
A BILL FOR AN ACT

MAKING APPROPRIATIONS TO THE MAUI HEALTH SYSTEM.

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

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

15 As part of its transfer agreement with Hawaii health
16 systems corporation and the State, the Maui Health System
17 receives partial operating subsidies from the State to ease the



1 hospitals' transition from being government-managed to privately
2 managed. The Maui Health System intends to become self-
3 sufficient or non-reliant on state operating subsidies by June
4 30, 2025. The legislature finds that the Maui Health System has
5 made great progress in meeting this goal, and its Maui and Lanai
6 facilities have experienced marked improvements in their quality
7 and revenue cycles and continued cost savings from supply
8 contracting and standardization. The legislature notes that
9 although the Maui Health System is receiving \$28,000,000 in
10 subsidies during fiscal year 2018-2019, this amount is
11 significantly less than the \$36,800,000 that the Hawaii health
12 systems corporation received from the State to manage the
13 hospitals before their transition to the Maui Health System.

14 In 2019, the Maui Health System will continue on its path
15 toward self-sufficiency. Specifically, the organization is
16 focusing its efforts to resolve union negotiations and identify
17 appropriate staffing levels by managing productivity. In
18 addition, the Maui Health System intends to improve revenues by
19 decreasing the outmigration of services from Maui and recruiting
20 physicians specializing in areas including but not limited to
21 neurosurgery, trauma, oncology surgery, cardiology, nephrology,



1 urology, and primary care. For each physician recruited, the
2 Maui Health System can retain services for the communities of
3 Maui and Lanai on island and generate additional revenue, thus
4 reducing the need for subsidies.

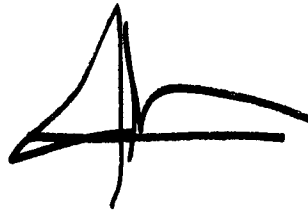
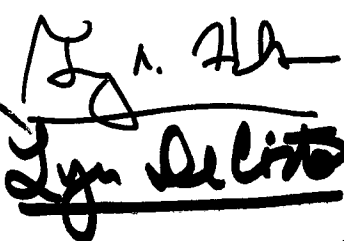
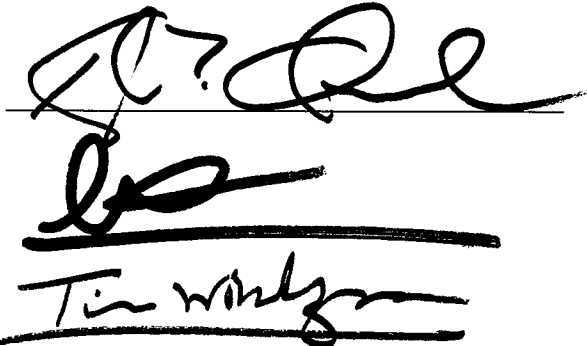
5 The purpose of this Act is to appropriate moneys to the
6 Maui Health System for fiscal biennium 2019-2021, to continue
7 assisting the organization's operations as it moves toward self-
8 sufficiency.

9 SECTION 2. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$26,000,000 or so
11 much thereof as may be necessary for fiscal year 2019-2020 and
12 \$23,000,000 or so much thereof as may be necessary for fiscal
13 year 2020-2021 to support the operations of the Maui Health
14 System, A Kaiser Foundation Hospitals LLC.

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

17 SECTION 3. This Act shall take effect on July 1, 2019.

18

INTRODUCED BY:   



H.B. NO. 888

Report Title:

Health; Maui Health System; Appropriations

Description:

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

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

