cash. The new management staged a successful turnaround from previous losses, according to a study by the Reason Foundation. Orange County, California no longer owns or operates any hospitals. Instead, it partners with 28 local private hospitals. Public-private partnerships can do amazing things, like in Sandy Springs, Georgia. The town outsourced almost all of the functions of government, and ended up with huge surpluses. The town of 100,000 people was able to build up a \$45 million dollar reserve, which gave the town room to build their infrastructure. In Louisiana, they saved \$52 million dollars the first year following their public private partnership of the State Hospitals. Hawaii should take note of these surpluses from privatization – as the Hawaii Health Systems Corporation faces a \$48 million shortfall. The new private non-profit hospitals are widely praised for their better service. Emergency waits are shorter, and the prescription backlog has been completely eliminated in Baton Rouge. New Orleans saved so much money this way, they could afford to reopen their operating rooms. If done right, this model has the ability to raise cash, reduce debt, and create a better health system for serving Hawaii's people. Thank you for the opportunity to submit our comments. Sincerely, Joe Kent Research and Development, Grassroot Institute of Hawaii

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distributed to the committee prior to the convening of the public hearing.

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HAWAII' I ACADEMY OF FAMILY PHYSICIANS

April 6, 2015

COMMITTEES ON Judicial and Ways and Means

Sen. Gilbert Keith-Agaran, Chair
Sen. Maile Shimaburkuro, Vice Chair
Sen. Jill Tokuda, Chair
Sen. Ronald Kouchi, Vice Chair

DATE: Wednesday, April 8, 2015
TIME: 9:45 AM
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

House Bill 1075HD2SD1
TESTIMONY IN SUPPORT

Dear Chairs Keith-Agaran and Tokuda,

The **Hawaii Academy of Family Physicians Board of Directors** representing 313 active Family Physicians, 24 Family Practice Residents, and 155 medical students **strongly support HB1075HD2SD1**. The HAFP advocates for family physicians and primary care throughout Hawaii, with a special interest in underserved and rural communities.

The HAFP Board of Directors sees HB1075HD2SD1 as an important vehicle to ensuring access to quality sustainable healthcare on Maui, a community that is served by only one acute care hospital. Because Maui Memorial Medical Center is the only acute care hospital on Maui, the community is especially vulnerable to the financial shortfalls currently affecting HHSC. The issue with funding and financial shortfalls for HHSC is not new and has impacted this community for years.

If legislation enabling a private nonprofit partnership is not passed and the budget cannot be fully funded by the state, we are concerned that significant cuts in hospital services will have a serious negative impact on the Maui population, both in terms of delays to timely care and hardships imposed by the need to travel off island for necessary services.

Cuts in hospital services on Maui will also affect healthcare throughout the state, as more patients will need to be transfer off Maui for services. Oahu does not have the capacity now to accept all patients from Maui requiring transfer. A significantly increased volume of transfers will overwhelm the capacities even of Oahu.

The HAFP Board of Directors urges you to pass HB1075HD2SD1 as we are concerned with access to quality sustainable healthcare for all the communities in our island state.

Respectfully submitted,
Lauren Okamoto, M.D.
President
Hawaii Academy of Family Physicians

P.O. BOX 894440 • MILILANI, HI • 96789
PHONE: 808-397-3596



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 JDL/WAM
Hearing on April 8, 2015, 9:45 a.m.
HB1075 HD 2 SD 1 - Relating to Health

Dear Chairs, Vice Chairs, and Members of the Committees. 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 HB1075 HD 2 SD 1 Relating to Health, 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** HB1075 HD2 SD1, 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.



DEMOCRATIC PARTY OF HAWAI'I
LABOR CAUCUS

THE SENATE
THE TWENTY-EIGHT LEGISLATURE REGULAR SESSION OF 2015
COMMITTEES ON JUDICIARY & LABOR AND WAYS & MEANS

DATE: Wednesday, April 08, 2015, TIME: 9:45 AM
PLACE: State Capitol, Conference Room 221
415 South Beretania Street

Testimony Opposing HB 1075, HD 2, SD 1, relating to Hawaii Health Systems Corporation

Thank you Chairs, Senator Gil Keith-Agaran and Senator Jill Tokuda, for the opportunity to testify on behalf of the Labor Caucus of the Democratic Party of Hawaii in opposition to this bill that privatizes union jobs at Hawaii Health Systems Corporation.

The Democratic Party of Hawaii's Labor Caucus strongly opposes HB1075, HD2, SD1 which violates the principles of the Democratic Party's platform by proposing to outsource jobs and by undermining the collective bargaining process. This bill sets the dangerous precedent, at odds with the Party' platform, of eliminating exclusive bargaining representation and union membership of current, active employees by act of law, and not by the vote of employees. The Democratic Party of Hawai'i's Platform states that "As the party of working men and women in Hawai'i, we work to protect labor rights and social security; to ensure fair labor practices, a living wage for all workers . . . to protect employees' rights to organize and bargain collectively with their employers; to oppose the outsourcing of Hawaii's jobs . . ."

Because HB1075, HD2, SD1 seeks to shift current employees of Maui Memorial Medical Center, Kula Hospital and Clinic, and the Lanai Community Hospital from the public to the private sector, effectively eliminating union representation of hundreds of employees, the Labor Caucus strongly opposes the passage of this proposed measure. This is not a proposal for a public-private partnership. As written, this measure is nothing more than a thinly disguised 'union busting' proposal. It specifically blames collective bargaining for all of HHSC's financial woes. Nothing is mentioned about the poor management or other causes that lead to HHSC's financial crisis.

It is for these reasons that the Hawaii Democratic Party of Hawaii's Labor Caucus stands in strong opposition to HB1075, HD2, SB1. We ask that you defer this measure until all details are provided and full financial and management audits are conducted.

Respectfully,

A handwritten signature in blue ink, appearing to read "Doug Pyle". The signature is stylized and cursive.

Democratic Party of Hawaii, Labor Caucus

Doug Pyle, Chair

Jackie Ferguson-Miyamoto, Vice-Chair

Mike Golojuch, Sr., Treasurer

Vera Struba, Secretary

Mary D. Wagner, Chair, Legislative Committee



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Judiciary and Labor and Committee
on Ways and Means
Wednesday, April 8, 2015 at 9:45 A.M.
Conference Room 211, State Capitol**

RE: HOUSE BILL 1075 HD2 SD1 AND PROPOSED SD2 RELATING TO HEALTH

Chairs Keith-Agaran and Tokuda, Vice Chairs Shimabukuro and Kouchi, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 1075 HD2 SD1 and its Proposed SD2.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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 these measures 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.



TESTIMONY IN STRONG SUPPORT OF HB1075 HD2 SD2 RELATING TO HEALTH

TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
AND THE SENATE COMMITTEE ON WAYS AND MEANS

Hawaii State Capitol,
Conference room 211
April 8, 2015
9:45 AM

Aloha Chair Keith-Agaran, Chair Tokuda, Vice Chair Shimabukuro, Vice Chair Kouchi and Members of the Committees,

Thank you for the opportunity to testify in strong support of HB1075 HD2 SD2 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 and 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.

All of the nearly 160,000 residents and 2.3 million visits per year depend upon Maui Memorial, the only full-service, acute care facility in the county, to meet their health care needs. 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 HB1075 HD2 SD2 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

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 9:41:04 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Jeanne Skog	Maui Economic Development Board, Inc.	Support	Yes

Comments:

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Maui Hotel & Lodging
ASSOCIATION

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association
on
HB1075 HD2 SD1
Relating To Health

COMMITTEE ON JUDICIARY AND LABOR
COMMITTEE ON WAYS AND MEANS
Wednesday, April 8, 2015, 9:45 am
Conference Room 211

Dear Chairs Keith-Agaran, Tokuda; Vice Chairs Shimabukuro, Kouchi; 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 **strongly supports** HB1075 HD2 SD1 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 (SD1).

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.

Senate Judicial Committee
Sen. Gilbert Keith-Agaran, Chair
Sen. Maile Shimabukuro, Vice Chair
Senate Ways and Means Committee
Sen. Jill Tokuda, Chair
Sen. Ronald Kouchi, Vice Chair
Conference Room 211, State Capitol
415 South Beretania, Honolulu, HI 96813

Date: April 7, 2015

I am submitting this testimony with enthusiastic support of H.B. 1075.

Here is the problem, as I see it. Maui Memorial Medical Center has been trying for years to find a private partner who could bring both expertise and funding to the table to advance our hospital and, more importantly, secure its future.

We have been told that the multimillion dollar shortfall is primarily due to the wage and benefit increases that were approved by the legislature without proper funding, and that covering this shortfall from operations would result in significant shortages of services at our hospital unless this shortfall is going to be made up by the state. Mind you, Maui only has one hospital. There are no other options for our patients and our community.

Most health care professionals were all excited that HPH and Kaiser were willing to take a serious look at investing in our community and when Kaiser withdrew from the running, everyone was holding their breath that something would work out with HPH to move forward on this partnership, as they were our only hope left.

The bottom line is that we are all scared for our community, our patients, and our families who require medical services from the only hospital on Maui. What services will be cut? These are life and death decisions and we just can't understand why if HPH is willing to at least explore this option, then why "look a gift horse in the mouth".

H.B.1075 would allow negotiations to begin after hundreds of hours of discussions have already been invested. Our problem is that Maui has only MMMC, and we have been told that services will start to be cut by the 2nd quarter of this year if something isn't done. There has already been a list of services that are on the chopping block including Oncology, which has been provided in Maui for over 3 decades. The hardship that patients would endure to leave Maui for chemotherapy services would be overwhelming to their outcome and family finances. If pursuing a public-private partnership would help prevent this from happening, then God bless us all. It seems that no one else is standing up to even consider this, even though it has been public knowledge for years that MMMC has been, and is actively looking for a partner.

We must consider the consequences of placing the only hospital that serves a community of over 160,000 residents and 10's of thousands of tourists on any given day in jeopardy. As a practicing physician here in Maui for over 21 years and past Chief of Staff of MMMC for 2 years (1999-2000), I understand the pulse of this organization very well. I can say with some reasonable authority that the vital signs of MMMC do not look good!

H.B 1075 is a start in the right direction and offers hope for our patients in Maui County. I respectfully ask you to support this critical bill for the benefit of us all.

Me ke aloha,



Bobby C. Baker, MD
Founder & President
Pacific Cancer Institute

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015
COMMITTEE ON WAYS & MEANS AND
COMMITTEE JUDICIARY & LABOR

DATE: Wednesday, April 8, 2015
TIME: 9:45 AM
PLACE: State Capitol, Conference Room 211
415 South Beretania Street

Testimony Opposing H.B. 1075 H.D. 2, S.D. 2 relating to Hawaii Health Systems Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Angela Goodbody I live in Kalihi Valley, and I work as a State Registered Nurse.

I strongly oppose H.B. 1075. H.D. 2, S.D.2. 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.

Sincerely,
Angela Goodbody

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 9:06:13 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony Takitani	Maui Regional System Board	Support	No

Comments: Dear Senator Keith-Agaran and Senator Tokuda: I am in strong support this Bill. Mahalo, Tony Takitani

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THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015
COMMITTEE ON WAYS & MEANS AND
COMMITTEE JUDICIARY & LABOR

DATE: Wednesday, April 8, 2015
TIME: 9:45 AM
PLACE: State Capitol, Conference Room 211
415 South Beretania Street

Testimony Opposing H.B. 1075 H.D. 2, S.D. 2 relating to Hawaii Health Systems Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is April Wilson South. I live in Palolo Valley, and I work as a staff attorney.

I strongly oppose H.B. 1075. H.D. 2, S.D.2. 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.

Sincerely,



From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Friday, April 03, 2015 5:14:10 PM

HB1075

Submitted on: 4/3/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Arvid Tadao Youngquist	Individual	Oppose	No

Comments: Sen. Gilbert S. C. Keith-Agaran, Chair Sen. Jill N. TOKuda, Chair Joint Hearing of Hawaii Senate Judiciary and Labor with Ways and Means Committees
Good morning. I am Arvid Tadao Youngquist. I am a voter, and Oahu resident. I oppose HB 1075 HD1 HD2 SD1 & SD2 (proposed). According to the SD 2 Proposal, the medical and non-medical employees who may be employed will start at entry level and may or may not be retained after the initial "try-out" period. The nominal \$1.00 annual leave for the facilities is ridiculous. Since the last hearing, the current board has approved and announced the termination of a sizable number of employees due to operating expense. Once the new entity takes custody of the employees, they can be lost in the "shuffle" regarding the seniority and retirement, as well as the leaves that were accumulated. It appears that now the State appears even to back-stepping from any sizable subsidy to keep the facilities afloat. This proposal is ill-advised and bears all the ear-mark of a reactionary measure trying to plug up all the loop holes of the 2009 ACT and efforts. Doing something in order not to appear to address the "problem" is no solution. Providing the new private sector operator a subsidy for any operating losses, does not make sense because, if they could do that, the State should be doing that same thing with the current operating entity, or return it to the original situation prior to 2009. Recommend disapproval of HB 1075 HD1 HD1 SD1 & proposed SD2. Thank you. Arvid Tadao Youngquist
Senate District 14 resident

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Testimony in support of House Bill 1075

Senator Gilbert Keith Agaran
Chair, Committee on Judiciary and Labor

Senator Maile Shimabukuro
Vice Chair, Committee on Judiciary and Labor

Senator Jill Tokuda
Chair, Committee on Ways and Means

Senator Ronald Kouchi
Vice Chair, Committee on Ways and Means

My name is Barry Shitamoto and I am writing in support of **HB1075**. I am a Maui native, a physician for over 37 years, and currently serve on the Maui Memorial Medical Center Regional Board.

As you know, the proposed legislation would authorize the Maui region health care system to enter into an agreement with a private entity, Hawaii nonprofit corporation. The current **HB1075** provides a sturdy and in my opinion, a very durable pathway to enhance healthcare for all Maui citizens.

Anything short of this legislation or significant legislative funding would have a serious negative impact on healthcare provision and access on all hospitals statewide, including and maybe most significantly on Oahu. Maui Memorial Medical Center is faced with huge financial deficits that will force staff reductions. Decreased access to and/or closures of vital and basic medical services, transport of many patients to other islands, loss of physicians, and a very poor (and dysfunctional) overall healthcare delivery system will follow.

There is a "perfect storm" of issues that have impacted healthcare throughout the State. However, the current public system (and labor structure) is unsustainable under current Federal and Insurer mandates. We really need a new pathway.

Please support this important legislation, not only for the Maui community but for the State!

Barry Shitamoto, MD

THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF
2015

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

DATE: Wednesday, April 8, 2015 TIME: 9:45 AM PLACE: State Capitol,
Conference Room 211

415 South Beretania Street

Testimony Supporting H.B. 1075 H.D. 2, S.D.1 relating to Hawaii Health Systems Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Carolyn Schaefer. I am retired and live in Kihei, Maui, HI. I have been a part of the Maui community for over 30 years.

I strongly support H.B.1075.H.D.2. S.D. 1

I see this bill, as the only viable means to save desperately needed services – for emergency, acute and/or for long-term illnesses – at our only hospital on Maui – Maui Memorial Medical Center (MMMC). The basic framework of House Bill 1075, which would legally enable the state to transition management of parts of Maui's hospitals to a private partner, represents a strategy our elected officials must responsibly consider and vote to employ. The state cannot budget for MMMC's deficient – simply put the taxpayers cannot afford it. The state should not allow Maui's taxpayers and residents' quality of life or in some cases their lives literally to hang in the balance of seeking needed hospital services either on another island (Oahu) or on the mainland. This is exactly what will happen if this bill does not passed.

Please let private entities with successful track records in the health care sector partner with MMMC and its team of caring administrators, physicians, nurses and staff to continue to deliver and grow the services that the residents and visitors of Maui need and deserve. Sincerely, Carolyn Schaefer

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 11:03:28 AM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Carrol Pressman	Individual	Oppose	No

Comments: I Oppose HB 1075. I believe we do need to have a partnership and we need privization, however, I don't believe that giving one organization such a sweet deal without much accountability is what is in the best interest of our island. Let's slow this process down and make sure we are doing what's right for our health care system. There should be audits and analysis as to why were have ended up in the place we are and how to avoid it agian before we make such a controversial move or decision. Just because we privatize, the state will still be subsidizing enoumous amount of money. Does the new partner have to share or repay profits back to the state if and when porfits are made? Thank you for considering opposing HB1075.

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From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Friday, April 03, 2015 8:41:27 PM

HB1075

Submitted on: 4/3/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Cheryl mcdermott	Individual	Support	No

Comments: I support Privatization of maui memorial medical center. This is for the future of the community of maui.

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Senate Judicial Committee
Sen. Gilbert Keith-Agaran, Chair
Sen. Maile Shimabukuro, Vice Chair
Senate Ways and Means Committee
Sen. Jill Tokuda, Chair
Sen. Ronald Kouchi, Vice Chair
Wednesday, April 8, 2015, 9:45 AM
Conference Room 211, State Capitol
415 South Beretania, Honolulu, HI 96813

Date: 4/7/15

My name is Christina Adams and I am writing in support of HB1075 to authorize the Maui regional health care system to enter into an agreement with a private entity, Hawaii nonprofit corporation.

I am a physician and have been practicing in Hawaii for the past 10 years. I have heard repeatedly about financial and resource issues at the Maui Hospitals. We have only one acute care hospital on Maui and we are totally dependent on it for all our hospital needs. This hospital must not be allowed to fail or reduce services.

The Maui community deserve access to comprehensive healthcare services of the highest quality, *close to home where healing happens best*. We need a nonprofit healthcare partner who can invest in workers, services, facilities, and specialists. We need to put the health of our community, and our state, first.

The time is now. You simply cannot wait any longer to take action – not a single day - without adversely affecting our community. Any further reduction in staff or services as an answer to this financial crisis will have a devastating effect on my family and neighbors and a ripple affect across the state.

Mahalo for your consideration.

Christina K Adams, MD

THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

DATE: Wednesday, April 8, 2015 TIME: 9:45 AM PLACE: State Capitol, Conference Room 211

415 South Beretania Street

Testimony Supporting H.B. 1075 H.D. 2, S.D.1 relating to Hawaii Health Systems Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Christine Conlon-Kemp, I live in Maalaea, and I have been a full time resident gainfully employed on Maui for 10 + years.

I strongly support H.B.1075.H.D.2., S.D. 1

The state's health system should not remain a public hospital system. The people of Maui deserve better and deserve quality care – residents, part time residents and visitors, alike. If the state hospital system is not privatized Maui will not attract new doctors and medical support staff. There is an alarming shortage of doctors in all specialties now... how many more will leave if this bill fails to pass? Who can afford to fly to another island or the mainland for medical treatment that should be available on Maui?

Our tourist industry will suffer as waves of concerns will ripple through social media, newspapers, magazines and in the news decrying the perils of visiting a place, let alone in the United States, with a dearth of health services, reminiscent of a third world country. Hawaii must provide better healthcare services; the people of Maui deserve better. Our tax dollars are not supporting better healthcare and in fact cannot even keep up with the equipment, facilities, staff and needs to provide better healthcare. Free market, competition and investors are the only prescription to an ailing State Hospital System. Vote to allow 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. Sincerely, Christine Conlon-Kemp

April 6, 2015

**TO: The Honorable Gilbert S.C. Keith-Agaran, Chair
The Honorable Maile S.L. Shimabukuro, Vice Chair**

Honorable Members of the Committee on Judiciary and Labor

**The Honorable Jill N. Tokuda, Chair
The Honorable Ronald D. Kouchi, Vice-Chair**

**Hearing Date: Wednesday, April 8, 2015
Time: 9:45 A.M.
Place: Conference Room 211 -- State Capitol
415 South Beretania Street**

FROM: Clay Sutherland

SUBJECT: Testimony for HB 1075, HD 2, SD1 and SD2 -- Relating to Health

My name is Clay Sutherland, and I am a member, and Chairman of the Maui Regional Board for Hawaii Health Systems Corporation. Thank you for the opportunity to submit testimony in favor of **HB 1075 HD 2, SD1 and SD2**. The purpose of these bills 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.

As a member of the Maui Regional Board and a resident of Maui, my main concern is the future of health care services for the 160,000 residents of Maui County, and the 2.4 million visitors that come to Maui each year. We need to work together to find a viable solution that will enable us to transform, modernize and expand to meet the existing and growing needs of our community.

The Maui Regional Board has thoroughly researched the options and issues related to providing superior medical care to the residents of Maui County, and has consistently recommended to the State Administration and the Legislature that partnering with an existing large health care system will provide the necessary financial, strategic and other necessary skills and resources necessary to assist Maui Memorial Medical Center (MMMC) in providing such care. Maui Memorial Medical Center is the only hospital located on the island, and needs to provide the best care available to the residents and visitors of Maui County. The Regional Board has spent many hours reviewing the possible solutions and believes that such a partnership is the superior choice to fulfill these needs. I believe that leasing MMMC to a large health care system, in which the terms and conditions of the operations are confirmed in a written agreement, will provide Maui County with enhanced medical care, while providing the oversight and reasonable control to ensure the care provided at MMMC will meet the needs of the community.

While the exploration of a Public-Private Partnership (PPP) may make many nervous, I believe this is a great opportunity for MMMC and other HHSC facilities across the state

to become sustainable and rely less on government subsidies. It would also broaden access to private capital and services, create efficiencies of scale, standardize and improve our clinical practice, enhance information technology infrastructure, and allow us to offer private sector compensation packages to attract, retain and integrate qualified medical services personnel.

Concerns have been raised that many of current employees at the Maui Memorial Medical Center will lose their jobs if this bill is passed. Many of the employees are friends and neighbors of mine on Maui, and any operator of the hospital will need quality employees to provide the necessary services on Maui. I remain optimistic that with a private partner, the services provided at the hospital will require retention of our current employees and the anticipated expansion of services will require additional jobs and employment for medical providers on the island. As a board member of the Maui Region, and of HHSC, I will work to review the operations and services provided at Maui Memorial Medical Center, and at the facilities in Kula and Lanai, to strive to provide continued quality services and employment opportunities within Maui County.

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

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

It is apparent that the burdens and structure of State government has created operational difficulties and workplace requirements that make it difficult for Maui Memorial Medical Center to operate efficiently and profitably in the 21st century. The inability to remain flexible with its operations and to plan and to finance future capital improvements has hampered the feasibility of the hospital, and a private partner, with an established operational basis, would provide the necessary capital and ability to recruit physicians, retain staff, and bring the necessary expertise and experience to improve and enhance operations at the hospital.

Thank you for allowing me to submit testimony. Your support of **HB 1075, HD2, SD2** is greatly appreciated.

Respectfully submitted.

R. Clay Sutherland, Maui Regional Board

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB321 on Apr 8, 2015 09:55AM
Date: Tuesday, April 07, 2015 10:03:38 AM

HB321

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:55AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Clyde Fukuyama	Individual	Support	No

Comments: I strongly support HB321.

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TESTIMONY IN STRONG SUPPORT OF HB1075 HD2, Proposed SD2

To:

Committee on Judiciary and Labor:

Senator Gilbert S.C. Keith-Agaran, Chair

Senator Maile S.L. Shimabukuro, Vice Chair

Committee on Ways and Means:

Senator Jill N. Tokuda, Chair

Senator Ronald D. Kouchi, Vice Chair

From:

Cory Lynn Mahealani Vicens

Maui Resident

Wednesday, April 08, 2015, 9:45 am, Conference Room 211

State Capitol

415 South Beretania Street

Honolulu, HI

Honorable State Senators,

I am a Cory Lynn Mahealani Vicens and I am a Maui resident. I thank you for this opportunity to testify in **STRONG SUPPORT of HB 1075, HD2, SD2** 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.

After thirty-four years of living on the mainland I returned home to Hawaii to be nearer to my family as well provide support to my parents as they navigated their age related illnesses. Living in Seattle, WA I was fortunate to have had access to top doctors, amazing care, and the advances in medical sciences all of which I naturally want for my own family and friends. I recognize that Maui is not a major metropolitan city however; its residents deserves a hospital and should not be dependent upon Oahu hospitals for basic care or procedures, those who have chosen to serve as practitioners in healthcare should have a place to practice, and visitors to Maui should feel confident in knowing there is a local hospital in case of an emergency.

Personally, in November 2014 my mother faced a life threatening medical scenario. For four years my parents have annually traveled to Connecticut to watch their granddaughter compete in volleyball. This is a very long trip with many hours on a plane. Three days post arrival my mother collapsed and was rushed to Yale Hospital and admitted into their ICU. She had blood clots throughout her legs and in her arteries that were shutting down all her vitals. Thankfully she was near one of the top hospitals in the country and received amazing care at a facility that had state of the art procedures which saved her life. After 5 weeks she returned home and continues to rehab on Maui.

BUT, we asked ourselves had this occurred in reverse on Maui would she have survived? She could not

have gotten back on a plane to go to Oahu, it could have killed her. Would Maui Memorial Medical Center have had the physicians or ability to execute her life saving procedure? We could not with 100% conviction say Yes.

In closing, I believe that each and every one of us, no matter which island we live on, wants our families, children, grandparents, and friends to have access to the highest quality of health care services. For this, and the reasons mentioned herein-above, I strongly support HB 1075 HD2, SD2

Thank you for the opportunity to provide testimony.

Cory Lynn Vicens

THE REV. DANETTE KONG

To: The Senate Committee on Judiciary and Labor, Senator Gilbert S.C. Keith-Agaran, Chair
and
The Senate Committee on Ways and Means, Senator Jill N. Tokuda, Chair

Re: HB1075

For Hearing Date: April 8, 2015

Aloha, kākou. I am Danette Kong, Coordinator of the Chaplaincy Program at Maui Memorial Medical Center, speaking as an individual in favor of the bill. I want to make it clear that I am not asking you to decide to let MMMC partner with any particular private entity – I am simply asking that you give our hospital permission to consider multiple options in order to survive, and this is one worthwhile option I feel needs consideration.

Two years ago, when I was approached to consider a position at Maui Memorial Medical Center, I was intrigued, but not exactly sure of what I was getting into. Truth be told, as an O`ahu girl I thought I was being asked to go serve a sweet, little, country hospital where I could “lay back” and enjoy living the dream life, spending my afternoons at the beach or hiking in Iao Valley. Sounded great to me!

But what I found, instead, was an Emergency Department second only to The Queen’s Medical Center in the number of cases it sees each year, a heart and stroke treatment center that rates as one of the top in the nation, an Oncology Department that treats an expanding number of “snowbirds” from the U.S. continent and Canada as well as from Maui, and a census that increasingly has had to accommodate more patients than its official bed-capacity. This is a dynamic, top-notch establishment, and we are “busting at the seams” with need on the Island of Maui! And all of this without the financial backing any comparable hospital would require in order to provide basic care for its patients.

I see a WHOLE lot of visitors – world travelers and first-time tourists -- who keep telling me they have never had better treatment anywhere else in the world. I listen to local people tell me they used to be afraid to come to Maui Memorial because everyone they knew who was hospitalized there ended up dead. But now they are PROUD to say that our hospital is better

than ever, and they are so thankful to have a facility at home on Maui which they trust, and where they know they will be treated immediately, with expertise and compassion.

As chaplain I encounter suffering and death on a daily basis. But I am extremely concerned because I see another kind of suffering taking place on our hospital grounds. Our MMMC community is being forced to undergo a slow, painstaking death of its spirit.

Our hospital was founded by order of Queen Kapi`olani, who placed it in the care of then-Princess Lili`uokalani and Mother Marianne Cope – yes, the same nun who worked with Father Damien at Kalaupapa and who was recently named “Saint Marianne.” The hospital was designated to be a place of healing...and its staff is valiantly making every effort to continue that legacy. But we cannot continue to operate without the necessary funding, OR the option of seeking partnership with another private entity. Our spirits are at the breaking point.

That is why I am here today – to beg you to consider what you are doing when you hesitate to provide MMMC with viable, realistic options for addressing the financial calamity we are facing, a calamity of catastrophic proportions. The ground we tread upon is unsteady, but our MMMC community is courageous and holding to its mission. In spite of the stress they are under, I see daily acts of heroism by the staff. It is NO exaggeration to tell you that these people put the needs of their patients and their families first – above the concerns the staff has about the future of the hospital, above the apprehension they have for their own financial futures, and above the fears they hold for the well-being and future of their own children.

Members of the Committees, please provide for an option that provides our hospital, our community, and our children with HOPE for our future. Please give us permission to pursue an agreement with a private entity, as so stated in HB1075. Mahalo for your consideration.

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015
COMMITTEE ON WAYS & MEANS AND
COMMITTEE JUDICIARY & LABOR

DATE: Wednesday, April 8, 2015
TIME: 9:45 AM
PLACE: State Capitol, Conference Room 211
415 South Beretania Street

Testimony Opposing H.B. 1075 H.D. 2, S.D. 2 relating to Hawaii Health Systems Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is David S. Goodbody I live in Kalihi Valley, and I ~~work as~~ am disabled.

I strongly oppose H.B. 1075. H.D. 2, S.D.2. 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.

Sincerely,

David Goodbody

JDLTestimony@capitol.hawaii.gov

My name is David J. Engle, MD, I am a Neurosurgeon recruited to Maui Memorial Medical Center to expand and develop the Neurosurgical service at the Hospital. I came from an inner city, level 1 Trauma, tertiary care, University hospital in Pennsylvania. I have been here for 3 months. In this brief time I have either treated or am aware of at least 4 patients who would have died without urgent Neurosurgical intervention, 1 patient who would have been paralyzed without urgent Neurosurgical intervention and "too many to count" patients who required urgent Neurosurgical intervention for various acute intracranial pathologies, spinal cord injuries, brain tumors and strokes. I am sure my colleagues from various surgical and medical specialties have similar stories. The quality of care provided by the hospital is on par with many of the university based hospitals where I practiced previously. This quality is not only because of the clinical skill and dedication of the physicians but also because of the superb nursing staff, operating room personnel, administrative staff and support personnel from all departments.

As a "newcomer" it is my impression that it is not realized what a valuable resource to Maui and the state of Hawaii that the Hospital represents. If the Hospital were forced to close or even cut services, the Maui community and the entire state would suffer the consequences. The other acute care Hospitals in the state would not be able to handle the extra patient load and patients would be hurt. Whether the Hospital is allowed to align with a strategic partner or whether the state provides adequate funding for the Hospital to continue its' mission, I have a hard time believing the State would turn its' back on the residents of Maui. Instead of discussing "closure" and "cut backs", the Legislature should be helping us find ways to offer even better and more extensive services to the people who need us and who deserve our care.

Thank you for your time and consideration,

David J. Engle, MD
Neurosurgery
Maui Memorial Medical Center

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

24 North Church Street, Suite 409
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Joseph L. Wildman
Eve M. Green
Of Counsel

TAKITANI, AGARAN & JORGENSEN

A Law Partnership

April 7, 2015

SEN. GILBERT S.C. KEITH-AGARAN, CHAIR
SEN. MAILE S.L. SHIMABUKURO, VICE-CHAIR
COMMITTEE ON JUDICIARY AND LABOR

SEN. JILL N. TOKUDA, CHAIR
SEN. RONALD D. KOUCHI, VICE-CHAIR
COMMITTEE ON WAYS AND MEANS

Re: HB 1075, HD 2, SD 2 (proposed) Relating to Health;
4/08/15 Hearing - Committee on Judiciary and Labor and Committee on Ways and Means

Aloha Chair Keith-Agaran, Vice-Chair Shimabukuro, Chair Tokuda and Vice-Chair Kouchi,

My name is Dave Jorgensen. I'm an attorney and 23 year resident of Wailuku, Maui, and I'm submitting this testimony in strong support of proposed **HB 1075, HD2, SD2**, 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.

I've reviewed the revisions that now appear in proposed SD2 of this bill and I believe that they adequately address the concerns that have been raised. The bottom line is that something has to be done. It's clear that State is not intending on providing the necessary funding to cover the ever-rising costs of running MMMC and, even if it was so inclined, there simply does not appear to be the funds available to do so. The only other available option is to allow the Regional Board to pursue a public-private partnership and the only entity that is willing to enter into such an arrangement is Hawaii Pacific Health.

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. Personally, in addition to both daughters being born at MMMC and each of the members of my family having had necessary surgeries there, my 99-year-old grandmother-in-law, Kazue Mabe, had to have a pace maker put in a year and a half ago and she simply would not have survived if she had to fly to Honolulu to have the procedure performed. And if she did survive the flight, her family would not have been able to be with her during her recovery, as we were because it was done here on Maui at MMMC. As it is, she is healthy and continues to live on her own on Maui and will turn 100 this November.

There are literally thousands of stories like this. We had a prominent Judge who is still on the bench now because there is a hospital here that was able to treat his potentially fatal heart problem; he would not be with us if he had been required to fly to Oahu for care. 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? What would that do to our families – physically, emotionally and financially? Can you imagine the volume of patients that would now have to be transferred to Oahu at a time when we keep being told that Oahu hospitals are at capacity already?

SEN. GILBERT S.C. KEITH-AGARAN, CHAIR
SEN. MAILE S.L. SHIMABUKURO, VICE-CHAIR
COMMITTEE ON JUDICIARY AND LABOR

SEN. JILL N. TOKUDA, CHAIR
SEN. RONALD D. KOUCHI, VICE-CHAIR
COMMITTEE ON WAYS AND MEANS

Page 2
April 7, 2015

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: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Saturday, April 04, 2015 8:47:00 AM

HB1075

Submitted on: 4/4/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
David May	Individual	Oppose	No

Comments: I am strongly opposed to passage of this measure. The state needs to re-examine it's past and future investment in the health care system it has developed over the past 50 years. Along with all of HGEA's solid statements, I am deeply troubled by the lack of funding that the state could be providing. The past governor, as little as a short time ago in October, boasted an 850M surplus in the state funds. He then said, "no new programs will be initiated, but will maintain and fund programs already in existence, like health care for state residents and visitors. I see many negative effects from stated lack of services on the states necessary and very lucrative tourist industry. The state should not turn it;s back on MMMC and take the path of least resistance to provide a private entity the opportunity to use state funding for it's own financial gain for their profitably. I am disturbed the state would fund a private corporation of up to 32M a year, when these funds should be used as intended for state endeavors. Along with all the employees of MMMC, we value our jobs and commitment to the mission statement of MMMC. Please stop this bill from passing and find internal means to keep the only hospital on the island of Maui a vital and reliable source for residents and visitors to receive quality health care.

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HPH – MMMC POSSIBLE MERGER - Hono Speech - 4/08/2015

- 1. D.N. brief introduction – as an E R doctor for 34 years, I have worked in many types and sizes off hospitals, Asst. Professor of EM at U of MN and later U of Utah, then on Maui X 25 years. Also a Paramedic teacher as EMS Medical Director of Maui X 22 years. Medically, I am in what surfers might call “the impact zone” of healthcare delivery. A big but solvable problem.**
- 2. Contrast Big Island Ortho 6-2 MDS vs. Kauai +4 and HPH + 4 ortho Wilcox workers are happily employed, pay + benefits in a growing hospital.**
- 3. Maui Healthcare Trends: 1990’s better, then worse, now much worse. Shortages of space/# beds, MD’s can and do choose to leave Hawaii, RN’s and money. For example: Urologist with broken lithotripsy device (no \$ = no repairs). Renal colic is very bad and possibly dangerous. On Maui, there is a shortage of urologists, orthopedists (an Oahu an MD is paid to cover call nights), ENT, Pediatrics, +. Traveling RN’s. We are on a cliff. ER is overloaded: up to 19 hold patients. January: > 4 hour lobby waits and > 400 walk-outs (LWOBS).**
- 4. People say “the hospital cannot close”, but it is already closing: the adolescent psyche ward is closed (example patient). The hospital could become a “ugly” transfer center. There is wishful thinking “we deserve to be rescued, so they will rescue us”. Who is they, who will be the Sugar Daddy? Not Bill Gates, not your fairy godmother and not the Hawaii taxpayers. Union says: “Let’s keep milking the cow” but the cow is sick and you cannot milk a dead cow (an unfunded healthcare system).**

5. There has been a lot of misinformation to union members and to the public. The best way for the many capable and hardworking union members to really keep their jobs is to look at the long term situation , and make a smart choice to join HPH, a well-run healthcare system with a good local track record and strong finances.
6. So: As a dad with 2 teenagers and as an Emergency Room doctor, I believe that we need to merge with HPH. If you are any Maui county resident, support the merger improving healthcare by allowing a non-profit corporation to become a partner. This will avoid rapid collapse of healthcare delivery on Maui, and allow (over several years), an improving healthcare system. That is what I want for my family , and for your family too.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 8:01:04 AM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Dennis Rush	Individual	Support	No

Comments: The Maui News article states "The union insists that privatization of state hospitals will threaten jobs for THOUSANDS of employees, cost MILLIONS in taxpayer dollars and BENEFIT only the private corporation". My thoughts are to focus on the three words BENEFIT, THOUSAND, MILLIONS which is their defense. 1. The most important issue in this entire debate is who will BENEFIT most from the partnership? The answer is patients! The Maui community! The people! The answer is not only how HGEA will BENEFIT! Also, a private business should BENEFIT from its efficiency at which time they deserve a profit. Our County, State and Federal governments are based upon serving the public. Under the partnership, the medical facilities, the employees and the patients will all BENEFIT? Milking the system will BENEFIT no one! 2. THOUSANDS in the article refers to jobs. Jobs are important to families and our community! However, it is a two-way street. The employees owe a duty to the community and the employer as well. Jobs should go to those who perform their duties best. Inefficiency in our health system should not be tolerated by the politicians. If a union employee does his/her job well they will have a job, it is that simple. Maui Memorial has 1200 employees. How could THOUSANDS of employees possibly lose their jobs? I believe one should expose these exaggerations. Employees will be necessary to serve the patients, maintain the hospital and the administration of the employees, patients and hospital. What HGEA is really saying is that if they don't perform well (be more efficient by getting fair pay for a fair job performed) other employees will take their job. This is the same argument inefficient teachers use which also does not BENEFIT the public. Should Maui Memorial continue as a State owned entity, jobs will actually be limited and possibly lost. The growth of the Maui community will suffer. People as well as doctors are leaving Maui due to inadequate health facilities. People will not move to Maui because of these inadequate health facilities. Growth in the community is important to jobs for everyone! How can you bring qualified doctors to Maui with inadequate health facilities? HGEA is being very selfish and short sighted. 3. MILLIONS refers to the amount of dollars to be lost. Most rational people believe the hospital should BENEFIT the most people. Most rational people believe the privatization of the hospital will save MILLIONS of dollars rather than cost MILLIONS. The partner has proven it knows how to run a hospital. The State has proven they do not know how to run a hospital. The State has proven they know how to lose MILLIONS each year.

History shows which direction is correct for the people. The new partner is a non-profit organization. The politicians should be very aware that their duty is to serve the public not only HGEA. Even the most dominant politicians have fallen when they have not served the people! Politicians duty is to do the right thing for the MOST people!! A very simple question to ask any politician is "If you or your family member become ill on Maui and need to go to the hospital" what kind of hospital would you want to go to? Do you want a hospital with limited services or a full service hospital? Please do the right thing and pass this bill for the people!!

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To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 11:08:09 AM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Dian L Gruber	Individual	Comments Only	No

Comments: Testimony for Bill HR 1075 I am a proud union nurse at Maui Memorial Medical Center who is in support of this bill that would allow the Hawaii Health Care System to enter into a public/private agreement for operational/management of its Maui Regional facilities. As nurses and health care providers, we are trained to be patient advocates, by not only providing the highest quality of care while hospitalized, but also insuring their continued care at home. Family as well and professional support is needed for the total wellbeing of each patient. MMMC has made great strides in providing necessary care for our citizens on their home island: Cardiovascular, Bariatric, Stroke, Level 3 Trauma Center to name a few. They depend and need on. We have already witnessed the negative impact that closing the Adolescent Behavioral Health inpatient facility has had. By not adequately funding us or allowing us partnership with another organization, how is that helping the people of Maui? How is this in the best interest of patients? To have to fly to other islands to receive care, when that care has been and should be available here? How can we provide a conducive and holistic environment for the patients' recovery when they are separated from their ohana during these critical times in their lives? How have we reduced emotional stress when family have to choose who will be able to go with their loved one while incurring the expenses of traveling and staying on another island? How can we support the patient's home care when their treatment becomes fragmented? Having a doctor on Maui, but having another one in Oahu to care for them in a hospital? Our nurses, clinical, clerical and all our support staff need the resources to do our job to the best of our abilities. If the State is not in a position to help us help others, then do not deny us the opportunity to partner with those who can. We need the resources both financial and managerial to provide our families, friends, community, tourist and all others with quality, safe, and needed healthcare

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From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 3:04:41 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Dian L Gruber	Individual	Support	Yes

Comments: Written testimony has already been submitted

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From:
To: [JDL Testimony](#)
Subject: HB 1075 TESTIMONY
Date: Tuesday, April 07, 2015 3:42:04 PM

Dear Hawaii State Legislator,

I am Dr. Don W. Hill and I am the Director of Medical Oncology/Hematology at the Maui Memorial Medical Center. I submitted a copy of my planned testimony on line back on 04/02/2015 @ 11:30P.M., but I have been informed that some type of electronic error occurred and my testimony was not saved. Thus, I am sending this email to outline my 5 minute testimony I plan to personally address to the assembly on 04/08/20 when I fly in from Maui tomorrow regarding HB1075. There is already a shortage of cancer care on the island of Maui. Failure to pass HB1075 will result in a radical decrease in the delivery of not only cancer care, but also cardiology

and obstetrical services. Oahu does not have the capacity to absorb this potential influx of new patients. When I testify tomorrow, I will inform the legislators of the following:

- 1.) Status of cancer care in Hawaii relative to the mainland. This will include facts and figures regarding incidence, mortality/morbidity, and current work force limitations.
- 2.) The negative impact both in financial terms and in matters concerning human suffering that will occur on the County of Maui if cancer care is curtailed because of the fiscal constraints if HB1075 fails to pass.
- 3.) The logistical improbability of other places being able to absorb a large influx of oncology/hematology patients if cancer treatment fails on Maui County.

I look forward to offering my personal testimony on 04/08/2015. Thank you for your consideration of these crucial issues.

Sincerely,

Don W. Hill, M.D., FACP

Director of Hematology/Oncology
Maui Memorial Medical Center

April 2, 2015

Dear Committee Members

Ann and I were overwhelmed by the difference in the quality of care and the extraordinary people skills across the board at the Straub Clinic and Hospital compared to our previous experiences in Maui. My wife Ann contracted a serious staph infection in her finger that required a significantly higher level of care than she was given to her in Maui. Ann spent eight days in the Maui Memorial Hospital from the 10th of March to the 18th of March, 2015.

Ann's staph did not improve significantly after treatment. As a result, at that point we headed to Straub in Honolulu.

Ann and I feel so fortunate once we realized the Straub Clinic and Hospital was a choice. Were that facility available in Maui, it is my belief it would raise the standard of care for all patients. It certainly would have made a difference in Ann's care.

The entire experience at Straub felt like an upscale modern medical facility with a small town attitude...where building lasting relationships is an important priority... while correctly diagnosing and treating medical concerns. Ann's staph infection was diagnosed correctly in the Straub clinic as Osteomyelitis requiring a different antibiotic, which now needs to be administered for eight weeks through a PICC line.

First and foremost, we are thankful there is a Hospital in Maui. Nevertheless, in the interest of all concerned, we believe an addition of a private hospital will serve the community even better based upon our experience. We hope that Maui eventually is fortunate enough to offer its residents and guests a choice.

This is not about a commercial contest between profit centers. Nor is it to cast dispersions upon the existing facility. This is about providing comparable health care on Maui, as that offered to guests and residents on Oahu. Conservative businesses like monopolies. A progressive democracy encourages competition and choice.

The Straub Clinic sets a good example for other to follow. The people on Maui deserve the same kind of medical service as an optional choice.

Aloha,
Donald J. Stern
President
Unimax Corporation

235 Eyrie Road * White Salmon, WA, 98672 * Ph: 509-493-1564 * Fax: 509-493-2469
2233 Omaopio Rd * Kula, HI 96790 * Ph: 808-878-4108 * Fax: 808-878-4109 * M: 970-331-3314 * djstern@vail.net

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Sunday, April 05, 2015 11:19:08 PM

HB1075

Submitted on: 4/5/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Douglas Schatz	Individual	Support	No

Comments: The quality of medical care on Maui is pivotal for many people that form a large voter and tax base here. Our friends and visitors as well as our entire community view the quality of medical services as reflecting the quality of all of Hawaii. Many people now leave the islands permanently or are hesitant to spend time here because of poor medical experiences. Our concerns are valid and we are trying to correct this situation. It is not about the choice of Maui or Oahu for medical services, it is about Maui or the mainland. Doug Schatz

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TESTIMONY IN SUPPORT OF HB 1075, HD2 RELATING TO HEALTH

TO:

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S.C. Keith-Agaran, Chair

Senator Maile S.L. Shimabukuro, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair

Senator Ronald D. Kouchi, Vice Chair

FROM: Elaine Bridge, R.N.

DATE: Wednesday, April 08, 2015

TIME: 9:45 am

PLACE: Conference Room 211
State Capitol
415 South Beretania Street

I am a registered nurse currently employed at Maui Memorial Medical Center and am providing testimony as an individual. Almost all of my 28 years of working as a registered nurse have been in Hawaii. I began working at MMMC in 1990 as an agency nurse commuting from Honolulu, and have been a permanent employee since 1998.

Since I started working at MMMC, I have witnessed remarkable improvements in the delivery of health care at our facility. Many of these improvements have occurred since the regional board system took place and include a comprehensive cardiovascular program, a stroke program and trauma services. We used to fly these patients to Honolulu to receive necessary care and treatments. Now we are able to provide high quality care for Maui residents and visitors in need of these lifesaving services, and patients from outer islands get transferred to our facility for the same.

These and many other improvements came as a result of hard work from dedicated staff, administrators and supporters. To hear that some of these programs and other basic services may be cut if HB 1075 is not passed and we do not receive funds from the state is disturbing. Shutting down essential services would bring us back to where we were many years ago, and the health and well being of our community will suffer.

Over the years, I have been a member of HGEA and a union steward. I have experienced the benefits that the union brings to staff and I have witnessed the challenges that management is faced with while trying to be efficient and hold individuals accountable.

If we are allowed to enter into a public-private partnership, I do believe this would result in a more cost effective and efficient system. I am hopeful that in a public-private partnership, MMMC would continue to grow services, improve health care delivery for all Maui County residents and visitors, and to continue to be one of the largest employers in the County of Maui. Please support us in trying to make available for Maui County residents and visitors the same high quality healthcare that is provided on Oahu.

Thank you for supporting healthcare for Maui County, and for the opportunity to testify in support of HB 1075.

April 7, 2015

The Senate
The 28th Legislature
Regular Session of 2015
Committee on Ways & Means and Committee Judiciary & Labor

For Wednesday April 8, 2015 0945
State Capitol, Conference Room 211
415 South Beretania Street

Comments only for H.B. 1075 H.D. 2 relating to HHSC

Thank you for this opportunity to offer my humble comments regarding this issue. My name is Erin Dunnill, and I am an RN at MMMC in the outpatient oncology department. I have been working at MMMC since 2006, nearly 9 years. I'll be honest. I don't have an eagle's-eye view on all of the many details regarding our hospital engaging in a private-public partnership. All I know is what I'm being told. I'm not big on politics, but I've lived long enough to know that there is a lot of manipulation and smoke and mirrors on both sides, because after all, we all have our ideas, values, and agendas.

Personally, I have been very happy working for Maui Memorial Medical Center, and take pride in my job as a public servant. I am also willing to go with the flow if a major change takes place. I am writing because I am most concerned that outpatient oncology is now being threatened to be one of the first cuts to MMMC if the HB 1075 doesn't go through. I've lived on Maui for over 23 years & have never seen so much development on this island. So it seems ridiculous to consider cutting ANY public services.

I am also, although it may seem selfish, concerned about my retirement benefits. I need 10 years of service to be vested with the State of Hawaii, and I hope that the opportunity to meet this deadline will be available to me (June 26, 2016). I am not alone, many MMMC employees have chosen "the old system" because we chose to offer our career life to our positions here at MMMC.

Please consider my concerns, and please forgive my unfamiliarity with participating in submitting testimony.

Very Sincerely,

Erin Dunnill, RN, OCN

April 7, 2015

Senator Jill N. Tokuda, Chair
Senator Gilbert Keith-Agaran, Chair
and Committee members

Dear Senators:

SUBJECT: HB 1075 Authorizing 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

I'm a wife, a mother of two boys (both born at Maui Memorial Medical Center) and a County of Maui employee. I am grateful to HGEA for the wages and benefits we receive, for ensuring our employment was maintained during the Great Recession and for tirelessly fighting to better the working conditions for public servants like myself. However, in this case, I do not feel the union is representing my interests or what is in the best interest of the people of Maui County.

We need to maintain and expand the services at our hospitals to meet the needs of our growing population in Maui County. **Please support a collaborative approach to health care throughout the islands.** These essential hospital staff save lives and bring our children into this world. What team they play for does not matter to me. What matters is that they are here when we need them.

Thank you for the opportunity to testify and for your hard work and consideration.

Erin Aubrey Wade

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Thursday, April 02, 2015 7:15:10 PM

HB1075

Submitted on: 4/2/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Frank Sayre	Individual	Support	No

Comments: I STRONGLY SUPPORT passage of HB1075. There is no way that the neighbor island safety net hospitals can survive with the status quo. We will need a quarter of a billion dollars from state funding or have to cut services and jobs if we can't partner with either HPH, Queen's or Kaiser. Ultimately our hospitals will go under and be forced to close if this isn't passed. Thank you.

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THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR
SESSION OF 2015 COMMITTEE ON JUDICIARY AND LABOR AND
COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, April 8, 2015 TIME: 9:45 AM

PLACE: State Capitol, Conference Room 211 415 South Beretania Street

Testimony Opposing H.B. 1075 H.D. 2, relating to Hawaii Health Systems
Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Gille K. Petersen, I live in Pukalani, HI and I work as a Judicial Clerk III at the Hawaii State Judiciary.

I'd like to start by asking a question: Who here is aware that there are blogs devoted to covering Maui County's efforts to privatize our hospital system? More specifically, would you be surprised to learn that there are blogs posed by Personal injury attorneys who specialize in Medical Malpractice?

Here is how one blog begins, "Although it's been slow going up until now, the privatization of the public hospitals in Hawaii is gaining steam. If these bills currently in the legislature go through, the public hospitals on Hawaii Island and Maui will become private. The blog goes on to say, "How will all these changes affect your health care? At the law firm, name omitted (Cronin, Fried, Sekiya, Kekina & Fairbanks) we are concerned that every patient receive the highest level of care. We are watching closely as these changes take shape, and we are here for you if you are caught on the wrong side of the system."

Reading this blog brought to mind that sharks are circling the waters around Maui and Hawaii County islands. Where is the money going to come from to defend against these claims? Are the "savings gained by privatizing, in fact, going to cover the cost of defending against malpractice and personal injury lawsuits? Are there other unexpected costs?

<http://www.croninfriedblog.com/blog/privatization-of-the-public-hospitals-in-hawaii/#sthash.CfnUrLNs.dpuf>

I strongly oppose H.B. 1075. 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.

Although the predominant myths about privatization claim that privatization means tax savings for the public, it actually costs us more. Even though on paper a private agency or corporation may present a lower figure to do the same job, once that money has been taken out of the public's hands, it no longer remains ours.

In the public sector, tax money tends to make more of itself, meaning that each public dollar paid through one social service will spend itself four to eight times more elsewhere within the public sector. Once public money goes into private hands however, that money stays there and is gone for good. This is especially true if we consider that privatization corporations are usually given handsome tax breaks and "incentives," in the form of what some people call "corporate welfare," which means we are even less likely to see that money again.

And finally, if we remember that the people who privatize are generally wealthy, this reminds us of an old story where the rich get richer and the poor get poorer - where the hard earned tax money from each of us is funneled into the hands of the wealthy few for their own personal gain. While we each like to think we don't live in a society like that, today this is justified to us through the myth that "free markets" are the same thing as democracy; that if everything is privatized and ruled by the law of the dollar then democracy will be ensured.

It is my concern that our hospital system is but one case in which a few people will exploit our society's larger problems for their own gain, at a cost we will all bare and receive little in return.

Please also consider the following excerpts from the article, *Assessing the Impact of Privatizing Public Hospitals in Three American States: Implications for Universal Health Coverage*, *Value in Health* journal, Jan-Feb 2013 article studied CA, FL and MA, written by [Stefano Villa](#), PhD, MS, [Nancy Kane](#), MBA, DBA:

The increase in operating margin recorded in our population study can be achieved by increasing revenues and/or reducing operating costs. To increase revenues, besides the possibility of improved rates or more generous payer mix (e.g., more private paying patients), a hospital might invest or increase activities in more profitable services and drop unprofitable ones and, if feasible, increase charges for hospital services. To lower operating costs, a hospital might look to cut staffing or lower capacity (e.g., number of beds or outpatient clinics).

Services dropped after privatization.						
Service dropped after privatization	Florida (absolute number)	California (absolute number)	Massachussetts (absolute number)	Total number of converted hospitals that dropped	Total number of hospitals offering this service before conversion	% of privatized hospitals dropping the services

				the service		
Patient education center	3	3	2	8	16	50
Community health reporting	1	5	2	8	16	50
Alcoholism-drug abuse or dependency outpatient services	1	1	2	4	8	50
HIV/AIDS services	2	2		4	12	33
Dental services		1	2	3	4	75
Health information center	1	1	1	3	9	33
Urgent care center	1	1	1	3	6	50
Trauma center	1		1	2	6	33

The fact that the privatized hospitals included in our population study dropped valuable but unprofitable services may not be directly caused by privatization. To make such a statement, we would need a control group represented by a sample of public hospitals that did not convert. As far as we know, the exact same services dropped by the privatized hospitals could have been eliminated in the same period by public hospitals as well. However, available evidence suggests that this is not the case. Bazzoli et al. (Bazzoli, G., Kang, R., Hasnain-Wynia, R., and Lindrooth, R.C. **An update on safety-net hospitals: coping with the late 1990s and early 2000s.** *Health Aff (Millwood)*. 2005; 24: 1047) found that 1) safety-net hospitals (the vast majority of public hospitals) over the same time period were more likely to offer a set of services valuable to the community such as emergency department services, AIDS services, and outpatient substance abuse services, and 2) they did not change the services' structure in the period analyzed.

This exploratory analysis of a subset of privatizations from the decade of the early 1990s to early 2000s offers some useful insights to managers and policymakers considering hospital privatizations. First, they should consider a broad set of potential impacts, not just profitability or impact on uncompensated care, but also the impact on service availability and affordability. Our findings indicate that while profitability improved with privatization, and uncompensated care remained unchanged, the prices charged increased and services often considered important to the community but unprofitable were dropped. On the positive side of the argument for privatization, our results suggest that it did result in improved operating margins with a statistically significant reduction in inpatient length of stay.

For those countries outside the United States that are considering adopting privatization as a strategy to improve the financial performance of publicly-owned hospitals, some policy and managerial implications can be anticipated. Our data suggest that privatization could be a tool to improve financial performance. If there are ways for hospitals to increase prices to patients, however, this is something that should be of concern for policymakers because it may create greater access and affordability problems in the hospital service area. Another way to potentially increase revenue is to drop unprofitable but valuable services and to provide more services to paying patients, which raises concerns of the appropriateness of the scope of services offered in the name of revenue generation.

Another clear finding of our study is that the hospital length of stay dropped after privatization. Shorter lengths of stay are generally considered an indication of “more efficiency” but only if the quality of care provided is maintained or improved, and the postacute sector is able to handle the early discharge of patients in an appropriate manner. In particular, community-based services for rehabilitation, mental health, substance abuse, HIV, and urgent care may need to be built up to support faster hospital inpatient through-put.

In summary, it is clear that the hospitals studied in this analysis did appear to respond in the expected way—reducing length of stay, costs, and low-margin services. Their price, profits, and operating margins increased, but access to community-based services in these hospitals declined. This suggests that the effect of ownership conversion is likely to be manifested in multiple domains, affecting not only hospitals’ financial performance but also community access and affordability.

Please also consider excerpts from the following research, *Privatization of Rural Public Hospitals: Implications for Access and Indigent Care*

by Phyllis E. Bernard

Professor of Law, Oklahoma City University School of Law, Oklahoma City, Oklahoma. Founding Director, OCU Center on Alternative Dispute Resolution. Bryn Mawr College (A.B., cum laude 1976); Columbia University Graduate School of Arts and Sciences (M.A., 1978); University of Pennsylvania Law School (J.D., 1981).

[Maui Memorial Hospital]... qualifies for status as a Sole Community Hospital ("SCH") under the Medicare program, which means it receives special financial treatment that subsidizes the cost of care in this setting."

The ownership status of rural hospitals has been shown to correlate highly with the risk of closure. Mullner and Whiteis performed a statistical analysis of all 121 U.S. rural community hospitals that closed during the period 1980-86 and tested them against a control group of hospitals which remained open during the same period." These researchers found that "for-profit ownership status was the factor associated with the highest relative risk of closure, followed by nongovernment not-for-profit status; state or local government hospitals were the least likely to be at risk for closure.t" Why? The authors forthrightly explained that because "the owners of . . . [for-profit] hospitals are guided by ... [the pragmatic] standard of profitability, [they may be more likely to close a hospital] when they do not receive a significant return on their investment.Y' This may easily resolve the issue for many in framing the risks involved in taking a public hospital fully private, as in selling or leasing it to a private, for-profit company. On the other hand, it does not necessarily respond to the question of why a nongovernment, not-for-profit hospital would still be at significant risk of closure in a rural area. Mullner and Whiteis theorize that because these hospitals serve "greater proportions of poor and underinsured patients," they "may lack the financial resources to compete successfully against more powerful hospitals that are members of multihospital systems."

The GAO confirmed the Mullner-Whiteis findings, stating:

Hospitals owned by a for-profit entity were more likely to close than publicly owned hospitals. This was not an unexpected finding. For profit hospitals have the greatest incentive to leave an unprofitable market area since they must earn an adequate return on investment. Although public hospitals have a larger burden of uncompensated care, their public status gives them financial alternatives, such as seeking increased local government appropriations, that generally are not available to private nonprofit or for-profit hospitals."

Other factors surely contributed to the closure of rural hospitals, such as the number of facilities and services, the number of other hospitals in the county, and the presence of nursing or other long-term care facilities. However, it is worth noting at this early stage of our own exploration of the issue, that privatization of a rural public hospital may not assure the long-term access to health care services for which proponents argue. Indeed, it may be that the more fully private the facility becomes, the more at risk it may be for closure."

The question becomes not merely whether the elected and nonelected politicians of a locality succeed in convincing the populace that a shift to privatization is in the community's best interests; thereby obtaining permission to effect the various legal steps necessary to convert a public facility from public to private status. Rather, the challenge demands an inquiry into whether a private, nonprofit or especially a private, for-profit

owner or operator of a formerly public hospital is capable of fulfilling the community's commitment to provide care for all of its residents regardless of ability to pay, as that commitment has been codified in the enabling legislation of that public hospital.

A helpful article by Steven Rathgeb Smith and Michael Lipsky, "Privatization of Health and Human Services: A Critique" raises questions about how a model for achieving greater efficiency in government services, such as railroads, garbage collection, and bookkeeping, actually fits the more subtle arena of health care. Smith and Lipsky question whether contracting actually does meet the stated goals of privatization theorists when applied to the provision of health and human services. They raise the concern that "the problem of providing human services of high quality on a sustained basis is so different from the problem of producing standardized products at a fixed price" that it challenges whether the production model can be superimposed over the service model at all.

However, the fervor began to dim when the for profit corporations which had acquired a number of small rural hospitals, both public and private, recently began divesting themselves of unprofitable facilities.

In South Carolina, the Attorney General's advice had been sought for the purpose of understanding whether the privatized hospital was subject to the open meeting provisions of the state's Freedom of Information Act ("FOIA,.").¹⁹³ Due to the lack of county control, the hospital was found exempt from FOIA coverage."

In Florida, the court acknowledged that a district may reorganize its hospital to provide for greater efficiency and flexibility in management." However, in so doing, it must not relinquish "to an independent private board effective unfettered control over public property, powers, taxing authority, and money, including expenditure of ad valorem taxes without public oversight or accountability." To do so clearly would violate the classic prohibitions against making a gift of public funds. As the court explained, "the district essentially pledged public funds to the nongovernmental entity, without provision for assuring operations and expenditures in the public interest.,,207 After examining closely the operational scheme, the court determined that "the district is powerless to respond to the public interest and is effectively a mere funding mechanism for the non-profit corporation." The court closed its opinion with a scathing condemnation of the board structure, which made no provision for the formal public oversight through having district (or other persons) serving in a dual capacity" This was seen as a "surrender of public responsibility" and was therefore "invalid" absent a clear legislative statement authorizing "such a radical and complete divestiture of public assets.

If the community determines that a hospital has a viable future in their community but that their hospital could operate more efficiently and effectively without the burden of excessive government restraints, another series of questions needs to be asked. Namely, precisely which restraints are excessive? Which restraints are necessary means of assuring accountability for public monies?

The following is from a Federal Website listing Sole Community Hospitals (SCH)
July, 2014

Provider Number	Hospital Name	City	State	Zip
12-0002	Maui Memorial Hospital	Wailuku	HI	96793

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 8:00:23 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Heather Haynes, MD, MPH	Individual	Support	No

Comments:

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

COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

DATE: Wednesday, April 08, 2015
TIME: 9:45 am
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT OF HB 1075 PROPOSED SD 2

Aloha Chair Keith-Agaran, Chair Tokuda and members of both committees,

My name is Jana Malia Joyo-Bui. I am a clinical nurse manager at Maui Memorial Medical Center and a member of HGEA. For the last 15 years I have dedicated my life to the health and well-being of mothers and babies of Maui County. I have been through many challenges with Maui Memorial Medical Center. I have witnessed our hospital grow, our services improve and expand, and our employees work countless hours to ensure our community receives the best care.

I cannot stand by HGEA and their want to keep the Hospital's status quo. Our hospital is in need of a solution in order to maintain our current services and to remain cutting edge. Our hospital has grown tremendously over the last few decades and so has Maui County.

I support HB 1075 because I support a solid hospital system for Maui County. The thought of losing services like Oncology or OB/GYN is a devastating notion of the only hospital in Maui County.

I ask for your strong consideration of HB 1075 Proposed SD 2.

Thank you in advance for your time and consideration.

As a resident of Maui, it frightens me to consider that MMMC may be forced to close valuable, life-saving services. The thought of having a pregnant woman fly to Honolulu to give birth or having a cancer patient prone to infections fly back and forth for chemotherapy is mind-boggling. The heart program, if in effect when my father-in-law had a heart attack in 1997 would have allowed him to heal and be surrounded by family and friends instead of being isolated in Honolulu. When he required another surgery in 2006, he again needed to return to Honolulu to have surgery and recover for weeks. Please don't force us to go backwards and put lives at risk on a daily basis. Is Honolulu even capable of taking on the healthcare needs of the neighbor islands on top of their own residents and visitors? Please vote with compassion and think about the community on Maui where we don't have any options for healthcare besides MMMC without taking a flight. We are not nameless, faceless statistics but hardworking, family members who deserve top notch healthcare here at home.

Hearing Date: April 8, 2015, 9:45 a.m.
Hearing Location: Room 221
Committee: Senate Committee on Ways and Means
Senate Committee on Judiciary and Labor
Testifier: Jesse K. Souki, Esq.
Bill: HB1075 HD2 SD1, Relating to Health
Description: 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
Position: Support

Island communities in the State of Hawaii should have the same basic level of care as people who live on Oahu.

If nothing changes, the Maui Memorial Medical Center will fail without significant reductions in staff and service. The state funding model is not working. The current system is resulting in the elimination of needed services and reduced care. No amount of talent and dedication by doctors, technicians, and support staff can save this failing system as it currently stands.

Maui Memorial cannot fail. It is the only full-service, acute care facility in the county. Allowing Maui Memorial to fail would place nearly 160,000 residents and 2.3 million visitors per year in jeopardy. After years of handwringing about what to do, Maui's healthcare future is at a tipping point—action is required now.

Quality healthcare in all communities must be at the top of Hawaii's policy agenda. It is essential to a healthy, happy, and thriving society along with clean water, shelter, and food. Working families and young professionals make decisions about where they live based on fundamental necessities like adequate health care. Allowing Maui's only acute care hospital to fail, or worse, operate at a deficit, would condemn Maui to increased outmigration, less visitors, and second-class health options for Maui's residents.

I care deeply about this bill's outcome as someone from Maui, where most all of my immediate and extended family reside. I urge your committee to allow the public-private partnership model to work and enable Maui Memorial Medical Center to provide quality service to its community.

Mahalo for your consideration.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 8:27:03 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Jill Schatz	Individual	Support	No

Comments: Good enough/no change does not encourage excellence in any field. In the medical field, it means that many people can't receive the best possible care in their own community. The opportunity for our hospital to compete to be the best in the care and services that it offers to residents and travelers from around the world means that excellence IS important to us. To have to leave when we are at our most vulnerable because our hospital is deemed 'good enough' dishonors the state. We are not afraid to compete. We will not make decisions out of fear of change, but rather we make decisions out of pursuit of excellence. Isn't that the message on all things? Jill Schatz

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From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc: my3sons@hawaii.rr.com
Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 5:12:34 PM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Joanie Liu	Individual	Support	No

Comments: I am in favor of this bill. Maui Memorial is long overdue to be managed by private enterprise rather than the state. Our community has suffered too long. We cannot afford to lose healthcare services.

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THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF
2015

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

DATE: Wednesday, April 8, 2015 TIME: 9:45 AM PLACE: State Capitol,
Conference Room 211

415 South Beretania Street

Testimony Supporting H.B. 1075 H.D. 2, S.D.1 relating to Hawaii Health Systems Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is John Gray. I am retired and live in Kihei, Maui, HI. I have been a part of the Maui community for over 14 years.

I strongly support H.B.1075.H.D.2. S.D. 1 providing for a public/private partnership for Maui Memorial Medical Center (MMMC).

My family and I deserve the highest quality healthcare right here on Maui. Being transported to Oahu for care is unacceptable and can be potentially a situation of life and death. I know this, first hand, as I recently spend a week in MMMC - 5 days of it in intensive care - after arriving at the hospital by ambulance with a heart rate around 30, kidney function at near failure and, from what I have been told, just short of going into a coma. I probably would not be able to write of my support today if it were not for the needed services offered at MMMC and the excellent care that I receive from all. I shudder to think or dwell on the possible outcome had my medical emergency been handled elsewhere after having no choice but to be transported to an outer island or the mainland.

Please consider the needs of your 160,000 Maui County neighbors and Maui's 2 million annual visitors and support the partnership efforts of Maui Memorial Medical Center. You have the power to save medical services for our Maui community — you have the power to save lives. Sincerely, John Gray

State of Hawai'i Senate
Committees on Judiciary and Labor and Ways and Means

Senator Gilbert S.C. Keith-Agaran, Chair, JDL
Senator Maile S.L. Shimabukuro, Vice Chair, JDL

Senator Jill N. Tokuda, Chair, WAM
Senator Ronald D. Kouchi, Vice Chair, WAM

DATE: Wednesday, April 8, 2015
TIME: 9:45 a.m.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT
House Bill 1075, HD2, SD1

Chairs Keith-Agaran and Tokuda; Vice Chairs Shimabukuro and Kouchi and members of both committees:

My name is Judy Kodama, Director of Nursing of the Maui Region. Thank you for the opportunity to provide testimony on House Bill 1075, HD2, SD2.

I have been a nurse at Maui Memorial Medical Center and a member of HGEA for over twenty years. Our hospital is in need of a solution in order to maintain our current services and for the past three years, Maui has presented one in the form of a public-private partnership. The state model is not working, and with no changes, there will be an elimination of necessary services, loss of jobs, and diminished care to our community.

Our hospital is the only full-service, acute-care facility in Maui County – it cannot fail. Each year, our hospital sees nearly 45,000 people in its Emergency Department and has over 11,000 admissions, a reduction to staff and services would be detrimental not only to the 160,000 residents and 2.3 million visitors per year who depend on Maui Memorial, but also to residents on Oahu whose facilities would be overwhelmed trying to address the resulting transfers from our hospital.

A sustainable model of high quality healthcare is essential to any successful society. I support HB1075 because I support a solid hospital system for our community. Passage of this bill will allow Maui Region the opportunity to explore opportunities through public-private partnership to significantly reduce subsidies over time, preserve and expand service offerings to our community and provide a more stable model of healthcare that our patients can count on.

I ask for your strong consideration of HB1075 SD2.

Mahalo.

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015
COMMITTEE ON WAYS & MEANS AND
COMMITTEE JUDICIARY & LABOR
DATE: Wednesday, April 8, 2015
TIME: 9:45 AM
PLACE: State Capitol, Conference Room 211
415 South Beretania Street

Testimony Opposing H.B. 1075 H.D. 2, S.D. 2 relating to Hawaii Health Systems Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Julia Okamura and I live in Honolulu. I **strongly oppose H.B. 1075. H.D. 2, S.D.2.**

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.

Sincerely,

Julia Okamura

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: *Submitted testimony for HB1075 on Apr 8, 2015 09:45AM*
Date: Tuesday, April 07, 2015 10:20:16 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Juvir Martin	Individual	Oppose	No

Comments:

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April 7, 2015

RE: HB1075

Aloha,

I have been a resident of Maui for the past fifteen years having moved here from Oahu. I have worked at Kaiser Permanente and Maui Memorial Medical Center and now work for the Pacific Cancer Institute. This Bill is personal to me, though, as I have just brought my parents home from Texas to be near me so that I may take care of them. I am worried with the cuts that Maui Memorial Medical Center is planning to make, my parent's health will be in jeopardy. I understand there are many views that can be taken on this Bill. I think the most important view, though, is the community that Maui Memorial Medical Center serves. Making cuts to vital services in this hospital would be detrimental to the people of Maui. Flying to Oahu would be a huge burden on patients, families and also health insurance companies. Our population continues to grow here on Maui. It doesn't make sense that we have only one hospital, but being that we do, this hospital has to provide all vital services. Without this Bill, services will continue to be cut.

I humbly ask that this Bill be thoroughly thought through, all views be considered, and the best outcome for the community be put forth.

Thank you for listening.

Sincerely,

Kandi Ayakawa

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Sunday, April 05, 2015 2:48:52 PM

HB1075

Submitted on: 4/5/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Williams	Individual	Support	Yes

Comments: You have been voted into office to make decisions that are in the best interest of all of the population, on all of the islands of Hawaii. We trusted that you would be our Stewards, our Caretakers, to do what is right for the common good of all of the people, on all of the islands. You have the power, to authorize a private-public partnership to save Maui Memorial Medical Center and the hospitals on the neighbor islands. Our lives depend on it! We on Maui, need a quality, working, full service hospital. Since the state cannot adequately subsidize a hospital that will attract quality doctors and have state of the art equipment, please let the hospital seek out a private firm to help facilitate that. We are already in real trouble! There is no doubt, that if Maui Memorial Medical Center is not allowed to enter into a public-private partnership, that jobs will be lost, including union jobs. Health care services will be reduced, more doctors will leave, recruiting doctors will be almost impossible, more patients will be forced to travel to Oahu hospitals and ultimately, more lives will be lost. The entire economic driver...tourism, will also be impacted. Don't let this happen! Your job, is to guard the welfare of Hawaii, including the 160,000 residents of Maui County. Please, take this seriously, you are literally voting on a life and death situation.

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State of Hawai‘i Senate
Committees on Judiciary and Labor and Ways and Means

Senator Gilbert S.C. Keith-Agaran, Chair, JDL
Senator Maile S.L. Shimabukuro, Vice Chair, JDL

Senator Jill N. Tokuda, Chair, WAM
Senator Ronald D. Kouchi, Vice Chair, WAM

DATE: Wednesday, April 8, 2015
TIME: 9:45 a.m.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT
House Bill 1075, HD2, SD1

Chairs Keith-Agaran and Tokuda; Vice Chairs Shimabukuro and Kouchi:

My name is Karey Kapoi, and I am a Hospital Management Officer for the Maui Region. Thank you for the opportunity to provide testimony in **support** of House Bill 1075 authorizing the Maui Region to transition into a new, private, Hawaii nonprofit corporation.

I support this effort, because our broken system can no longer meet the demands of our growing community, and our residents deserve a sustainable model of dependable, high quality healthcare. As a parent, daughter and resident, I am hopeful that Maui will be allowed to continue its pursuit of a partner to alleviate the mounting stress and uncertainty levied on our staff and community. There are arguments being presented to stall this decision as has been done in years past, but the State has funded several studies, audits and task forces dating back to early 1970 all revealing a public-private partnership as the best way forward for our State.

Our families and visitors deserve action, and this bill provides relief in addressing the financial stress on our state, while improving the clinical outlook for our community. It appears that the alternative to this potential partnership and increasing asks for money is to reduce staff and cut services to the detriment of those this hospital is charged to serve. This is an untenable response to a known problem, with a possible solution.

Please pass House Bill 1075 and provide our community with a viable option to successfully meet the needs of its patients and visitors.

Mahalo.

COMMITTEE ON WAYS AND MEANS

Chair: Sen. Jill Tokuda

Vice Chair: Sen. Ronald Kouchi

COMMITTEE ON JUDICIARY AND LABOR

Chair: Sen. Gilbert Keith -Agaran

Vice Chair: Sen. Maile Shimabukuro

Wednesday April 8, 2015

9:45 a.m.

Room 211

COMMENTS ONLY FOR HB1075 Relating to Health

Aloha to Chairs, Tokuda and Agaran, Vice Chairs, Kouchi and Shimabukuro and to all the committee members reviewing this bill,

My name is Karin Hokoana. I am an employee of Maui Memorial Medical Center as well as a resident and member of the Maui Community. I have family members and friends that cover every generation here on Maui that must rely on the health care that is available on our island.

Maui undoubtedly needs help BUT I have concerns with the way this bill is written. There are far too many "loop holes" which may lead to much more spending for the State as well as caveats that can maintain the status quo as is.

The idea behind this bill is to "partner" with a private entity. The emphasis here is "PARTNER", but the current proposals reflect "TAKE OVER" yet will require State support for years to come. This is not unlike the "have your cake and eat it too" scenario. It is predicted that as time goes on, the amount requested as a subsidy will grow. This completely defeats the purpose of this bill.

Although this is the initial phase that the State must take in order to get the proper elements in place for MMMC to be rescued and I have been told repeatedly that "the devil is in the details" after this is passed, one must ponder the several scenarios that can occur once this starts to play out. Given that the administration of MMMC has resorted to blatant scare tactics to gain the public's voice, can they be trusted? Given that the "talks" HPH has given to MMMC employees has almost no match to what administration tells employees, can they be trusted? Given the state of affairs is so "bleak" yet there is a HUGE push of spending to posture what the current administration wants to remain standing after this is all done, surely shows no one can be trusted.

Some questions that have never been answered are: How did this even happen? Reimbursements have been on the decline for years, so why didn't the current Administration start addressing this earlier before it became a disaster? If revenue has

been falling so drastically, then why is Administration continuing to grow on the upper level? Nationally hospitals have been cutting the upper management not the front line or services, yet MMMC continues to grow where positions are not needed. THREE Assistance Directors of Nursing, really?

I know as an employee and a member of the community, my opinion doesn't count and this boils down to "support or oppose". And like my peers, I know the very likelihood of retaliation for speaking out against the status quo. However I must strongly suggest before just "signing on the dotted line", before just voting "to get this over with", PLEASE take a moment to actually go over this bill with a "fine toothed comb". Once enacted, it will be impossible to stop any fiasco that more than likely will occur. This bill as it stands is too vague and needs severe polishing.

Mahalo for this opportunity to submit written testimony.



Testimony Supporting House Bill 1075, SD2 Relating to Health

Kathryn Salomon
West Hawaii Regional Human Resources Director
Hawaii Health Systems Corporation

The HHSC Corporate Board strongly supports this measure enabling Maui Region's option to partner with a private entity to operate vital healthcare services for Maui County. Approval of the Maui Regional Board, HHSC Corporation, Attorney General, Department of Budget and Finance and the Governor are all required before any final agreement can be made with a partner. This will assure that the best interests of Maui's citizens and the taxpayers are upheld.

Hospital operation is not a traditional government function. Across the U.S., government operation of acute care hospitals has been rare occurring only in the poorest areas. Where it still occurs, partnerships with nongovernmental operators of healthcare systems are universally sought. The reasons are similar; the costly inefficiencies and expense of government operations. With a salary fringe rate of 52% (compared to the non-profit hospital workforce fringe at 25%) and civil service work rules, HHSC has to use 85% of its revenues for labor costs and needs a taxpayer subsidy to provide enough funding to pay for equipment, supplies and all the other costs of running hospitals. Because of its size Maui Region receives 36% of the general fund appropriation to HHSC.

Maui and other HHSC hospitals are caught in an unsustainable model of rising labor costs and chronic underfunding. Let me be clear, labor costs are not the same as the salary, wages and benefits earned. Our employees are our greatest asset and deserve their pay which unfortunately in many ways lags behind similar health workers at non-profit hospitals. It is not their fault their retirement benefits are so costly and underfunded, or that civil service work rules lead to expensive inefficiencies in hospitals.

Those who say Maui Memorial has over-developed its services and should remain a safety net (read minimum services) hospital are holding back progress and misleading the public and workers. Look to the example of Wilcox Memorial Hospital on Kauai. It provides a stable array of general and specialty services and competitive salaries without taxpayer subsidy. How? Because as a community non-profit hospital they negotiate their own union contracts and under Hawaii Pacific Health benefit from all of the centralized support it provides. Maui, with a much larger and fairly affluent

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population can support an even higher level of sub-specialty services cost-effectively. Warnings of massive service cuts and lay-offs by a new private employer in Maui are scare tactics, not likely scenarios. On the contrary, allowing experts in the industry to assume more of the responsibility of operating our hospitals will stabilize them financially and preserve jobs.

Critics say that HHSC is running a deficit because of poor management or over-funding of administration without any good evidence to that effect. They call for an audit before anything else is done, plainly ignoring the conclusions of previous audits. The 2009 Stroudwater Report, commissioned by the Legislature, found approximately 6.5 million dollars in possible operating efficiencies achievable under the existing HHSC system, but 80 million dollars in labor savings with a transition from civil service to community hospital model. The recommendation made then to transition to a private non-profit operation is even more urgently needed now and should not be delayed for another study.

We are all concerned about the future for current Maui Region employees. Asking healthcare workers on Maui to work under union agreements similar to those in hospitals in Honolulu or Wilcox on Kauai is a big change. But considering the financial realities, it is the best path for a sustainable future for their hospitals that will provide good salaries and the possibility of new services and jobs in the future.

Thank you for the opportunity to testify.

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015
COMMITTEE ON WAYS & MEANS AND
COMMITTEE JUDICIARY & LABOR

DATE: Wednesday, April 8, 2015
TIME: 9:45 AM
PLACE: State Capitol, Conference Room 211
415 South Beretania Street

Testimony Opposing H.B. 1075 H.D. 2, S.D. 2 relating to Hawaii Health Systems Corporation

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Kazuko T. Victorino I live in Kalihi Valley, and I ~~work as~~ am retired.

I strongly oppose H.B. 1075. H.D. 2, S.D.2. 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.

Sincerely,

Kazuko J. Victorino

THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

DATE: Wednesday, April 8, 2015

PLACE: State Capitol, Conference Room 211
415 South Beretania Street

Testimony Opposing H.B. 1075, relating to Hawaii Health Systems Corporation

Aloha Chair & Committee Members,

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Kevin Hirayama and I live in Honolulu, Hawaii and I work as a Member Engagement Specialist.

I strongly oppose H.B. 1075. 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.

Sincerely,

Kevin Hirayama

THE SENATE
TWENTY EIGHTH LEGISLATURE REGULAR SESSION OF 2015
COMMITTEE ON JUDICIARY AND LABOR
WAYS AND MEANS COMMITTEE

Judicial and Labor Committee Chairs: Senator Gilbert Keith-Agaran, Senator Maile Shimabukuro
Committee Members: Senator Will Espero, Senator Mike Gabbard, Senator Les Ihara, Senator Laura Thielen, Senator Sam Slom

Ways and Means Committee Chairs: Senator Jill Tokuoka, Senator Ronald Kouchi
Committee Members: Senator Suzanne Chun Oakland, Senator Lorraine Inouye, Senator Donovan Dela Cruz, Senator Gil Riviere, Senator Kalani English, Senator Russell Ruderman, Senator Brickwood Galuteria, Senator Sam Slom, Senator Breene Harimoto

I am writing to share **COMMENTS ON HB 1075 HD 2 SD 1**. I am a Maui citizen have worked at Maui Memorial for many years. I feel the intent of HB 1075 is well meaning but there are many unaddressed caveats.

Facts and the truth are elusive. There is also a ‘scare’ campaign promoted by endorsed by the hospital and promoted by the hospital Foundation. It is guised as a ‘Fact Sheet’. This is WRONG on so many levels. An example is that it states that “1,800 in the Maui Region want and need to keep their jobs”, and the ED and entire medical wing could close without the passage of this bill thus, fueling fear and blind, ill-informed support letters from the community to save the only full service hospital.

Subtle retaliation is being implemented for those going against the grain of our leadership. employees are afraid to speak their viewpoint, have their name revealed and be associated with those who do. There is also a major trust issue with management and the employees. The number of grievances for a hospital this size is unprecedented. Yet, despite uncertainty and longstanding deep morale issues, the grassroots employees who face the frontline on a day-to-day basis have always know why they are here, and what they need to do to provide the great care despite leadership.

FACT:

1. JOBS AT MAUI MEMORIAL - The bill allows for the 6 month ‘honeymoon period’, then begins the unknown and unstated. JOB LOSS is inevitable through consolidation of departments, centralization of key services to Oahu (if local entity), downsizing for scalability and right sizing to create efficiencies of scale and cost savings.
2. NO STRATEGIC PLAN – The Maui Region has never had a clear, detailed or directional Strategic Plan. If there is one, it has never been shared.
3. CLOSURE OF THE BEHAVIORAL HEALTH UNIT – Community testimony submitted indicate the closure of the adolescent behavior health unit and the associated Reduction in Force (RIF) were due to fiscal constraints. One of the primary reasons for the closure was the inability to recruit and hire a child psychiatrist/ medical director, thus creating a health and safety issue. Low unit census hand lack of revenue to cost has been longstanding.
4. REGIONALIZATION - Autonomy but no efficiencies were created with Regionalization in 1996. Much of the fiscal crisis is self inflicted with unchecked. Paying rent on an empty building (Maui Lani) for 6+ years at approximately \$50,000 a month is not responsible. Continued creation of high salaried upper and middle management which continues to this day is not responsible fiscal management.
5. LACK OF TRANSPARENCY – After the ‘secretive’ Banner Health deal of 2013, and now the ‘scare’ campaign, transparency is an illusion.

All facts above can be substantiated through documents and a paper trail if audited. I SUPPORT ANY FULL FINANCIAL AND MANAGEMENT AUDITS FOR THE MAUI REGION.

THESE ARE MY CONCERNS:

- LACK OF TRUST - The Maui Region Board and hospital leaders allowed the hospital to reach an anticipated 28 million deficit. What business runs themselves into the ground then wants to do something? Is this mismanagement? Yet, the current bill states we will allow the Maui Region Board make decisions even after the partnership?

Hiring a 'locum' physician could have kept the Behavioral Health unit open. Could the closure have been strategic to garner political and community support?

Management is currently telling critical departments such as the inpatient dialysis an, ICU to name a few that they will close or be downsized. These are departments where without the services, people could die. No mention is made of downsizing management. Scare tactics?

HPH is not in the long term care business and have already told Kula Hospital they will be contracted out. Not quite the message leadership has shared.

- EMPLOYEE RETIREMENT - There is NO allowance for those nearing retirement in this bill. It states only that employees keep what they have earned in retirement benefits, IF vested. It penalizes many loyal, longstanding workers who is under a year of the full retirement benefits. Why aren't there provisions for employees nearing retirement?
- BACKROOM DEAL? HPH appear to be the only one courting the employees. Is there a 'back door' deal with HPH?

How can the State offer deals to a private entity pertaining to ceded lands from the kingdom of Hawaii at Kula Hospital?

How can future funding from the legislature be promised to a private entity at taxpayer expense for the next 10 years?

Once a deal is made, the advantage of a fair contract is gone. HPH does not participate in Kaiser Membership. What happens to hospital employees and the community who seeks healthcare when approximately 40% of the lives on Maui currently belong to Kaiser Healthcare?

- LACK OF FISCAL MANAGEMENT - Why continue growth and creation of new permanent civil service positions in high salaried middle and upper management positions (through today), while cutbacks are with grassroots caregivers and their managers needed personnel to provide the care.

All of this yet, our Management and the Legislators are allowed to 'pawn' the hospital off while keeping HHSC in tact in the name of saving money. Corruption is alive and well at MMMC.

I am not against privatization and don't have the answers. All I know is the unabated spending continues and the current tactics being implemented by our Maui Region Board, Maui Memorial Foundation and our current Leadership is irresponsible and should not be rewarded.

It is always the 'little people' who will pay in the end. The big money people will walk away. I have no doubt there will be deficits that will become a burden for taxpayers one way or the other from the aforementioned or because we burden the taxpayers with future spending from this bill.

In closing I share this thought, "*The truth is incontrovertible. Malice may attack it, ignorance may deride it, but in the end, there it is.*" - Winston Churchill

Mahalo for allowing me a voice,

Kimi Yoshiba (Maui)

My name is Kirsten Szabo and I support passage of HB1075.

I am an employee of Maui Memorial Medical Center (MMMC) and have worked in our Hospital for over 9 years. Most of my career with MMMC has been in finance.

The State assumed the responsibility of managing healthcare on the outer islands because our populations were small and required your support to ensure access to care. Maui County has grown to a size where we can support ourselves if you release us from the ties that bind us.

The State has thoughtlessly, but understandably, bound the hospital by employment contracts that do not recognize the nature of our operations. The rules that bind us create a distinct disadvantage in managing efficient and effective hospital operations. Yet, you, and the union, hold management responsible for the incongruous employment contracts you negotiated – without direct hospital management input.

You negotiate raises when our management has told you the hospital cannot afford them. You refuse to fund those raises. Then you add insult to injury by suggesting management is the sole reason for financial deficits.

MMMC has proactively addressed our challenges with the State for the last several years. The State does not seem to have made any effort to assist us. We have asked but never received assistance in modifying the employment contracts to mirror private hospital contracts; the State has increased our employment costs, both for base wages and the cost of employment, but not funded those mandates and we have asked to join another system but have been denied. The Union has challenged us on leaving the system and you have succumbed.

Do not lose sight of the Union interest. The Union has a stake in keeping MMMC in the State system to ensure that the rules it negotiates keeps us incomprehensibly inefficient and forces employment of more than necessary dues paying members.

HGEA is part of the problem and they are not helpful in creating efficient operations. They protect the inefficient and they actively work against managing poor performers. This serves to inhibit operations and hurts the dedicated hard working employees who are then required to compensate for those that manipulate and abuse the system.

HGEA has called for “full financial audits.” A full financial audit will not provide the results they expect because a *financial* audit is not designed to find what they deviously accuse: mismanagement.

An operational, or management, audit will find what we already know. It will show the following:

1. No organization is perfect and if you look long and hard enough you will find mistakes that can be exploited as failures in judgment. As in any organization, they will find staff with poor morale, narrow and selfish perspectives who will point out the mistakes of others but take no responsibility for their transgressions, and
2. Reaffirmation of other healthcare consultant reports that the State has previously procured: The system needs to be set free from government management. The two most obvious

challenges are the outdated and inefficient employment contracts and inefficient procurement processes.

MMMC's management team has given you three options: Allow us to join a system that is designed for modern healthcare operations, fund the inefficient system you created, or force the Hospital to cut services.

Operationally, I believe that the Hospital should be freed from the inefficiencies of government management; I do not wish harm to the many employees that have worked in the State system with the goal of obtaining our generous post-employment benefits. I would welcome funding our operations to the degree that we need to safely care for and protect our community. Yet, I am not sure this is best option for the taxpayers or the long term needs of our population.

MMMC's management has offered you a solution that would allow for a more efficient system, expansion of services and over time, lower the cost of managing healthcare.

Maui County residents are deserving of the same standard of living as the residents on Oahu. If you force management to reduce services, you will be creating a second-class healthcare system for neighbor island residents. Those who have wealth will travel to obtain the care they need and those who lack sufficient wealth to travel will be sentenced to unnecessary and early deaths.

If you do not fund us or let us leave the system, you have significant responsibility for the service cuts that will produce those deaths. You had a viable solution and you chose not to take it.

Regards,

Kirsten Szabo

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 11:11:04 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kristofer	Individual	Support	No

Comments: I support the passage of the bill (HB1075). The Maui Memorial Medical Center hospital plays a significant role in our community and if more of its services are taken away, I feel like the people of maui will have no choice but to depend on somewhere else to obtain care. With the limited resources we have on Maui I believe it would be in the community's best interest to pass this bill. Thank you, Kristofer Koyanagi

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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Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 11:51:28 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Lauren Okamoto	Individual	Support	No

Comments: I am submitting testimony in support of House Bill 1075HD2SD1 • Testifier's name with position/title and organization: Lauren Okamoto, MD. Title Family Medicine Physician and Geriatric Medicine Physician • The Committee(s) to which the comments are directed: COMMITTEES ON Judicial and Ways and Means • The date and time of the hearing DATE: Wednesday, April 8, 2015 TIME: 9:45 AM PLACE: Conference Room 211 State Capitol 415 South Beretania Street • Measure number. House Bill 1075HD2SD1

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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Subject: *Submitted testimony for HB1075 on Apr 8, 2015 09:45AM*
Date: Saturday, April 04, 2015 10:36:27 AM

HB1075

Submitted on: 4/4/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Mariah Mossman	Individual	Support	No

Comments:

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Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 11:11:51 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Marian Horikawa-Barth	Individual	Support	Yes

Comments: Aloha. My name is Marian Horikawa-Barth. I have been a registered nurse for about 30 years and I'm proud work at Maui Memorial Medical Center. During my 12 years at Maui Memorial Medical Center, I have seen tremendous change and improvement to the care we provide our patients and services we offer our community. From the quality standpoint, we have a cardiovascular program with outcomes that rival ANY cardiovascular program in the state and country. We also have the second busiest emergency department, perform several thousand surgeries annually, deliver over 2000 babies every year, offer behavioral health services, oncology and chemotherapy, inpatient dialysis and top notch critical care. We have received awards year after year for EXCELLENT CARE and adhere to best and evidence-based practices for our heart failure and stroke patients. Twelve years ago I brought my family home to Maui so we could all have a simpler and safer life in the community where I grew up. I wanted my children to grow up knowing their grandparent, aunts, uncles, cousins, and enjoy the Maui lifestyle. Now as we all grow older I worry about the kind of health care my family will get on Maui. Without Maui Memorial Medical Center we will be back to how things were 12 years ago, where it was the norm for patients to be sent to Oahu for care. This practice was very dangerous, unacceptable, and scares me to think it could happen again. Please allow Maui Memorial Medical Center to continue to grow, provide timely, and quality patient care for my family and the people of Maui community. I SUPPORT the bill HB1075. Mahalo, Marian Horikawa-Barth

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THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015
COMMITTEES ON JUDICIARY & LABOR AND WAYS & MEANS

DATE: Wednesday, April 08, 2015

TIME: 9:45 AM

PLACE: State Capitol, Conference Room 221

415 South Beretania Street

Testimony Opposing HB1075, HD2, SD1 relating to Hawaii Health Systems Corporation

Thank you Chairs, Senator Gil Keith-Agaran and Senator Jill Tokuda, for the opportunity to testify in opposition to this measure that seeks to privatize union jobs at the Hawaii Health Systems Corporation. My name is Mary D. Wagner, I live in Wailuku, Maui and I work as the Business Continuity Plan Manager for the County of Maui. Yes, I am a government worker and yes, I am a member of HGEA, AFSCME Local 152. Additionally, I currently serve on HGEA's State Board of Directors.

I strongly oppose HB 1075, HD 2, SD1. This measure, as written, shifts current Hawaii Health System Corporation employees at Maui Memorial Medical Center, Kula Hospital and Clinic, and Lanai Community Hospital from the public sector to the private sector, places the employees in jeopardy of losing their jobs, and denies them their current employment benefits. If approved, these employees will no longer be provided the protections that apply to state employees under current state laws, civil service system laws, collective bargaining laws, and nor any other laws and regulations that govern public or public employment in the State of Hawaii. Hundreds of current HHSC employees will become at-will employees with their jobs guaranteed for only 6 months. HB 1075, HD2, SD1 provides for the use of tax payers funds, \$32M+ annually, to subsidize operations with additional state funds, in undefined amounts, to be provided for capital improvements. Yet, despite the use of state funds to pay wages, employees are

to be denied the rights of all other state workers, most importantly, the right to collective bargaining.

This bill is nothing more than a state funded attempt at union busting. It is appalling that those that sought the endorsements of unions are now the biggest proponents of this measure.

As a Maui homeowner and taxpayer, I am appalled that state funds will be provided to a so-called private entity that from the onset seeks to deny Maui employees the workers' rights that were hard fought for by unions in this state.

The measure, as written, presents the false concept that collective bargaining is the sole cause of HHSC's financial woes. No other causes are mentioned or addressed in the bill. Nothing is mentioned about the management of the Maui facilities which undoubtedly must be a contributing factor. However, we are expected to trust that busting the union and eliminating the collective bargaining process will remedy the situation.

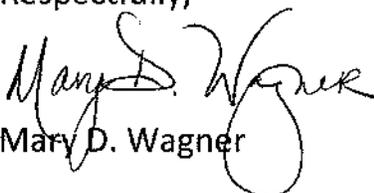
Additionally, the three Maui hospitals are to be handed over to the private operator for a measly \$1 per year for 25 years. This sweetheart deal is questionable and makes one wonder why the lease was not at fair-market value.

In addition to the employee concerns, nothing in the proposed bill guarantees any levels of service at the Maui facilities. There are too many questions unanswered including which services will be improved, expanded and which services will remain.

To understand the full story behind HHSC's operational situation, financial and management audits must be conducted.

It is for these reasons that I strongly oppose HB 1075, HD2, SD1. I strongly ask that you vote no on the passage of this measure.

Respectfully,


Mary D. Wagner

April 6, 2015

COMMITTEES ON Judiciary and Labor and Ways and Means

Sen. Gilbert Keith-Agaran, Chair

Sen. Maile Shimabukuro, Vice Chair

Sen. Jill Tokuda, Chair

Sen. Ronald Kouchi, Vice Chair

DATE: Wednesday, April 6, 2015
TIME: 9:45 AM
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

House Bill 1075HD2SD1

TESTIMONY IN SUPPORT

Dear Chairs Keith-Agaran and Tokuda,

I am writing in **strong support of HB1075**, a bill to enable a partnership between the hospitals of the Maui Region of HHSC and a private nonprofit partner. My name is **Nicole Apoliona, M.D.** and 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 mandated by the legislature and provided by the independent Stroudwater and Associates firm.

I would like to elaborate on the findings of the 2009 Stoudwater report and here I quote directly from the report:

From Study Purpose and Process:

This study responds to the legislative mandate included in Act 182 (2009) for the Hawai'i Health Systems Corporation (HHSC) to arrange for, on behalf of the Legislature, a comprehensive, independent review and evaluation of HHSC. Specific elements of the study specified in Section 31 of HB 200 CD1 include the following:

- 1) A comprehensive facility-by-facility review of operations, detailing efficiencies, deficiencies, and any recommendations for corrective action;
- (2) Overall recommendations on improving effectiveness and efficiencies system-wide;
- (3) Determination of responsibilities of facility administration, regional boards, corporate office, and HHSC corporate board;
- (4) Determination of centralized services required by the facilities to be provided by the corporate office;
- (5) Performance benchmarks to be reported to the Legislature prior to the commencement of each regular session and upon request; and
- (6) Recommendations on transition plans deemed necessary;
- (7) Evaluation of effectiveness of the current legal structure and adherence to the State procurement code and salary structure;
- (8) Measures taken to address material control weaknesses and reporting issues cited in audits performed by the State auditor and HHSC's external auditor during fiscal year 2007-2008 and fiscal year 2008-2009; and provided further that the department shall submit the report to the Legislature no later than twenty (20) days prior to the convening of the 2010 regular session. (pg. 5)

From Executive Summary:

"We can't solve problems by using the same kind of thinking we used when we created them."

Albert Einstein

This study of the Hawai'i Health Systems Corporation's (HHSC's) current status and future options is in response to a mandate by the Legislature for an independent review of HHSC and recommendations for defining its future and improving its performance. The context of the study includes unprecedented State budget deficits, State subsidization of HHSC that has grown to over \$111M annually and is projected to continue climbing, and a continuing need for HHSC capacities which serves approximately one-fifth of the total inpatient hospital volume in the State. The areas served by HHSC, excluding Oahu, represent nearly a third of the State population. This area is projected to grow by over 63,500 by 2017, a 17% increase. HHSC is in a financially perilous condition. It received a "Going Concern" finding as part of its 2008 independent audit report, calling the future financial viability of the organization into question. Its liquidity is at dangerously low levels with barely enough current assets to meet current liabilities. It is far behind in its payments to vendors (80+ days). The age of its facilities and other physical assets are well above national averages. Its future viability is at risk, particularly if the State is unable to provide increasing levels of operating subsidies for HHSC going forward. We have assumed that the State will not have the capacity or tolerance to fund increasing subsidies going forward, and seeks options that will allow it to substantially reduce HHSC subsidies as part of its overall imperative to balance the State budget.

The study concludes that incremental change is unlikely to be sufficient to effectively address HHSC's short term and long term challenges. It recommends three "essential changes" as a prerequisite for future strategic action.

The first "essential change" calls for a conversion of HHSC from a public benefit corporation to a private non-profit 501(c)(3) corporation. By definition, this change would end HHSC's status as an agency of the State, disqualifying it from remaining part of the State's civil service employment structure. By replacing the State's existing retirement and paid time off benefits with a contemporary private sector benefit structure including a defined contribution benefit retirement plan and paid time off plan, HHSC can save an estimated \$50.3M in annual operating costs. Assuming other work rule related changes (e.g. re-mix of salaried/hourly employee status) and a willingness on the part of the State to assume HHSC's existing operating liability for retiree health benefit costs, HHSC's annual operating costs can be reduced by an additional estimated \$31.3M. It is also projected that HHSC would become far more effective in its ability to generate capital through solicitation of philanthropic support and Federal funding. (pg. 7)

The study delineates five strategic scenarios that were considered and rejected, including the rationale for not pursuing these scenarios. Rejected scenarios include: 1) closure of the HHSC facilities and system; 2) re-integration with the Department of Health; 3) structuring HHSC's regions into county hospital district entities; 4) spinning the three PPS hospitals into private independent corporations while retaining the CAH facilities under State sponsorship; and 5) creating a dual employee structure that grandfathers current HHSC in the civil service structure and employs all new staff outside of it. (pg. 8)

The fourth strategic option evaluated is an HHSC system corporate partnership strategy. This envisions that HHSC would engage in a formal process as a system to identify a capital/operating partner including both in-state and mainland options to help accelerate its transformation to a high performing contemporary delivery system. This option rests upon the conclusion that as a system HHSC by itself is insufficient in scale to move to the highest levels of performance, and that so many of its basic systems and infrastructure are in need of major updating that it will take the in-place resources of a more advanced system to help it catch up. This will result in a sharing of governance authority between HHSC and a chosen partner.

The study recommends the fourth option as the most effective one for meeting the needs of the people served by HHSC over the short and long terms. It further recommends that this option be pursued at high velocity in light of the financial status of both HHSC and the State. This targets re-structuring of HHSC governance and management, pursuit of operational efficiencies, conversion of HHSC to a 501(c)(3), and immediate pursuit of operational efficiencies identified. It further targets completion of a process for identifying the right partner with which to enter into a transaction. It recommends completing this entire process within the next 2-3 years. It identifies the need for continued State subsidy during the transition period, and ongoing support of the surviving entity based upon need beyond the transition. We recognize that these are aggressive time frames. We also recognize the intensity of financial pressures that motivate this proposed speed. (pg. 9-10)

After Banner was rejected in 2013, no private partner has shown interest in HHSC as a system. This year, the Maui Region of HHSC has an interested private nonprofit partner in HPH. Last year we heard feedback from the legislature that a bill with a

local partner and specific details was required. HB1075 is supported by HPH, the largest healthcare provider in Hawaii, and includes details about how the partnership can be accomplished. HB1075 would allow the Maui Region of HHSC to serve as a pilot project for the changes recommended in the 2009 Stroudwater Report.

I am here as an administrator and physician working in the Maui hospital system and as a resident of Maui caring for 3 generations of my family. I am not someone who has never set foot in a Maui hospital, who is flown in from a different island, who is reading a script based on posturing, scare tactics, and diversion. I am telling you boots on the ground, nose to the grindstone every day that change is needed now. If significant cuts are made to the only acute care hospital on Maui, you will not see a race to the bottom, as Mr. Lo politely puts it. Doctors use more graphic language. You will witness a death spiral. Physicians will leave the hospital staff and the island. Even services that have not been cut will not be available if that specialist has left the island or simply cannot be on call 24/7. On the clinical side, MY patients and MY family and friends will be forced to get on an airplane in their hour of dire need. And Oahu hospitals simply do not have the capacity to absorb a significant increase in transfers from Maui. On the business side, the hospital loses even more revenue than the anticipated cuts as more physicians leave or avoid admitting to a failing hospital and the word spreads in the community that the hospital is not offering adequate care. Patient volume decreases, revenues decrease, more cuts are required ; that is the death spiral.

Change is always difficult and it is in most people's nature to resist it. I know it is in mine. But no one who is fully aware of our current situation can possibly argue against the need for this change. Our backs are against the wall and what is at stake is not people's comfort or need for security or even their jobs. What is at stake is people's health and lives – the lives of Maui residents who require any type or level of hospital care. Because all areas of hospital operations are related and dependent on each other and cuts in one area affect all areas.

More important than my concerns for our hospital system as a physician and administrator are my concerns as a resident of Maui. Three generations of my family live on Maui, frail elders to rambunctious children. Before I am a physician, I am a daughter, a wife, and a mother. My most urgent priority is quality reliable healthcare for my family. MMMC is our only acute care hospital and if it fails or is forced to make significant cuts, I will not be concerned for my job. I will be concerned for the health of my family.

The power to stop the bleeding and save our hospital lies in your hands. Please pass HB1075 and allow Maui residents to have access to a sustainable healthcare system.

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

P.O. Box 4444
Honolulu, Hawaii 96812

April 7, 2015

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

Senate Committee on Ways and Means
The Honorable Jill N. Tokuda, Chair
The Honorable Ronald D. Kouchi, Vice Chair

RE: Opposition to HB 1075, H.D. 2, S.D. 1 Relating to Health

Dear Chair Keith-Agaran, Chair Tokuda, Vice Chair Shimabukuro, Vice Chair Kouchi, and Members of the Committees:

I am opposed to HB 1075, HD2 SD2. As currently written, the proposed bill represents a sweetheart deal to a private nonprofit management entity. First, operating lease rent would be set at the nominal rate of \$1.00 per year for a fixed-term of no less than 25 years. Second, the maximum annual State support for operating costs of the transitioned facility is generous, i.e., the amount appropriated for the operating costs of the Maui regional system for the 2014 fiscal year. Third, the nonprofit management entity or the Maui regional system is likely to seek capital improvement funds from the State during the first ten years of the operating lease to upgrade "facilities and equipment as needed to provide high quality care and to enhance patient experience".

There are vague promises of improved medical services such as expanding primary care access throughout Maui, extending the private entity's service line coordination to Maui, including but not limited to cancer, cardiology, orthopedics, pediatrics, and women's health services, coordinating long-term care patients, and reducing wait lists. Other than termination of the operating lease upon a minimum 365-day notice, consequences for failure to deliver these service improvements have not been adequately specified.

To say the least, it would be both heart and gut wrenching to witness hard-working and dedicated middle class taxpayers lose their jobs, replaced by lower paid staff and highly paid executives. No doubt, top executives are likely to profit from the public-private partnership; the question is how much will their annual income increase as a result of privatization of the hospitals in the Maui region? With State financial oversight being relegated to the receipt of the annual financial audit 150 days (approximately five months) after the close of the fiscal year, and the submission of an annual budget along with financial projections 20 days before the convening of the State legislature, the top executives easily may line their pockets at taxpayers' expense.

Thank you for providing this CPA working in government an opportunity to testify.

Sincerely yours,



Pamela Young

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Saturday, April 04, 2015 9:45:59 AM

HB1075

Submitted on: 4/4/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Pamella McCarthy	HHSC	Support	No

Comments: I am STRONGLY IN SUPPORT of privatization and all the proposed changes that it includes. As an employee (RN) of Kula Hospital, with minimal seniority I realize this could impact/eliminate my job. However, I have been here for 3 years after coming from private sector organizations. I have been astounded at the waste of money, lack of ability to provide proper leadership due to "union rules" and employee attitudes toward what is owed them. I am amazed that this organization did not go broke long before this. We need STRONG LEADERSHIP AND THE ABILITY TO ACTUALLY "LEAD". Currently, these things are non-existent and have been throughout the time I have been here.

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THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF
2015

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S.C. Keith-Agaran, Chair Senator Maile S.L. Shimabukuro, Vice
Chair

COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair Senator Ronald D. Kouchi, Vice Chair

DATE: Wednesday, April 8, 2015 TIME: 9:45 AM PLACE: State Capitol,
Conference Room 211

415 South Beretania Street

Testimony Supporting H.B. 1075 H.D. 2, S.D.1 relating to Hawaii Health Systems
Corporation

Thank you for this opportunity to testify on this very important measure that
privatizes the Hawaii Health Systems Corporation. My name is Paul Alkire. I live
in Maalaea, Maui, HI. I have worked and lived on this island for over 20 years.

**I strongly support H.B.1075.H.D.2. S.D. 1 providing for a public/private
partnership for Maui Memorial Medical Center (MMMC).**

I like many of the residents of Maui work more than one job to make ends meet.
My family and I could not afford to go to Oahu or the mainland to obtain
healthcare that we may need if this bill is not passed and health services are cut
even further then what is currently offered at MMMC. Being transported to Oahu
for care is unacceptable and can be potentially a situation of life and death. Any
person requiring emergency or acute hospital services needs the support of
family and friends. How is the possible if the patient has to be treated on an
outer island or the mainland when his/her ohana is still on Maui?

This is topic is on the minds of many residents. If MMMC no longer offers the
services that I need for the peace of mind and security of my family, I will be
forced to consider moving off island to a place where health services are
available. How many others will follow?

Please consider the needs of your 160,000 Maui County neighbors and Maui's 2
million annual visitors and support the partnership efforts of Maui Memorial
Medical Center. You have the power to save medical services for our Maui
community — you have the power to save lives. Sincerely, Paul Alkire

April 6, 2015

To: Senate Ways & Means and Judiciary & Labor Committee Chairs and Senators

Re: Support for HB 1075 SD2

As an employee of Maui Memorial Medical Center (MMMC) for the last twenty-two years, I strongly urge the passage of legislation that supports a public-private partnership venture.

Through my specialized work experience with state and federal healthcare regulations, pay for performance quality programs, and management, coupled with my education from a master's degree in healthcare administration, I have watched the industry change significantly over the years. I have served as the Quality & Continuous Improvement Officer for over ten years at MMMC, while serving several years as Interim Administrator for both Lanai Community and Kula Hospital.

Although MMMC has made significant strides in the improvement of healthcare delivery for the island of Maui since the evolution of Hawaii Health Systems Corporation (HHSC), and specifically since allowance for regional autonomy, the old financing models for managing healthcare service delivery are outdated and will not be successful with our current management model, which ties us to HHSC.

The State must allow for the flexibility available in the private sector to manage our hospital, so that we can be nimble and respond rapidly to market changes.

The State government is not adept to manage the industry specialization needed to stay abreast to the complex changes in healthcare finance. The only option to preserve access to optimum balanced quality healthcare options for our community is to let go of the out-dated HHSC structure and allow leaders in the non-profit healthcare industry (that are willing and made reasonably invited by the State) take the helm for the betterment of all.

Am I concerned about my own livelihood? - certainly the civil servant status has provided me with some personal security that I will feel less with a public-private partnership – however this is not about ME but rather US. I will stand first by the needs of my community and put forth my own best work efforts. I do hope that this will allow me to be seen as an employee that provides value to support quality healthcare – I will do this for whoever signs my paycheck as this is a personal ethic.

The writing is on the wall. The State will not and cannot continue to support the out-dated model that is HHSC; therefore logic should prevail over individual and union anxiety about change. Efforts to delay such as re-centralization and audits will only cause further cost to the citizens and lead to the inevitable identification that a change is needed.

Please allow Maui Memorial Medical Center engage in public private partnership(s) with the least amount of encumbrances.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Harper-O'Connor". The signature is fluid and cursive, with the first name "Paul" being the most prominent.

Paul Harper-O'Connor

Two white rectangular redaction boxes covering contact information, likely a phone number and an email address.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Saturday, April 04, 2015 6:46:12 AM

HB1075

Submitted on: 4/4/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Rachel Glanstein	Individual	Oppose	No

Comments: Aloha, I'm opposed to HB1075 and privatizing the HHSC. If you follow the national news, it's apparent that privatization doesn't work. Chris Christie in New Jersey privatized the lottery system there, and now it's millions of dollars short in revenue, and the system has become more costly and inefficient. I haven't yet seen privatization work... ever. And according to HB1075, the state would still be giving \$32 million per year for the next 10 years, in addition to charging the private organization nothing for the lease for 25 years?! The private operator would be allowed exclusive control over operations and management - they could easily cut off patients who may have forms of insurance that decrease their profits. HB1075 seems like an ill-advised investment. There must be a better way. Please defer or defeat HB1075. Mahalo, Rachel

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: *Submitted testimony for HB1075 on Apr 8, 2015 09:45AM*
Date: Monday, April 06, 2015 9:34:33 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Randall Suzuka	Individual	Support	No

Comments:

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From: [Raymond Catania](#)
To: [JDLTestimony](#)
Subject: I oppose H.B. 1075
Date: Tuesday, April 07, 2015 8:55:00 AM

Aloha Committee Members,

My name is Raymond Catania. I'm a retired HGEA member. I even worked for the state hospital system as a Certified Nurse Aide and a Paramedical Assistant on Oahu and here on Kauai. I'm in full opposition to HB 1075. This is a bill that hands over our public hospital system on Maui to private interests whose sole concern would be to line their own coffers with our tax dollars at the tune of \$32 million a year for 10 years. And what about our hundreds of union members that face layoffs when the new system settles in? I was laid off twice for privatization- newer workers were brought in at lower pay scales and manini benefits for doing the same skilled work that we carried out everyday. I was able to keep my state employment because of union protections like seniority. Some of our members lost their state jobs forever causing great stress for their families. These are just some of the many concerns I have. If this bill passes I fear it will be carried on the other islands like here on Kauai.

Mahalo,
Raymond Catania HGEA/retired

April 3, 2015

Dear Hawaii State Legislature,

I am writing in support of HB1075

Teaming up with HPH will make sure that healthcare in Maui County is adequately funded and the community it serves is well taken care of.

It is important for Maui County to be able to care for its own population and not make all health care centralized on Oahu. Residents/visitors of Maui County shouldn't have to think that they need to go off island to seek healthcare. Cutting off programs because they don't make enough revenue is wrong. When you are sick no one wants to travel in the first place to seek medical attention.

I am ok with HPH coming in and making changes/reorganizing. It comes with the partnership to try and find ways to save and to make sure the hospital functions the best it can be.

Please consider my testimony

Mahalo,
Rendell Daleja

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 10:19:00 AM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Nisonger	Individual	Comments Only	No

Comments: I continue to oppose efforts to privatize Maui Memorial Hospital. This idea is ill-conceived and will result in higher costs to taxpayers and reduced quality of care to patients over time.

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Testimony in favor of HB 1075, HD2, SD1

4.2.15

My name is Russell Johnson. I was formerly the CFO of the Maui Region of HHSC.

I would like to comment on HGEA's support for full financial and management audits before consideration of HB1075. We need to see this suggestion for what it so obviously is, simply classic kick the can down the road delaying tactic.

With regard to the full financial audit, MMMC already undergoes a financial audit every year. As the old joke goes, an auditor is the person who arrives on the battlefield after the battle is over to make sure the bodies are counted correctly. It is simply a tool to make sure that an independent reviewer (auditor) can attest that the financial statements (information being verified) are stated in accordance with certain criteria.

A financial audit will do nothing at all to help with the severe operational losses MMMC and the rest of HHSC are currently sustaining. That is not their purpose. Surely one financial audit a year is enough.

With regard to a full management audit, this is something that could be marginally useful under normal operating conditions. However, the size of the fiscal benefit a management audit could produce is not large enough to have a major impact, given the time it would take to achieve that benefit, and given the size of the operating losses MMMC and the region face.

The key to a good management audit is to clearly identify the scope of the project and, for MMMC, to find a consultant with extensive expertise in current best hospital management practices. Based on my experience, a highly successful management audit focused on finding the most fiscal benefit in the shortest amount of time, might generate a combination of additional revenue or cost saving that could improve annual net income in the range of \$10M - \$12M. This benefit would almost certainly be realized by installing new software that would increase efficiencies, improve data and revenue collection, and decrease costs.

A realistic time line to conduct the audit and accomplish these results would be as follows:

Project scope preparation, Consultant search, and contracting:	3 – 6 months
Conduct the engagement and report preparation:	3 – 6 months
Software procurement:	3 months
Software implementation and training:	3 - 4 months
<u>Time needed to accrue financial net benefit:</u>	<u>12 months</u>
The total time to realize engagement benefits:	24 - 31 months.

MMMC labor cost are increasing at a 4% annual rate coupled with step increases adding an additional 2% - 3% per year. Even without counting the impossible burden that prefunding of pension costs will present to the hospital, the cost of salary and wage increases alone during the period of the management audit would offset most, if not all, of the management audit benefit. It would do little if anything to address the current structural deficit.

The path MMMC and HHSC are on is not sustainable. Although the system faces many problems, the major problem is that the cost per productive hour of its labor force cannot be sustained by the reimbursement it receives for services. A new path must be found and found quickly. HB1075 currently is the only path forward currently available. I support its passage.

Russell Johnson

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 5:42:07 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Sandy Rice	Individual	Comments Only	No

Comments: To whom it my concern, My husband and I are in complete support of a private/public hospital on Maui! We should have the choices Honolulu has for medical attention and emergencies. We completely support HB1075. Sincerely
Sandra G. Rice Kula, Maui

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To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 9:33:22 AM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Sara Farrington	Individual	Support	No

Comments: My husband and I are long time residents of Maui and sincerely as for your support. We need to make sure Maui Memorial Hospital is able to maintain the care it offers this community and all who visit.

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From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 9:04:04 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
sheri yamaguchi	Individual	Support	Yes

Comments: Dear Senator Keith-Agaran and Senator Tokuda: I am writing in support of HB 1075, SD2 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 or providing the funding needed to Maui Memorial Medical Center. Thank you very much for your consideration.

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Dear Senators,

Please support HB 1075.

This legislation is critical to the welfare of our community. If it does not pass, desperately needed services in our community will be cut. Literally, LIVES WILL BE LOST!

This public-private 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 service is a huge financial and emotional burden to Maui residents, not to mention the delay in critical and potentially life-saving care that it can cause.

These kinds of partnerships are a national trend, particularly in small rural communities similar to Maui! A public private partnership will bring private dollars to help grow and improve our only hospital.

The HGEA leadership opposes this bill because it says we will lose union jobs. We are losing those jobs anyhow due to state budget cuts if we do nothing. The truth is, we will continue to need the talented and qualified union employees currently at our hospital, and the reality is that they are more likely to have jobs on Maui if HB 1075 is passed!

I am grateful to those in our Maui delegation who have been fighting hard for this bill, and I pray that Oahu legislators will also have the courage to do what is right for Maui.

Lives are at stake. Please help save our hospital.

Thank YOU!
Steve Goodfellow

From: [susanne payn](#)
To: [JDLTestimony](#)
Subject: Opposition to H.B. 1075
Date: Sunday, April 05, 2015 9:09:57 PM

Aloha,

I am writing to express my opposition to H.B. 1075 to be hear on Wed. April 8, 2015. My name is Susanne Payn, RN an employee at the Hilo Medical Center and a member of HGEA union. I have read the amended copy and am concerned that the State is taking all of the risks with this venture and that Pacific Health is getting all of the benefits.

They are being leased the buildings, etc. for \$1.00 per year for the first 10 years. Who will maintain the buildings, will that cost be part of the \$32 million dollars that the State is obligated to pay?

I realize that the hospital system is a burden to the State, mostly because we have a lot of poor people on Quest and other programs which don't pay much, which accounts for large losses.

I also realize that the State pays the workers reasonable salaries and generous benefits, but not out of line with other State employees in other areas of work (judicial, teaching, protective agencies). If our State had more lucrative residents, then they would have better insurances and the hospitals would be able to make more money. Other things have added to the losses of the hospitals, higher utilities, costs for equipment, implementation of the computerized records and costs for items needed to "take care of our customers, patients", which generally not reimbursed by Quest/Medicare but become part of the "daily hospital charges.

If some private company takes over and it fails, there aren't any other hospitals/clinics, etc to take care of our residents that are not run by the State. Pacific Health could take all of the money that the State is offering and run the hospitals into the ground, fire the employees and the State will have paid millions anyway, in addition to all of the costs that would be required to get the hospitals functioning again at the current levels.

Please make them offer a better package to show their good faith that they will try and put more of their own money on the table. Your reconsideration of this offer would be greatly appreciated not only as an employee, but also as a resident. I will be praying for direction and guidance in your upcoming review of this proposal. May the Lord bless you with the answers that you need to make the right decision. Aloha and God bless you all, Susanne Payn, RN

From: [Susie Uwekoolani](#)
To: [JDLTestimony](#)
Subject: HB1075
Date: Saturday, April 04, 2015 9:46:01 PM

I oppose this bill for several reasons. This latest draft is full of double speak gobbledygook who knows what it even says. 2nd you have done nothing for the employees. We have loyally stayed to work at these facilities. If your intent was to make me feel like chattel, you've done your job. Thats right, the buyer has bought the whole joint including the slaves who work there. 3rd I feel like I'm being forced to retire. Instead of working another 7 years or so I feel retirement may be my only option. If I get sick between the hostile takeover and 62 I have nothing to live on unless I retire early.Lastly, I clearly recall the disaster that occured when Hana Medical center got taken over. At least those nurses got to bump into other facilities. Apparently we will not be so fortunate. You listed lots of services but not mental health. Trust me that is not a money maker. What will happen to that and other safety net services.Barabara Uweko'olani RN,BSN

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 7:47:12 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Suzanne Kaulukukui	HGEA	Oppose	Yes

Comments: As the past President of the HGEA Nurses, I know I speak for many of the Maui Nurses and their concerns over their plight if this bill goes through as written. We are finding this bill unreadable in its current form. We are very concerned that there will be loss of services at Maui Memorial, like Psychology. There is no guarantee of safety net services in this bill and Maui folks deserve that. There is a lack of protection for the employees in this bill and it is making for much stress and anxiety for the RN's who are currently working at Maui Memorial. I thank you for listening to my concerns.

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THE TWENTY-EIGHTH LEGISLATURE
THE SENATE
REGULAR SESSION OF 2015
COMMITTEE ON JUDICIARY & LABOR

DATE: Wednesday, April 8, 2015

TIME: 9:45 a.m.

PLACE: State Capitol, Conference Room 211
415 South Beretania Street

Testimony Opposing H.B. 1075, HD2, SD1, relating to Hawaii Health Systems Corporation

Chair Senator Gilbert Keith-Agaran, Vice Chair Senator Maile Shimabukuro and members of the Judiciary & Labor committee:

Thank you for this opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Suzanne Okino, I live in Pearl City, on Oahu, and I work as an Office Assistant III for the Hawaii Department of Health, Family Health Services Division.

I strongly oppose H.B. 1075, HD2, SD1. 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 900 of my fellow HGEA members would be at risk of losing their jobs and hard earned benefits. Please do NOT allow the privatization of the Maui Region hospital system.

Hawaii can do better. It would be prudent to recentralize Hawaii Health Systems Corporation and to conduct full financial and management audits.

Sincerely,

Suzanne S. Okino

Dear Senators,

Please support HB 1075.

This legislation is critical to the welfare of our community. If it does not pass, desperately needed services in our community will be cut. Literally, LIVES WILL BE LOST!

State budget cuts have already eliminated some services and more will be cut due to a huge deficit and inadequate state funding. The state can't afford to keep our hospital running, let alone improve it. We are at a critical point. This public-private 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 service is a huge financial and emotional burden to Maui residents, not to mention the delay in critical and potentially life-saving care that it can cause.

We need MMMC to be a great hospital. These kinds of partnerships are a national trend, particularly in small rural communities similar to Maui! A public private partnership will bring private dollars to help grow and improve our only hospital.

The HGEA leadership opposes this bill because it says we will lose union jobs. What they don't say is that we are losing those jobs anyhow due to state budget cuts if we do nothing. The truth is, we will continue to need the talented and qualified union employees currently at our hospital, and the reality is that they are more likely to have jobs on Maui if HB 1075 is passed!

I am grateful to those in our Maui delegation who have been fighting hard for this bill, and I pray that Oahu legislators will also have the courage to do what is right for Maui.

Lives are at stake. Please help save our hospital.

Thank YOU!

Tamar Chotzen Goodfellow

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

TO: COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

From: Tamara and Andrew Koller, Private Individuals
Residents of Makawao, HI

NOTICE OF HEARING

DATE: Wednesday, April 8, 2015
TIME: 9:45AM
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

Thank you for the opportunity to provide comments in support of the HB 1075, HD2, SD1 (Proposed SD2) 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.

We have one acute care hospital (Maui Memorial Medical Center) and two critical access hospitals (Kula Hospital and Lanai Community Hospital) in our Region. For years, we have had to endure threats to service cuts, and it does not seem like an appropriate way to conduct business, much less in an industry that has such deep impact to its residents and visitors. Here in Maui Region, we do not have the luxury that Oahu residents have with several choices in healthcare facilities.

From a senior/resident perspective, a sustainable model of business is paramount for the Maui Regional System. The public private partnership presents a solution -- one that is promising to sustain and grow services, providing peace of mind to our community that the highest quality of healthcare will be available here where we live and not having to be transported to Oahu.

You have difficult choices to make. If the State cannot fund us according to what is required to maintain our current services for our community or to grow to meet the needs of a growing community, then make the decision and let us go forward to achieve our goals with a public private partnership in HB 1075, HD2, SD1 (Proposed SD2). Political and social agendas should not supersede the health needs of our community. Please make the right choice for Maui residents.

Thank you for the opportunity to provide testimony in support of HB 1075, HD2, SD1 (Proposed SD2).

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: *Submitted testimony for HB1075 on Apr 8, 2015 09:45AM*
Date: Monday, April 06, 2015 9:27:56 AM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Tiffany Wolf	Individual	Support	No

Comments:

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Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Monday, April 06, 2015 9:15:07 PM

HB1075

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

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

Comments: I strongly oppose HB1075 in all forms. With passage, more than 900 jobs will be at stake. Employment will be at the discretion of the private operator. Hawaii's taxpayers will fund the private operator thru subsidies and CIP funding. There are too many question which have gone unanswered for such a drastic action. This bill is gift from Hawaii's taxpayers to a private operator and a win-win for one party only. Please oppose HB1075 in all forms. This is not the cure-all pill.

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State of Hawai'i
COMMITTEE ON JUDICIARY AND LABOR
Senator Gilbert S.C. Keith-Agaran, Chair
COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Vice Chair

NOTICE OF HEARING

DATE: Wednesday, April 8, 2015
TIME: 9:45 A.M.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT
House Bill 1075, SD2

Chair Keith-Agaran, Chair, Tokuda, and members of the Senate Committee on Judiciary and Labor and Senate Committee on Ways and Means:

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 House Bill 1075, SD 2.

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, 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.

We have always stated that our three options are

- Pursue a public private partnership option
- Request for more money from the State (and the taxpayers to fund the hospital operations)
- Cut services

For fiscal 2016, we have recently re-casted our budget, and used appropriations from the State based on the most recent drafts of both the House and Senate Budgets. For Maui Region, with the increases in fringe benefits and anticipated collective bargaining raises, we are seeing almost \$20 million in increased costs, which are not directly associated with Hospital Operations, and based on the current versions of the budget, we anticipate receiving only \$1.4 million in additional general fund appropriations. The effect on Maui Region is a \$28 million deficit in 2016 which will grow to \$34 million in 2017, with no relief in site.

Accordingly, if HB 1075 SD2 does not pass, we will be left with our remaining option, to cut services. In order to be financially prudent, we are starting the

process of analyzing service cuts and the Maui Regional Board has instructed management to implement \$28 million in cuts.

These cuts will have a devastating effect on the County of Maui, as well as the State Healthcare system. Maui Memorial is the fourth largest hospital in the State, Oahu hospitals will not be able to handle the volume of transfers that will need to occur. Lives will be lost.

Reductions of this magnitude will set Maui's healthcare back 20 years.

As a region, decreasing operating expenses would ultimately lead to decreases in services to our community. As one of Maui County's largest employers, we take our responsibility to serve our staff and community seriously, and we believe creating a public-private partnership would allow our hospitals to maintain and expand services, thereby providing our staff and their families access to the medical services they need and deserve.

HB 1075, SD 2 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.

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

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.

Many of the opponents of this bill have called for an audit before any action is taken. The Maui Region embraces an audit and is the only region in HHSC that has an active systematic internal audit function; however, HHSC has been audited over and over again since 1971. As recently as 2009 there was the legislatively mandated report known as the "Stroudwater report". In this report, the study recommends "that the corporate partnership strategy be pursued at high velocity in light of the financial status of both HHSC and the State."

The efforts of HB 1075 SD2 are in line with these efforts.

The healthcare system is too fragile for non action in this legislative session. The time to act has come in order to not only save, but improve our healthcare system at a lower cost to the State taxpayers.

I ask for your favorable consideration of this proposed measure.

Mahalo.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for HB1075 on Apr 8, 2015 09:45AM
Date: Tuesday, April 07, 2015 10:20:14 AM

HB1075

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

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

Comments: As BOD Chair of the West Hawaii Region of HHSC, I strongly support this bill. I will defer to the testimony of Dr. Rosen of HHSC. Her testimony is accurate, objective and compelling. Mahalo

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Testimony STRONGLY SUPPORTING House Bill 1075 HD2 --- Relating to Health

April 6, 2015

TO: Committee on Judiciary and Labor, Committee on Ways and Means

Hawaii State House of Representatives, Senate, and Legislature

FROM: Bill Vanderlind, RN – Intensive Care Unit, Maui Memorial Medical Center

I am an experienced critical care nurse who relocated from the California bay area and who has been privileged to work at the MMMC Intensive Care Unit/Critical Care Unit for the last 3+ years. During my time at the bedside I have been part of the advancement in the level of patient care delivered to our community and visitors. These programs, which I've been pleased to be a part of include open heart surgery, critical kidney therapy, as well as other hospital initiatives such as optimization of electronic health records. Ironically, I came from a hospital in California that went through an almost identical transition; a transition that the State Of Hawaii needs to go through now, namely the privatization our hospital system.

From my perspective while working on the front line, patient care is what we are here for. The continual financial crisis cannot be sustained nor can it be the basis on which we determine level of health care on this island. Again, I will re-state, patient care and the dignity which everyone deserves in a hospital is paramount. It would be unacceptable not only for the citizens of Maui but for our valued visitors to be without the level of care that has finally evolved here.

My understanding is that this hospital had a history in which limited resources and services lead to the inability to treat effectively. We have come so far and now are a leading hospital in the region providing comprehensive and excellent health care. We cannot go backwards. Shutting down emergency, critical care, maternity as well as several other needed services, is simply not acceptable for our community. Imagine turning away a family who is about to give birth and telling them to get on a plane to oahu.

I am imagining that the proposed public-private partnership would not only allow us to maintain, but advance and update the level of care provided here on Maui. Maui Memorial Medical Center is in desperate need of leadership that has experience in knowing how to optimize workflow, implement national standards, be effective at materials/supply management, train staff to a safe and effective level, manage a group of physicians and nurses, offer better wages and benefits commensurate of our performance, and hold everyone accountable.

Although it is a nice in theory to have a Hawaii-based health care system, I must admit that I wish this legislation would open up to the possibility of a mainland based partnership as well. Imagine not only the financial security, but the expertise and advancement of national standards and care that the

citizens of Maui and Hawaii would benefit from. With the absence of this opportunity in the proposed legislation I still support this bill as a necessary step forward.

In closing, I feel strongly that it is in the best interest of all of the citizens of Hawaii and our valued visitors to maintain and advance the healthcare on one of the most well-known islands in the world. What this means is that we need to get the State Of Hawaii out of the hospital business and leave that to those who can do it best. We must all support and ultimately pass this bill.

Thank you for the opportunity to testify in strong support of HB 1075 HD2

From: mailinglist@capitol.hawaii.gov
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Cc:
Subject: *Submitted testimony for HB1075 on Apr 8, 2015 09:45AM*
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HB1075

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Testimony for JDL/WAM on Apr 8, 2015 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
zoe chotzen-tsuruda	Individual	Support	No

Comments:

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