
SENATE RESOLUTION

REQUESTING THE ESTABLISHMENT OF A COMMITTEE TO DEVELOP A PLAN TO STUDY AND IMPLEMENT STRUCTURAL AND OPERATIONAL IMPROVEMENTS TO INCREASE THE EFFECTIVENESS OF THE HAWAII HEALTH SYSTEMS CORPORATION AND ITS REGIONS.

1 WHEREAS, the Hawaii Health Systems Corporation, a network
2 of five regions and thirteen facilities spanning five islands
3 across the State, is one of the largest public hospital systems
4 in the nation and is an important safety valve during this
5 economic downturn; and
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7 WHEREAS, the Hawaii Health Systems Corporation has
8 experienced unprecedented fiscal challenges that have led to an
9 unsustainable reliance on government subsidies, totaling
10 \$649,200,000 since it was established fourteen years ago; and
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12 WHEREAS, the State does not have the fiscal capacity to
13 continue funding the Hawaii Health Systems Corporation at its
14 current level; and
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16 WHEREAS, Section 31 of the General Appropriations Act of
17 2009 mandated an eight-prong comprehensive, independent review
18 and evaluation of the management and operations of the Hawaii
19 Health Systems Corporation, its regional systems boards, and its
20 facilities, including the effectiveness of its current
21 organizational structure; and
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23 WHEREAS, Stroudwater Associates was retained to conduct the
24 study, which was released December 28, 2009. The study
25 concludes that the Hawaii Health Systems Corporation is in a
26 financially perilous condition and that the age and condition of
27 its facilities and other physical assets are well beyond
28 national averages, prompting serious concerns as to the levels
29 of quality of care and safety available at Hawaii's public
30 hospital network; and
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32 WHEREAS, the Stroudwater Associates' Study (Study) finds
33 that a new sustainability plan for restructuring is needed to
34 diminish the burden of general fund subsidies for the vital



1 health care services provided by Hawaii Health Systems
2 Corporation; and

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4 WHEREAS, the Study specifically concludes that the
5 conversion of the Hawaii Health Systems Corporation from a
6 public benefit corporation to a private nonprofit corporation is
7 essential, that the Hawaii Health Systems Corporation requires
8 recapitalization, and that increased applications of
9 efficiencies of scale and expertise inherent in the system model
10 of governance are needed to increase effectiveness; and

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12 WHEREAS, given that the Hawaii Health Systems Corporation's
13 ability to implement a successful transition to a private
14 nonprofit entity is dependent on further extensive analysis,
15 planning, funding, and collaboration, the drafting of
16 legislation based on the Study's recommendations for the 2010
17 Regular Session is premature; and

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19 WHEREAS, given the on-going and grave economic challenges
20 that both the State and the market are facing, the current
21 fiscal situation presents the Hawaii Health Systems Corporation
22 with an opportunity to reevaluate and restructure operationally
23 and organizationally; and

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25 WHEREAS, the Hawaii Health Systems Corporation can take
26 advantage of this opportunity to increase its efficiency not
27 only for the short-term, but also to increase its resiliency and
28 prepare for future economic challenges; and

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30 WHEREAS, the Hawaii Health Systems Corporation must also
31 aggressively pursue cost-reduction initiatives, including but
32 not limited to those outlined in the Study, while further
33 improving its marketability and public-private partnership
34 potential; now, therefore,

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36 BE IT RESOLVED by the Senate of the Twenty-fifth
37 Legislature of the State of Hawaii, Regular Session of 2010,
38 that the Senate President and Speaker of the House of
39 Representatives establish a committee to study and plan the
40 transformation of the Hawaii Health Systems Corporation to an
41 organizational structure that responds more effectively to the
42 health care needs of the island communities it serves; and

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1 BE IT FURTHER RESOLVED that the committee shall be named
2 the Committee on Transitioning the Hawaii Health Systems
3 Corporation (Committee); and
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5 BE IT FURTHER RESOLVED that the planning include, as
6 appropriate, collaboration among the various stakeholders and
7 potential partners, examination of potential sources of funding
8 of the capitalization and transition costs, examination of the
9 Hawaii Health Systems Corporation's marketability and potential
10 partnerships, and review of implementation of operational and
11 organizational efficiencies identified in the Study as currently
12 available to Hawaii Health Systems Corporation; and
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14 BE IT FURTHER RESOLVED that the Committee shall consist of
15 the following members:
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- 17 (1) One member from each Regional System Board of
18 Directors and the Hawaii Health Systems Corporation
19 Board of Directors;
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- 21 (2) The Regional Chief Executive Officers and the
22 President or Chief Executive Officer of the Hawaii
23 Health Systems Corporation;
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- 25 (3) An appointee of the President of the Senate from the
26 Senate and an appointee of the Speaker of the House
27 from the House of Representatives;
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- 29 (4) A representative of the State Administration appointed
30 by the Governor; and
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- 32 (5) The President and Chief Executive Officer of the
33 Healthcare Association of Hawaii; and
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35 BE IT FURTHER RESOLVED that the members of the Committee
36 shall select a chairperson from among themselves, and the
37 chairperson is requested to convene meetings; and
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39 BE IT FURTHER RESOLVED that the Hawaii Health Systems
40 Corporation administration shall staff the Committee for
41 administrative purposes, and the Committee shall begin its work
42 no later than thirty days after the adoption of this measure;
43 and
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1 BE IT FURTHER RESOLVED that the Committee is requested to
2 submit a report of its recommendations, including any proposed
3 legislation, to the Legislature no later than twenty days prior
4 to the convening of the Regular Session of 2011; and

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6 BE IT FURTHER RESOLVED that the Legislative Reference
7 Bureau is requested to assist the Committee in drafting its
8 recommendations and proposed legislation; and

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10 BE IT FURTHER RESOLVED that certified copies of this
11 Resolution be transmitted to the Governor, Director of Health,
12 President and Chief Executive Officer of the Hawaii Health
13 Systems Corporation, Chairperson of the Hawaii Health Systems
14 Corporation Board of Directors, the Chairperson of each Regional
15 System Board of Directors, the President of the Healthcare
16 Association of Hawaii, and the Director of the Legislative
17 Reference Bureau.

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OFFERED BY: Joe L. M...
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