A BILL FOR AN ACT

MAKING APPROPRIATIONS TO THE MAUI HEALTH SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the Maui Health System manages several key health care institutions in the county of Maui that are critical to the health and well-being of county residents, including Maui Memorial Medical Center, Kula Hospital, and Lanai Community Hospital. The Maui Health System, which is an affiliate of Kaiser Permanente, took over these facilities from the Hawaii health systems corporation. Each year, the Maui Health System averages 8,529 inpatient admissions, 53,647 emergency room visits, and provides skilled nursing and long-term care for up to one hundred twenty-four patients. In addition, the Maui Health System is the only health care provider on the neighbor islands that provides cardiac surgery, interventional cardiology, interventional neurosurgery, and neurosurgery.

As part of its transfer agreement with Hawaii health systems corporation and the State, the Maui Health System receives partial operating subsidies from the State to ease the
hospitals' transition from being government-managed to privately
managed. The Maui Health System intends to become self-
sufficient or non-reliant on state operating subsidies by June
30, 2025. The legislature finds that the Maui Health System has
made great progress in meeting this goal, and its Maui and Lanai
facilities have experienced marked improvements in their quality
and revenue cycles and continued cost savings from supply
contracting and standardization. The legislature notes that
although the Maui Health System is receiving $28,000,000 in
subsidies during fiscal year 2018-2019, this amount is
significantly less than the $36,800,000 that the Hawaii health
systems corporation received from the State to manage the
hospitals before their transition to the Maui Health System.

In 2019, the Maui Health System will continue on its path
toward self-sufficiency. Specifically, the organization is
focusing its efforts to resolve union negotiations and identify
appropriate staffing levels by managing productivity. In
addition, the Maui Health System intends to improve revenues by
decreasing the outmigration of services from Maui and recruiting
physicians specializing in areas including but not limited to
neurosurgery, trauma, oncology surgery, cardiology, nephrology,
urology, and primary care. For each physician recruited, the
Maui Health System can retain services for the communities of
Maui and Lanai on island and generate additional revenue, thus
reducing the need for subsidies.

The purpose of this Act is to appropriate moneys to the
Maui Health System for fiscal biennium 2019-2021, to continue
assisting the organization's operations as it moves toward self-
sufficiency.

SECTION 2. There is appropriated out of the general
revenues of the State of Hawaii the sum of $26,000,000 or so
much thereof as may be necessary for fiscal year 2019-2020 and
$23,000,000 or so much thereof as may be necessary for fiscal
year 2020-2021 to support the operations of the Maui Health
System, A Kaiser Foundation Hospitals LLC.

The sums appropriated shall be expended by the Hawaii
health systems corporation for the purposes of this Act.

SECTION 3. This Act shall take effect on July 1, 2019.
Report Title:
Health; Maui Health System; Appropriations

Description:
Makes appropriations for fiscal biennium 2019-2021 to support the operations of the Maui Health System.

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