

HB1075 HD2 RELATING TO HEALTH

Senate Committee on Health Senate Committee on Commerce and Consumer Protection

March 19, 2015 9:00 a.m. Room 229

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on HB1075 HD2, 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 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 (SLIMS) 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.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HEALTH AND
COMMERCE AND CONSUMER PROTECTION
ON
HOUSE BILL NOS. 1075, H.D. 2 AND 1112, H.D. 2

March 19, 2015

RELATING TO HEALTH RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

The following measures on this agenda attempt to address in different ways the issue of facilitating sustainability of the Hawaii Health Systems Corporation (HHSC):

- House Bill (H.B.) No. 1075, H.D. 2, 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.
- H.B. No. 1112, H.D. 2, reconsolidates HHSC's operational administration and oversight by eliminating regional system boards; repeals certain limits on operational authority; and amends HHSC supplemental bargaining agreements for HHSC employees.

The Department of Budget and Finance supports the general intent of transitioning HHSC into "a more economically efficient system of health care delivery." The issues involved in facilitating HHSC sustainability are complex and multifaceted. For this reason, we would recommend moving these two bills along to enable further discussion and deliberation.

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



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OFFICE OF THE MAYOR

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

TESTIMONY OF ALAN ARAKAWA, MAYOR COUNTY OF MAUI

BEFORE THE SENATE COMMITTEE ON HEALTH

and

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Thursday, March 19, 2015 9:00 a.m. Conference Room 229

HB 1075, HD2, RELATING TO HEALTH

Honorable Sen. Josh Green, Chair Honorable Members of the Senate Committee on Health

Honorable Sen. Rosalyn Baker, Chair Honorable Members of the Senate Committee on Commerce and Consumer Protection

Thank you for this opportunity to testify in **STRONG SUPPORT of HB 1075**, **HD2**, which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of facilities into a new private Hawaii nonprofit corporation.

Let me get straight to the point: The Maui Regional hospitals need help right away. The County of Maui, in contrast to Oahu, does not have any private hospitals. Instead, it has only one state-funded, acute care hospital - Maui Memorial Medical Center ("MMMC") – to provide services for *all* of our residents and visitors on three distinct islands. Accordingly, it is with great concern when I say that we are on the verge of a "health care crisis".

Finance Deficit

 MMMC is facing a serious financial deficit and will continue to be a significant burden on the state.

In 2014, MMMC'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

Senator Green & Senator Baker HB 1075 Testimony of Mayor Arakawa March 19, 2015 Page 2 of 2

fund appropriations 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:

- MMMC ended fiscal year 2014 with an operating loss of \$43.4 million;
- An additional \$46.3 million loss is projected for FY 2015; and,
- MMMC 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 with employees being laid off. No one, including myself, wants to see employee lay-offs. However, if this measure does not pass, I'm told that with the continued trend of operating losses in excess of \$40 million per year, MMMC will have to look at reducing its expenses by "decreasing services" to residents and visitors. Any reduction in services will inevitably result in lay-offs. The adolescent behavioral health unit, Molokini II, has already been closed.

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

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.



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

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

March 19, 2015 Conference Room 229 9:00 a.m. Hawaii State Capitol

Testimony Supporting House Bill 1075, HD2, Relating to Health

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

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

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

HHSC is proud to represent state funded facilities that provide essential healthcare services across the state. But it is recognized that to continue to provide healthcare under a government model as we do today may be unnecessary. Neighbor island

Page 2 Hawaii Health Systems Corporation Testimony for HB1075, HD2

communities and our facilities are attracting the interest of private non-profit healthcare systems looking for larger markets and economies of scale. Allowing experts in the healthcare industry to assume more of the responsibility for healthcare in our state can allow precious government dollars to be spent for other needed services. Support of this measure can optimize access to high quality healthcare services and thus contribute to the general economic growth of our state.

Thank you for the opportunity to testify.



TESTIMONY IN STRONG SUPPORT OF HB1075 HD2 RELATING TO HEALTH

TO THE SENATE COMMITTEES ON HEALTH AND COMMERCE AND CONSUMER PROTECTION

Hawaii State Capitol, Conference room 229 March 19, 2015 9:00 AM

Aloha Chair Green, Chair Baker, Vice Chair Wakai, Vice Chair Tanifuchi, and Members of the Committees,

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

Pamela Jumpap

President

Testimony to the Senate Committee on Health and Committee on Commerce and Consumer Protection Thursday, March 19, 2015 at 9:00 A.M. Conference Room 229, State Capitol

RE: HOUSE BILL 1075 HD2 RELATING TO HEALTH

Chairs Green and Baker, Vice Chairs Wakai and Taniguchi, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 1075 HD2, 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.

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 HB 1075 HD2 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.



TO:

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

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

FROM:

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

DATE: Thursday, March 19, 2015

TIME: 9:00AM

PLACE: Conference Room 229, State Capitol

415 South Beretania Street

Thank you for the opportunity to provide comments in support of HB 1075, HD2 RELATING TO HEALTH. The purpose of this bill is to authorize the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

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

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

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

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



Hawaii Health Systems Corporation—Maui Region

State of Hawai'i

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

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

DATE: Thursday, March 19, 2015

TIME: 9:00 a.m.

PLACE: Conference Room 229

State Capitol

415 South Beretania Street

TESTIMONY IN SUPPORT - House Bill 1075 HD2

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 March 19, 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.



Thursday, March 19, 2015 – 9 a.m. Conference Room 229

Senate Committees on Health and Commerce and Consumer Protection

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

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

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

Re: Testimony in Support

HB1075 HD2 - 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, 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.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

The Twenty-Eighth Legislature, State of Hawaii
The Senate
Committee on Health
Committee on Commerce and Consumer Protection

Testimony by
Hawaii Government Employees Association
March 19, 2015

H.B. 1075, H.D. 2 – 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, 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, 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 HHSC'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 HHSC, prior to privatizing our safety net hospitals.

Randy Perreira
Executive Director

Respectfully submitted.

From: mailinglist@capitol.hawaii.gov

To: <u>HTHTestimony</u>
Cc: <u>apt@tonytlaw.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 12:47:46 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: Dear Senator Green and Senator Baker: Please support this very important Bill. Mahalo for your consideration. Anthony Takitani

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

State of Hawai'i Senate Committees on Health and on Commerce and Consumer Protection

Senator Josh Green, Chair, HTH Senator Glenn Wakai, Vice Chair, HTH

Senator Rosalyn H. Baker, Chair, CPC Senator Brian T. Taniguchi, Vice Chair, CPC

DATE: Thursday, March 19, 2015

TIME: 9:00 a.m.

PLACE: Conference Room 229

State Capitol

415 South Beretania Street

TESTIMONY IN SUPPORT House Bill 1075, HD 2

Chairs Green and Baker; Vice Chairs Wakai and Taniguchi:

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, HD 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.

However, in 2014, as we have predicted for years, the landscape has 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. Additionally, 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. Accordingly, for 2014, our revenues only 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.

Further for 2015, revenues for the first half of the year are actually down 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 is 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 faced the fact that we will be underfunded in the coming fiscal year and have further recognized that our options are limited, this potential public private partnership being a key option.

We are here seeking to move forward on an option that will allow Maui County to have the ability to grow its medical facilities and better service our County.

Besides remaining at status quo and requesting funding from state as we have done year after year, our only other option is to look at a reduction in services. This public private partnership is what we owe Maui, we should not have to weigh whether reducing cancer services is a better fit than reducing obstetrics services. At the very least, we owe the 150,000 plus people who call Maui County home and the more than two million people who visit our shores, a hospital that can provide the best in medical services.

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

I ask for your consideration on this proposed measure.

Mahalo.

State of Hawaii
The Senate
The Twenty-Eighth Legislature
Regular Session of 2015

COMMITTEE ON HEALTH

Senator Josh Green, Chair Senator Glenn Wakai, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair Senator Brian T. Taniguchi, Vice Chair

Date: Thursday, March 19, 2015

Time: 9:00 AM

Place: Conference Room 229

State Capitol

415 South Beretania Street

TESTIMONY IN SUPPORT HB 1075, HD2 (HSCR903) 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 (HB1075 HD2).

Chair Green, Vice Chair Wakai and Members of the Committee on Commerce and Consumer Protection

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

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

the difference between life and death. Having served this community for well over two decades, I have witnessed the growth of these services which occurred after the regional board system was established. I do not believe this would have occurred in the centralized HHSC system and am loathe to think we could regress to a system that did not allow us the flexibility to improve.

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

I appreciate the fiscal reality that the legislature and governor face. I am sympathetic. You have difficult choices you need to make. But I feel we have an alternative available that will not place further fiscal strain on the Hawaii State Government, and will allow us to achieve our medical goals and that solution is HB 1075, HD2 (HSCR903).

Thank you for your attention.



Senate Committee on Health

The Hon. Josh Green, Chair The Hon. Glenn Wakai, Vice Chair

Senate Committee on Commerce and Consumer Protection

The Hon. Rosalyn H. Baker, Chair The Hon. Brian T. Taniguchi, Vice Chair

Testimony on House Bill 1075 House Draft 2

Relating to Health

Submitted by Nani Medeiros, Policy & Public Affairs Director March 19, 2015, 9:00 am, Room 229

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, opposes House Bill 1075 HD2 as drafted, which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

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

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

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

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

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

same language also be placed into HRS §323F-7.6 so that any future transitions require collaboration with federal qualified health centers.
Thank you for the opportunity to testify.



March 17, 2015

Dear Chairs and Members of the Senate Health and Consumer Protection Committees,

Quality healthcare is essential to economic development. Healthcare is a measure of the quality of life offered by a community and it is a marker that attracts new businesses to Hawaii and ensures the retention of existing businesses. In Maui County the many services provided by our regional healthcare system is also our lifeline. It is the first line of defense against life-threatening conditions and increases our loved ones' chances for survival.

Given the critical nature of the bill before you to the economic and personal well-being of our community, on February 12, 2015, the Board of Directors of the Maui Economic Development Board, Inc. unanimously passed the following resolution:

RESOLUTION

SUPPORTING A PUBLIC PRIVATE PARTNERSHIP BETWEEN THE MAUI REGION OF THE HAWAII HEALTH SYSTEMS CORPORATION AND A QUALIFIED PRIVATE ENTITY

WHEREAS, the Maui Region of the Hawaii Health Systems Corporation consists of Maui Memorial Medical Center, Kula Hospital and Clinic, and Lanai Community Hospital; and

WHEREAS, a comprehensive health care facility and services of the highest quality is essential to the MEDB's mission of attracting new sectors to diversify Maui County's economy; and

WHEREAS, MMMC is the only full-service hospital in Maui County; and

WHEREAS, MMMC is the only hospital in the state with a 24/7 stroke prevention program and the only neighbor island hospital providing comprehensive cardiovascular services including openheart surgery and angioplasty; and

WHEREAS, the Maui Region is one of the largest employers in Maui County with approximately 1,500 employees; and

WHEREAS, as state-funded medical facilities, the Maui Region faces declining state subsidies that resulted in a net income loss of \$53.4 million in 2013 for MMMC alone; and

WHEREAS, the demand for health care services by a growing population continues to increase; and

WHEREAS, the Maui Region facilities are aging and continue to need consistent funding for infrastructure development and maintenance; and

WHEREAS, it is in the best interest of both residents and visitors to have a sustainable, comprehensive health care facility and services of the highest quality, close to home not totally reliant on state subsidy; and

WHEREAS, a private entity has expressed an interest in partnering with the Maui Region; now therefore

BE IT RESOLVED by the Maui Economic Development Board, that it hereby supports a public private partnership between the Maui Region and a qualified private entity

Respectfully Submitted,

Ned Dan

Ned Davis

Vice Chair

Building Pathways

From: mailinglist@capitol.hawaii.gov

To: <u>HTHTestimony</u>

Cc: <u>cvancamp3@hawaii.rr.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Wednesday, March 18, 2015 6:01:34 AM

HB1075

Submitted on: 3/18/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Carol A. VanCamp	Chair, HHSC Corporate Board	Support	No

Comments: The ability to establish a public-private partnership with a local established partner will provide the Maui region with the resources that will enable them to continue to meet the healthcare needs of their island communities. The state does not have the funds to meet the financial and capital needs for Maui and other HHSC regions so the ability to establish public-private partnerships remains a viable alternative as previously suggested in the 2009 Stroudwater report. We urge your support for this bill.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

From: <u>mailinglist@capitol.hawaii.gov</u>

To: <u>HTHTestimony</u>

Cc: <u>sherieiko@hawaiiantel.net</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 9:54:30 AM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: Dear Senator Green and Senator Baker: I am writing in support of HB 1075, HD2 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.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

From: <u>mailinglist@capitol.hawaii.gov</u>

To: <u>HTHTestimony</u>

Cc: championhome@hotmail.com

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 8:30:19 AM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: Testimony Opposing H.B. 1075, relating to Hawaii Health Systems Corporation: Thank you for this opportunity to testify on this very important measure that essentially privatizes the Hawaii Health Systems Corporation on Maui. My name is Arnold Abe, I live in Wailuku, and I work as a Civil Engineer. 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 re-centralize Hawaii Health Systems Corporation and to conduct full financial and management audits.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015

Testimony Opposing H.B. 1075, 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 Kevin Hirayama, I live in Honolulu, 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.

Mahalo,

Kevin Hirayama

From: mailinglist@capitol.hawaii.gov

To: <u>HTHTestimony</u>
Cc: <u>tonyearles@aol.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Sunday, March 15, 2015 9:44:20 AM

HB1075

Submitted on: 3/15/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony Earles	Individual	Oppose	No

Comments: As a Maui resident, I strongly oppose H.B. 1075 H.D. 2 - Relating to Health, without a full audit of the current system - prior to privatizing OUR hospitals!!! Mahalo!

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

From: mailinglist@capitol.hawaii.gov

To: <u>HTHTestimony</u>
Cc: <u>tamar@chotzen.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Saturday, March 14, 2015 7:49:09 AM

HB1075

Submitted on: 3/14/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: PLEASE SUPPORT HB 1075! MMMC is our only acute care hospital. A public private partnership is our only hope for quality medical care on Maui. We have no other choice for care. The state cannot afford to fund our hospital. It's time to let a private operator fund it and leverage our public dollars. This bill will save jobs on Maui. It will save services. It will save lives!!! Please vote yes. Tamar Goodfellow

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

From: <u>mailinglist@capitol.hawaii.gov</u>

To: <u>HTHTestimony</u>

Cc: <u>xhaled2000@hotmail.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Saturday, March 14, 2015 7:28:07 AM

HB1075

Submitted on: 3/14/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Debra Kaiwi	Individual	Oppose	No

Comments: Form a PARTNERSHIP instead of a "TAKE OVER". Allow staff to continue being State employees. Let's learn from Aloha Airlines and not leave our employees in the position that Aloha did. The partner will be responsible for maintaining/updating the hospital facility and it's equipment. If not, lease the facility to the partner at the current market price. For those facilities that are on CROWN LANDS, the lease money should go to OHA to manage until a permanent department it created to replace OHA.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

From: <u>mailinglist@capitol.hawaii.gov</u>

To: <u>HTHTestimony</u>

Cc: <u>dshaw@lanaicommunityhealthcenter.org</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Friday, March 13, 2015 5:05:14 PM

HB1075

Submitted on: 3/13/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Diana Shaw	Individual	Oppose	No

Comments: HB1075— opposed. This measure authorizes the Maui HHSC Region 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 are gravely concerned about this bill as the change outlined have been crafted without community input — while clearly affecting the community of Lana'i. In addition, it was crafted without input from Lana'i Community Health Center (LCHC) who is now providing ongoing care for 48% of the population of the island of Lana'i, with patient volumes that continue to grow monthly with, on average, 20-25 new patients seeking continuing care from LCHC. LCHC is an essential provider on our island, and the only safety net outpatient provider on this island. Many LCHC questions remain unanswered, though there have been several amendments to the measure while traveling thru the House. Until these questions are addressed, it is difficult to see how we will be able to support it: What happens to LCHC and our ability to provide services to our community if this bill is approved without any safeguards to protect a community's choice? What safeguards are in place that will allow LCHC to continue to provide services? Is this bill taking the 'community' out of community medicine? From a taxpayer perspective, our questions include: The new entity has control of the Maui Region System's assets; yet the liabilities of the system remain with the State (i.e., the taxpayer) The State (i.e., the taxpayer) guarantees the new entity a maximum annual operating subsidy not to exceed the 2014 subsidy without a time limit The first 10 years of the lease, the Sate [i.e., the taxpayer] will jointly fund capital expenditures with the private entity – details are left to a lease that is not yet written. There are provisions in the bill that address primary care expansion, expansion of the private entity's service lines, and coordination of LTC patients – however, there is no safeguard as to what will be provided on neighbor islands versus on Oahu –(There is cost to the health care system and patients when services are moved to Oahu. Has this been taken into consideration? Has it even been calculated?) While the intent of HB1075 is laudable – addressing HHSC issues – the unintended consequences are huge. In addition, the removal of 'community' from community medicine is costly. The conversation of the community and significant providers within the community needs to occur before any bill that changes the HHSC structure proceeds further and become law. If, however, the taxpayer concerns are addressed, below are additional amendments that would make this measure acceptable to LCHC and our community: Add language that requires working with LCHC, including ensuring provision of admitting privileges, development of MOUs, partnership in planning and implementation of integrated delivery systems, ensuring continuity of care without interference, and use of sliding scale policies as applicable Add language that requires engaging LCHC when planning medical and primary care services on Lana'i Add language that requires LCHC representation and also a Lana'i resident to be on the new entity's Board. An alternative also is to: Carve out Critical Care Access Hospitals (CAHs) from the Regions and develop a network organization to serve the rural populations. There is good evidence that successful CAHs are the ones that work together to leverage outpatient services. We greatly appreciate your efforts to ensure and strengthen the State's health care system — and to do so in a manner that eliminates negative unintended consequences and preserves choice and community self-direction and participation.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015 COMMITTEE ON HEATLH AND COMMITTEE ON COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015
TIME: 9 AM

PLACE: State Capitol, Conference Room 229 415 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 <u>KATHLEN LEE</u>, I live in <u>HANAPEPE</u>, and I work as a <u>EDUCATIONAL SPECIAL ST</u>.

I strongly oppose H.B. 1075. H.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:
 Sonobe, Robin L.

 To:
 HTHTestimony

 Subject:
 Re: H.B. 1075 H.D. 2

Date: Tuesday, March 17, 2015 11:25:05 AM

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

Thank you for the opportunity to testify on this very important measure that privatizes the Hawaii Health Systems Corporation. My name is Robin Sonobe. I live in Mililani, on Oahu, and I work as a Registered Nurse with the State of Hawaii, Department of Health.

I strongly oppose H.B 1075. H.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, Robin Sonobe
 From:
 Tony Cua

 To:
 HTHTestimony

 Subject:
 Re:H.B. 1075. H. D.2.

Date: Tuesday, March 17, 2015 11:07:40 AM

THE SENATE

THE TWENTY-EIGHTH LEGISLATURE

REGULAR SESSION OF 2015

COMMITTEE ON HEATLH AND COMMITTEE ON

COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015

TIME: 9 AM

PLACE: State Capitol, Conference Room 229

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 isTony, S.
Cua, I live in 464 Heahea Street, Hilo,_Hawaii 96720-
3112, and I work as a _Patient Account Rep III @ Hilo Medical
Center
I strongly oppose H.B. 1075. H.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,
Tony S. Cua

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From: Lorrie Whitehill
To: HTHTestimony

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

Date: Tuesday, March 17, 2015 10:38:40 AM

My name is Lorelei Whitehill I live in Kailua-Kona, HI. I am a Registered Nurse. I strongly oppose H.B. 1075. My opposition is not just to secure jobs for employees. I am worried about services being cut to the community if Privatization

were approved. Kona is a small community. There are no other medical facility options for residents.

Sincerely,

Lorelei whhitehill

From: <u>mailinglist@capitol.hawaii.gov</u>

To: <u>HTHTestimony</u>

Cc: <u>suekaulukukui@yahoo.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Wednesday, March 18, 2015 7:48:53 AM

HB1075

Submitted on: 3/18/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Suzanne Kaulukukui	Individual	Oppose	No

Comments: Thank you for allowing me to testify on the important measure that privatizes HHSC. My name is Sue Kaulukukui, I live in Kaneohe and have worked as an RN for the State for 22 years. I strongly oppose HB 1075. I believe the states hospital system should remain a public hospital system. If it is privatized so many of my fellow RN's and hospital workers will be at risk of losing their jobs and benefits. Plus we don't know if this will save the state money or not. We need to be cautious on this issue. a full financial and management audit is in order before you folks consider passing this bill. Sincerely, Sue Kaulukukui

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

To: <u>HTHTestimony</u>
Cc: <u>fsayre@mac.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Wednesday, March 18, 2015 6:44:57 AM

HB1075

Submitted on: 3/18/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: I STRONGLY SUPPORT THIS BILL. The state needs to get out of the healthcare business. We are in deep trouble and cannot afford to continue this way.

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To: <u>HTHTestimony</u>
Cc: <u>yookom@gmail.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 11:14:01 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: The Bill contains no time limit on the fiscal subsidy or provide any methodology for setting a limit. The capital subsidy is excessive. It includes capital improvement requests which haven't gone through review processes. It provides for "coordinating" long term care patients - an insensitive approach to working with seniors and doesn't leave me optimistic that the patient's and family's wishes will be given much consideration. Most importantly, there is no requirement for the entity to work with existing health care providers to include admitting privileges. Will community members be forced to change providers?

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COMMITTEES ON Health and Commerce and Consumer Protection

Sen. Josh Green, M.D., Chair Sen. Glenn Wakai, Vice Chair Sen. Rosalyn Baker, Chair Sen. Brian Taniguchi, Vice Chair

DATE: Thursday, March 19, 2015

TIME: 9:00 AM

PLACE: Conference Room 229

State Capitol

415 South Beretania Street

House Bill 1075 HD2 TESTIMONY IN SUPPORT

Dear Chairs Green and Baker,

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 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.

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

To: <u>HTHTestimony</u>
Cc: <u>juvir.m@gmail.com</u>

Subject: *Submitted testimony for HB1075 on Mar 19, 2015 09:00AM*

Date: Tuesday, March 17, 2015 10:24:46 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments:

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

To: <u>HTHTestimony</u>
Cc: <u>lokamoto@gmail.com</u>

Subject: *Submitted testimony for HB1075 on Mar 19, 2015 09:00AM*

Date: Tuesday, March 17, 2015 10:14:59 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments:

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

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

TO: COMMITTEE ON COMMERCE AND CONSUMER PROTECTION Senator Rosalyn H. Baker, Chair

Senator Brian T. Taniguchi, Vice Chair

From: Tamara and Andrew Koller, Private Individuals

Residents of Makawao, HI

NOTICE OF HEARING

DATE: Thursday, March 19, 2015

TIME: 9:00AM

PLACE: Conference Room 229

State Capitol

15 South Beretania Street

Thank you for the opportunity to provide comments in support of the HB 1075, HD2 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). 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. Political and social agendas should not supersede the health needs of our community.

Thank you for the opportunity to provide testimony in support of HB 1075, HD2.

THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015 COMMITTEE ON HEATLH AND COMMITTEE ON COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015 TIME: 9 AM

PLACE: State Capitol, Conference Room 229 415 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 excepts 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).

S	Services dropped after privatization.						
d	ervice ropped after rivatization	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

Chair Green – Chair Baker members of the committee

Thank you for allowing me to testify this morning...

I am Dr. Tracy Dorheim director of cardiac surgery at MMMC I am here to support HB 1075.

We all know the situation facing Maui - it's residents and anyone who visits the island. The current situation is non- sustainable. The state owns and runs a failing / broken business- AND there is a viable plan to correct the situation - and for some reason there is intellectual procrastination and debate over the obvious.

There seems to be emphasis on what will happen if the proposed partnership is authorized. Concerning jobs The emphasis ought to be on what will happen if it isn't authorized - Concerning patients - concerning people - concerning residents of Maui - concerning tourists of Maui.

People you may know and love and care about who are involved in trauma, strokes, or heart attacks – who are put at risk by shipping to Oahu - when they should be cared for at home. The shipping of patients does not equate to a higher level of care.

It seems paradoxical that there are 2 standards of living in the state of Hawaii.

Everyday people expect me as a doctor and as their heart surgeon – to do the right thing. I don't see why this expectation should be any different for our elected politicians

To: <u>HTHTestimony</u>
Cc: <u>yazawa@hawaii.rr.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 9:19:25 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing	
al yazawa	Individual	Support	No	

Comments: Totally support

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

To: <u>HTHTestimony</u>
Cc: <u>goodhone@gmail.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 9:12:47 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: I urge you to oppose any form of privatization to our state's "Safety Net" hospital system. Jobs will be in jeopardy and taxpayers would be subsidizing a private organization.

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THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015 COMMITTEE ON HEATLH AND COMMITTEE ON COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015 TIME: 9 AM PLACE: State Capitol, Conference Room 229

415 South Beretania Street

Testimony Supporting 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 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.

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

THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015 COMMITTEE ON HEATLH AND COMMITTEE ON COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015
TIME: 9 AM
PLACE: State Capitol, Conference Room 229
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 <u>Angela Good by</u> I live in <u>Kalihi Valley</u>, and I work as a <u>registered nurse</u>.

I strongly oppose H.B. 1075. H.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. This would be devastating to the economy of Mani.

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

Sincerely,

THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015 COMMITTEE ON HEATLH AND COMMITTEE ON COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015
TIME: 9 AM
PLACE: State Capitol, Conference Room 229
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 <u>David 5. Goodboody</u>. I live in <u>Kalihi Valley</u>, and I workers am <u>disabled</u>.

I strongly oppose H.B. 1075. H.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,

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THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015 COMMITTEE ON HEATLH AND COMMITTEE ON COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015
TIME: 9 AM
PLACE: State Capitol, Conference Room 229
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 <u>Kazuko Victorino</u> I live in <u>Kalihi Valley</u>, and I work as a <u>housekeeper in a hospital</u>.

I strongly oppose H.B. 1075. H.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,

KazukoVictorino

To: <u>HTHTestimony</u>
Cc: <u>rmsuzuka@hotmail.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 5:51:07 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: I am a Family Physician in Haleiwa and Mililani, but I am very familiar with the struggles that hospitals have and am convinced that a public-private partnership is the only way that our State Hospital System can continue to be financially viable and serve the needs of our neighbor island communities.

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THE SENATE TWENTY EIGHTH LEGISLATURE REGULAR SESSION OF 2015 COMMITTEE ON HEALTH, COMMERCE AND CONSUMER PROTECTION

Honorable State Senators,

I am a Maui citizen and have worked at Maui Memorial for many years, and writing to share **COMMENTS ON HB 1075 H.D. 2**. I feel the intent of HB 1075 is well meaning but there are <u>many caveats that remain</u> unaddressed.

Facts and the truth are elusive. There is also a 'scare' campaign in the community, promoted by the Foundation disguised as a 'Fact Sheet'. It states that "1,800 employees in the Maui Region want and need to keep their jobs", and the ED and entire medical wings could close without the passage of this bill thus, fueling blind and 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 so. There is a major trust issue with management and the employees, and that in itself is creating fear. 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 known why they are there, and what they need to do to provide the great care despite leadership mismanagement.

FACT:

- 1. <u>JOBS AT MAUI MEMORIAL</u> 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 a local entity), downsizing for scalability and right sizing to create efficiencies of scale and cost savings.
- 2. CLOSURE OF THE BEHAVIORAL HEALTH UNIT Community testimony submitted indicate that the closure of the adolescent behavioral 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/ unit medical director, thus creating a health and safety issue for the adolescents admitted. Low unit census and the lack of revenue to cost have been longstanding. Hiring a 'locum' physician could have been an option. Could the closure have been strategic?
- 3. <u>REGIONALIZATION</u> Some autonomy but little efficiency was created with regionalization in HHSC. Some of the fiscal crisis is self inflicted. The unchecked management spending and the creation of high salaried upper and middle management positions continue to this day.
- 4. <u>LACK OF TRANSPARENCY</u> After the 'secretive' Banner Health 'deal' of 2013 and now the 'scare' tactics, transparency is an illusion for hospital employees. The "facts" and promises do not match with our Management and the proposed private entity.
- 5. <u>NO STRATEGIC PLAN</u> The Maui Region has never had a clear, detailed or directional Strategic Plan. If there is one, it has never been shared with employees.
- 6. <u>EMPLOYEE RETIREMENT</u> 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 are just under a year of the full retirement benefits.

All above facts can be substantiated as documented or an audit. I SUPPORT ANY FULL FINANCIAL AND MANAGEMENT AUDITS, ESPECIALLY FOR THE MAUI REGION.

THESE ARE MY CONCERNS:

- How can future funding from the legislature be promised to a private entity at taxpayer expense for the next 10 years (subsidies and capital improvement projects)?
- How can the State offer 'deals' to a private entity pertaining to ceded lands from the kingdom of Hawaii at Kula Hospital?
- The current private entity is NOT in the long term care business. How is Kula and Lanai Community Hospital, both critical access hospitals with primarily long term care patients, being protected? Will these facilities be sold or subcontracted to a private long term care entity?
- Kaiser Membership is not part of this private entity's health contracts. Approximately 40% of the lives on Maui currently belong to Kaiser Healthcare. What happens to those belonging to Kaiser that need hospital care?
- Hospital Management should be tightening their belts. If the Maui Region is hurting financially such that privatization is one of the only solutions, why does a 217 bed hospital continue to create high salaried management positions in nursing, communications and for senior management that offer no direct patient care value?
- Why has the reported expected deficit for the Maui Region continually changing at an exponential rate? Some report 32 million a year while others state it is 54-84 million. What is the truth? Is this another scare tactic to garner public support?
- Why wasn't the HWorks Consulting staffing plan for right sizing staff ever been executed? This would have resulted in cost savings.

I do realize that some of the details still need to be worked out however; I am deeply concerned for the unstated implications of this bill. I am not against privatization, don't have the answers and with decreasing reimbursements and changes in healthcare, I have no doubt there will be deficits that will become a burden for taxpayers one way or the other. All I know is this, that the current tactics being implemented by our current Leadership and Board is wrong.

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) March 17, 2015

To: <u>HTHTestimony</u>
Cc: <u>oluolu@maui.net</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 4:04:56 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: Maui Memorial hospital is essential for it's residents and visitors alike. Forces beyond the control of it's management has continued to increase costs at a rate the hospital just cannot keep up with. Providing Maui with good health care is a priority. The hospital has so many high qualified and dedicated professionals looking out for our welfare. Please do not make our residents be forced to travel to Honolulu for healthcare. Our population continues to grow and high-quality healthcare is critical. Please, oh, please allow the management to work out a solution that will allow the hospital to continue to provide the quality of care Maui needs. Please support HB1075.

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To: <u>HTHTestimony</u>
Cc: <u>zabal7@upwhawaii.org</u>

Subject: *Submitted testimony for HB1075 on Mar 19, 2015 09:00AM*

Date: Tuesday, March 17, 2015 3:03:49 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Al Lardizabal	United Public Workers	Oppose	No

Comments:

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To: <u>HTHTestimony</u>

Cc: <u>susieuwekoolani@gmail.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 3:02:30 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
barbara uwekoolani	Individual	Comments Only	No

Comments: I remain adamantly opposed to this bill. It is wrong for Maui. Patients will be shipped off island for certain procedures for cost savings. Also mmmc any jobs will be lost as services are consolidated on O'ahu. The retirement system will be tapped into early as many of us contemplate retiring. Informal polls show significant numbers of nurses will retire or leave. It will radically change our county. Please do not pass this bill

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.



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

COMMITTEE ON HEALTH COMMITTEE ON COMMERCE AND CONSUMER PROTECTION Thursday, March 19, 2015, 9:00 am Conference Room 229

Dear Chairs Baker, Green; Vice Chairs Taniguchi, Wakai 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 <u>strongly supports</u> HB1075 HD2 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. 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.

To: <u>HTHTestimony</u>

Cc: <u>mallerysayre@hawaii.rr.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 12:18:08 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Laura Mallery-Sayre	Individual	Support	No

Comments: I strongly support this Bill so that services will not be cut.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

To: <u>HTHTestimony</u>
Cc: <u>fsayre@mac.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 12:10:47 PM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: I STRONGLY SUPPORT passage of HB1075. We are in a huge healthcare crisis and unless we create public / private partnerships our safety net hospitals are either going to have to cut services, lay off employees or close their doors leaving a lot of people in great jeprody. My guess is that the State would also face legal liability if there are bad outcomes because of this.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

To: <u>HTHTestimony</u>
Cc: <u>kalepa@maui.net</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 11:17:54 AM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: Please Support and Pass HB1075. The Health of Maui's People depends on the passage of this legislation. Our Hospital System is on the verge of dysfunction and failure due to inadequate funding, flexibility and capitol; fortunately it is still alive due to heroic efforts by excellent personnel and management. You are provided this day with an opportunity to create a viable future through a public-private partnership, that will enable an affordable and sustainable system of healthcare for Maui's people. Please do not let a jurisdictional issue destroy our excellent institution. Maui Memorial Hospital and it's fine staff have saved my life, and the life and well being of so many of my friends and acquaintances. This is an essential issue of Life, Health and Safety. Please do the right thing. With Aloha, Jonathan Starr Kaupo, Maui, Hawaii

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THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015 COMMITTEE ON HEATLH AND COMMITTEE ON COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015

TIME: 9 AM

PLACE: State Capitol, Conference Room 229

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 Jorge Felix, I live in Honolulu, and I work as a Planner.

I strongly oppose H.B. 1075. H.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,

Jorge Felix

March 17, 2015

Senator Roz Baker
Chair, Commerce and Consumer Protection
Hawaii State Capitol, Room 230
Beretania St.
Honolulu, HI 96813

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

Maui Memorial Medical Center, Kula Hospital and Lanai Community Hospital have been an integral part of our community for generations. I think I can speak for almost any Maui resident when I say that *everyone* knows someone who has depended on one of these great facilities for care.

The islands of Maui County have over 160,000 combined residents, and over 2.3 million visitors each year. This may seem insignificant compared to Oahu in numbers, but also consider that we only have **one** full-service, acute care hospital to rely on for everything from a broken bone, to childbirth, to triple bypass surgery. Our growing community, like Oahu's, has medical needs that require access to quality healthcare, close to our homes and our families where healing happens best. We deserve it. Can you imagine if all C-sections had to be performed on Oahu, or a child with a broken arm had to be medevac'd for treatment? Can you imagine what that would do to our young families – physically, emotionally and financially? Can you imagine the volume of patients that would now be transferred to Oahu and what that would do to further exacerbate ER wait times, bed availability and the physician shortage problems our state is already facing if we can't have a functioning healthcare system on the third largest island in the state?

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

I urge you to put the health of our community and state, both physical and financial, 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 our community...your community. Cutting is not the answer. And it seems with the reduced subsidy from the

state, you are leaving less and less options for our hospitals. It is up to you to save our hospitals.

Mahalo for your consideration.

William Kennison

Name: William Kennison

Address: 71 Wilipohaku Road Wailuku, Maui, Hawaii 96793

Phone: 808-242-9387

Date: March 17, 2015

TO: Committee on Commerce and Consumer Protection

Committee on Health

FROM: Sally Kaye, Lāna'i Resident

RE: HB1112 and HB1075

I am writing to express my views on two bills, HB1112 and HB1075, both of which relate to the HHSC and the push to make changes to increase the system's chances of attaining sustainability. I am particularly concerned with how these two bills will impact us here on Lana'i.

I support <u>HB1112</u>

I oppose HB1075

This bill has not had the full benefit of our community's input — and it will clearly affect our small, rural community. Lāna'i Community Health Center (LCHC) currently provides ongoing care for 48% of the population of the island of Lāna'i, with patient volumes that continue to grow monthly by, on average, 20-25 new patients seeking continuing care from LCHC. LCHC is an essential provider on our island, and the only safety net outpatient provider on this island, yet its input on critical issues raised by this legislation is not reflected in the bills' language.

For Lāna'i, the removal of 'community' from community medicine is costly. A conversation engaging the community and significant providers within the community needs to occur before any bill passes that changes the HHSC structure.

We on Lāna'i appreciate your support for our community, and your interest in — and efforts towards — strengthening the State's health care system for rural communities like ours.

Mahalo,

Sally Kaye 511 Ilima Ave. Lāna'i City 96763

To: <u>HTHTestimony</u>
Cc: <u>lianne@tonytlaw.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 8:44:11 AM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: Please help us save the hospital and quality health care on Maui.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.

To: <u>HTHTestimony</u>
Cc: <u>sgsmith@hawaii.edu</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 8:35:38 AM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen Smith	Individual	Comments Only	No

Comments: HB1075 Relating to health Dear Sirs The golden hour in regards to saving lives is more important now than when it was introduced in Maryland during the 1970's As a retired nurse and former MEDIC 91B10 I can tell you that Maui Memorial Hospital is as good a hospital as ever I have had the pleasure to work in Give Mr. Lo everything he needs plus 10 percent for being a nice guy With Much Aloha Stephen G Smith The First Lady would appreciate it as well

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To: <u>HTHTestimony</u>

Cc: <u>susannepayn@yahoo.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 6:44:57 AM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: Aloha Senators, I wish to express comments in opposition of HB1075, HD2. The privatization of HHSC should support our state, not drain it. There is no support for HHSC employees, our friends, family and co workers. I understand that the State is having trouble, maybe an alternate plan with the union would be better than having the State support a private organization for 10 years, including unknown capitol expenditures (no limits). Then in 10 years if they no longer "want" the hospital or if the State needs to take over before the 10 years, what sort of agreement will be made to ensure an even bigger drain on the State. Not to mention what happens to the State employees, your brothers, sisters, family, friends and coworkers? What happens to their sick leave, annual leave in the process of the privatization? Do we just "lose" it or will the State allow us to figure it into our retirement (the current contract)? I understand that the State is having problems, but they also have the responsibility to take care of their residents that are receiving the State provided insurance and all of the keiki as well. Privatization will solve this years problem, maybe, but what happens over the next 10 years? Your consideration of all aspects of the impact to the people, especially on the other islands where other hospitals/doctors do not accept "high risk" patients so Hilo Medical Center accepts the patients and if the hospital cannot take care of them they stabilize and send them to Oahu. The hospitals are few on the other islands and the hospital system has tried to accomplish what it can for the people. Please consider all aspects of the privatization prior to "voting in favor of it". It seems like something that will just "bust the unions" and "push the responsibility of providing healthcare to our residents/children/families/and elderly for a brief time to someone else and little or no savings to the State". Mahalo for your consideration of this matter, Aloha and God bless, Susanne Payn

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To: <u>HTHTestimony</u>

Cc: steveg@goodfellowbros.com

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Tuesday, March 17, 2015 5:10:54 AM

HB1075

Submitted on: 3/17/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: Please support HB 1075. Maui Memorial Medical Center is the second most visited emergency room in the state. MMMC is our only acute care hospital, serving Maui residents and visitors alike. The proposed public private partnership will allow for decreased state subsidies, without causing a loss of jobs and services. It makes economic sense. It will save lives! Thank you. Steve Goodfellow

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To: <u>HTHTestimony</u>

Cc: <u>cventura4@hawaii.rr.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 10:15:40 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Christine M. Ventura	Individual	Oppose	No

Comments: The Senate The Twenty Eighth Legislature Regular Session of 2015 Committee on Health and Committee on Commerce and consumer Protection Thursday, March 19,2015 9am State Capitol Conference Room 229 415 South Beretania Street Testimony Opposing H.B. 1075 H.D. 2, relating 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 M. Ventura, I live in Kula, Maui, Hawaii, and I work as a Registered Nurse . I strongly oppose H.B. 1075.H.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, Christine M. Ventura

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To: <u>HTHTestimony</u>
Cc: <u>gdstehlin@hotmail.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 8:29:25 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
G. David Stehlin	Individual	Oppose	No

Comments: Please vote no.

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To: <u>HTHTestimony</u>

Cc: <u>pmnurse16@hotmail.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 6:01:40 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: I am in favor of HB 1075. I would like to see it pass and privatize HHSC health care.

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To: <u>HTHTestimony</u>
Cc: <u>alec@mauioil.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 5:16:39 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
alec mcbarnet	Individual	Support	No

Comments: i am in support of Hb1075 to authorize the Maui regional health system to enter into an agreement with a private entity Hawaii non profit corporation. Maui has been my home for 61 plus years. Maui needs to move forward with a strong delivery system to serve our community .. please support hb1075 thank you alec mcbarnet

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To: <u>HTHTestimony</u>

Cc: rekw32@hawaiiantel.net

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 3:53:01 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Ruth Walker	Individual	Oppose	No

Comments: I strongly oppose the proposal to provide additional funding by the State under the privatization provision.

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To: <u>HTHTestimony</u>
Cc: <u>janef808@yahoo.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 3:50:33 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Jane Furtado	Individual	Support	No

Comments: I am in support of privatization of the HHSC facilities, starting with Maui Memorial Medical Center. Higher wages are very desirable. Working hard and providing quality service is more valued with a private operator. Giving up some holidays and sick days is not a hardship. I am an HGEA member and I am in support of this bill.

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To: <u>HTHTestimony</u>
Cc: <u>rglanstein@gmail.com</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 2:51:21 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

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

Comments: I strongly oppose the passage of this bill. I haven't yet seen privatization work, and it usually seems to end up costing the government more than if they just run the system themselves. It appears the hospital will still receive a great deal of funding from the State even while being run by a private corporation - the bill requires continued taxpayer subsidies of at least \$32 million per year for 10 years and joint state funding of capital improvement projects for a decade as well. In addition, more than 900 union jobs belonging to HGEA members will be affected if this legislation is passed. The privatization bill only guarantees current employees will keep their jobs for six months - but they first need to satisfy the private operator's job qualifications, after six months the private operator has the option to restructure. The private operator has left too many questions unanswered including which services will be improved and expanded. Please vote down this bad bill.

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THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015
COMMITTEE ON HEATLH AND COMMITTEE ON
COMMERCE & CONSUMER PROTECTION

DATE: Thursday, March 19, 2015

TIME: 9 AM

PLACE: State Capitol, Conference Room 229

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 <u>Chrissy Miller</u>, I live in <u>Maui</u>, and I work as a <u>RN</u>.

I strongly oppose H.B. 1075. H.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, Chrissy Miller

To: <u>HTHTestimony</u>
Cc: <u>lbustillos@hhsc.org</u>

Subject: *Submitted testimony for HB1075 on Mar 19, 2015 09:00AM*

Date: Monday, March 16, 2015 2:16:55 PM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Lacey Bustillos	Individual	Oppose	No

Comments:

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Testimony in support of House Bill 1075 HD2

Senator Josh Green Senator Glenn Wakai

Chair, Senate Committee on Health Vice Chair, Senate Committee on Health

Senator Rosalyn Baker Senator Brian Taniguchi

Chair, Commerce Consumer Protection Vice Chair, Commerce Consumer Protection

Senator Gilbert Keith Agaran Senator Maile Shimabukuro

Chair, Committee on Judiciary and Labor Vice Chair, Committee on Judiciary and Labor

Senator Iill Tokuda Senator Ronald Kouchi

Chair, Committee on Ways and Means Vice Chair, Committee on Ways and Means

My name is Barry Shitamoto and I am writing in support of <u>HB1075</u>. 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 would be faced with huge financial deficits resulting in potential loss of jobs, decreased access to and/or closures of medical services, transport of many patients to other islands, loss of physicians, and a very poor (and dysfunctional) overall healthcare delivery system.

There is a "perfect storm" of issues that have impacted healthcare throughout the State. However, the current public system 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 43 Kamalei Circle Kahului, HI 96732 808-242-2590

To: <u>HTHTestimony</u>

Cc: <u>mauigreek@hawaiiantel.net</u>

Subject: Submitted testimony for HB1075 on Mar 19, 2015 09:00AM

Date: Monday, March 16, 2015 11:56:35 AM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Demetras	Individual	Support	No

Comments: Aloha: I very strongly support passage of bill 1075 in support of a public/private partnership for Maui Memorial, Kula and Lanai Hospitals. The services they provide cannot be found elsewhere on Maui or Lanai. Please vote yes to keep our quality healthcare close to home!! Please support the people of Maui. Full disclosure: I am currently a Maui Regional Board Member. Mahalo.

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COMMITTEE ON HEALTH

Senator Josh Green, Chair Senator Glenn Wakai, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair Senator Brian T. Taniguchi, Vice Chair

NOTICE OF HEARING

DATE: Thursday, March 19, 2015

TIME: 9:00AM

PLACE: Conference Room 229

State Capitol

415 South Beretania Street

TESTIMONY IN SUPPORT House Bill 1075, HD2

Chair Green and Chair Baker and members of the Senate Committees on Health and Commerce and Consumer Protection.

My name is Nick Hughey, Chief Business Officer of Hawai'i Health Systems Corporation – Maui Region. Thank you for the opportunity to provide testimony on House Bill 1075, HD 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 as an organization, professionals and as a community.

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

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

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

In 2014, the healthcare landscape changed.

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

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

The above mentioned trajectory cannot continue.

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

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

HB 1075,HD 2 provides the opportunity for Maui Region to explore opportunities to reduce subsidies to maintain the status quo, increase services and provide competitive fair market value private sector compensation.

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

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

Mahalo,

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

To: <u>HTHTestimony</u>
Cc: <u>kkapoi@hhsc.org</u>

Subject: *Submitted testimony for HB1075 on Mar 19, 2015 09:00AM*

Date: Monday, March 16, 2015 11:05:21 AM

HB1075

Submitted on: 3/16/2015

Testimony for HTH/CPN on Mar 19, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Karey Kapoi	Individual	Support	No

Comments:

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, 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.