

---

---

## 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

6  
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

11  
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

15  
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

22  
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

31  
32           WHEREAS, the Stroudwater Associates' Study (Study) found  
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

3

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

11

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

18

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

24

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

29

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,

35

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

43



1 BE IT FURTHER RESOLVED that the committee shall be named  
2 the Committee on Transitioning the Hawaii Health Systems  
3 Corporation (Committee); and  
4

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 the implementation of operational  
11 and organizational efficiencies including but not limited to  
12 those identified in the Study as currently available to Hawaii  
13 Health Systems Corporation; and  
14

15 BE IT FURTHER RESOLVED that the Committee shall consist of  
16 the following members:  
17

- 18 (1) One member from each Regional System Board of  
19 Directors and the Hawaii Health Systems Corporation  
20 Board of Directors;  
21
- 22 (2) The Regional Chief Executive Officers and the  
23 President or Chief Executive Officer of the Hawaii  
24 Health Systems Corporation;  
25
- 26 (3) An appointee of the President of the Senate from the  
27 Senate and an appointee of the Speaker of the House  
28 from the House of Representatives;  
29
- 30 (4) A representative of the State Administration appointed  
31 by the Governor;  
32
- 33 (5) The President and Chief Executive Officer of the  
34 Healthcare Association of Hawaii;  
35
- 36 (6) One representative each from the Hawaii Government  
37 Employees Association and United Public Workers;  
38
- 39 (7) Two community members; and  
40
- 41 (8) One representative of the Hawaii Health Systems  
42 Corporation employees; and  
43



1 BE IT FURTHER RESOLVED that the members of the Committee  
2 shall select a chairperson from among themselves, and the  
3 chairperson is requested to convene meetings; and  
4

5 BE IT FURTHER RESOLVED that the Committee advertise and  
6 hold public meetings for the purpose of gathering input from the  
7 served regions; and  
8

9 BE IT FURTHER RESOLVED that the Hawaii Health Systems  
10 Corporation administration shall staff the Committee for  
11 administrative purposes, and the Committee shall begin its work  
12 no later than thirty days after the adoption of this measure;  
13 and  
14

15 BE IT FURTHER RESOLVED that the Committee is requested to  
16 submit a report of its recommendations, including any proposed  
17 legislation, to the Legislature no later than twenty days prior  
18 to the convening of the Regular Session of 2011; and  
19

20 BE IT FURTHER RESOLVED that the Legislative Reference  
21 Bureau is requested to assist the Committee in drafting its  
22 recommendations and proposed legislation; and  
23

24 BE IT FURTHER RESOLVED that certified copies of this  
25 Resolution be transmitted to the Governor, Director of Health,  
26 President and Chief Executive Officer of the Hawaii Health  
27 Systems Corporation, Chairperson of the Hawaii Health Systems  
28 Corporation Board of Directors, the Chairperson of each Regional  
29 System Board of Directors, the President of the Healthcare  
30 Association of Hawaii, the Director of the Legislative Reference  
31 Bureau, the Hawaii Government Employees Association, and the  
32 United Public Workers.

