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# 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  
4 June 30, 2025. The legislature finds that the Maui Health  
5 System has made great progress in meeting this goal, and its  
6 Maui and Lanai facilities have experienced marked improvements  
7 in their quality and revenue cycles and continued cost savings  
8 from supply contracting and standardization. The legislature  
9 notes that although the Maui Health System is receiving  
10 \$28,000,000 in subsidies during fiscal year 2018-2019, this  
11 amount is significantly less than the \$36,800,000 that the  
12 Hawaii health systems corporation received from the State to  
13 manage the hospitals before their transition to the Maui Health  
14 System.

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



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

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

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

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

18 SECTION 3. This Act shall take effect on July 1, 2050.



**Report Title:**

Health; Maui Health System; Appropriation

**Description:**

Makes appropriations for fiscal biennium 2019-2021 to support the operations of the Maui Health System. Effective 7/1/2050.  
(SD1)

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