

Well today was a sad day at Kona Hospital, the first wave of people laid off finished their shifts and left quietly. They left wondering how is this possible, all the result of money and perhaps one person with a lot of power. How can one hospital within a much bigger organization HHSC and even bigger the State of Hawaii make such a dramatic decision that will affect the lives of 55 people. Today was just the beginning with the others finishing out their 90 days and waiting for the RIF process to begin. These employees termed "non essential" make a difference each day. Yes the nurses and doctors get all the glory but it is the IT specialist, laundry, housekeeping, pharmacy techs, social workers, ER techs, dietary, human resources, medical records, central supply and support staff that make a difference each day. The people laid off make Kona their home, they live, work, raise their families and even defend their country at war. Today they find themselves jobless and in another 60 days the remainder will find themselves jobless also. "Working with Aloha" was touted as the way to live and work at Kona Hospital, there isn't very much "Aloha" these days.

Someone needs to take a close look at what is happening. I understand fiscal responsibility but job cuts that were made will severely affect some departments. Over the last few years it seems like a good old buddy system where it seems whom you know makes a difference. Just when job cuts were being announced an assistant administrator was being hired and now the final details are in place for a new CFO to start, where is administrations' fiscal responsibility! With the recent introduction of the West Hawaii regional board is there a need for the HHSC corporate structure seems like a "figure head" position with no power but all the perks. If you choose "Reduction in force" as your solution make it across the board, and everyone has the same stake in determining how to achieve fiscal responsibility. Why was nursing not touched or support of the "Alii Health" physicians and why not administration? Spending in some areas seems out of control, maintenance projects continue as do the jobs in that department yet there are fewer people to sterilize the equipment for surgery, unload the supplies, mop the floor, bandage and clean your wound in the ER and manage your medical record.

Healthcare is a tough business and yes the reimbursement system in place needs to be looked at. A fair reimbursement for work done is needed that includes government supported programs such as medicare and medicaid and private insurance such as HMSA. Simply raising the reimbursement rates would make a difference. The State must also take responsibility for ensuring the doors of community hospitals such as Kona remain open fully operational and the safety net for our community. Patients unable to pay come each day and are never turned away. Kona continues to be a growing population, a population which because of a doctor shortage continues to use the hospital as a primary care solution. Many of these patients have government supported healthcare or none at all yet they still receive the care they need. Why is it not fair to receive reimbursement that supports the care these people receive? This is the State and Federal governments' responsibility. Where is the money that was earmarked to support the care of the Micronesia population as they make Hawaii their new home? Our small community hospital cannot absorb this financial burden alone. Eliminating jobs to make up the shortfall is not the answer, not for my family and not for the other 55 families

Healthcare is everyone's business whether you are on the giving or receiving end and government support to make this happen is critical.

Sandra Ryan-DeAguiar

(Husband - Emergency Medical Tech (EMT) Kona Hospital Emergency Department 18 years laid off)

1:18am 8/13/08

To the Governor of Hawaii and Hawaii State Legislature members

**RE: Public Testimony: HHSC System-Wide plans and West Hawaii Regional Plans.
August 14, 2008 Kailua-Kona Meeting**

Let me preface this letter by saying that I am one of the employees of Kona Community Hospital that was given a layoff notice by the hospital administration, and that I'm writing this letter on behalf of the 54 other employees that are about to terminate their employment at the hospital, and not for me personally. I'm one of the lucky ones that will be able to find a position within HHSC, albeit at another facility. The other employees do not know that I'm writing this letter to you today. I previously wrote this letter to West Hawaii Today but the newspaper failed to publish it. I will, though, submit this as an email testimony to the Ways and Means, and Finance committees panel for the informational briefing.

The Kona Community Hospital's executive management has implemented a cost savings plan to reduce expenses by \$2M dollars. Part of this plan calls for a Reduction in Force of 55 employees which include three department managers and 52 support personnel out of a total of 509 permanent and casual employees. The executive management has asked the department managers to assist the employees in their department during this time of suffering by being compassionate.

Understanding the need to reduce expenses, a RIF should be considered, but it would be more responsible to use this as a last resort. Instead it is the first resort as I shall attempt illustrate.

1. There has not been a hiring freeze, except for vacancies in RIFed classifications. The executive management is actively recruiting for a Chief Financial Officer (CFO) and Chief Nurse Executive (CNE). Currently, the hospital has a CFO and an interim CNE. The employment of the people in these positions are not in jeopardy for this RIF. There are other positions that were recently added that are also being recruited and one that has recently been filled. Not all temporary positions are affected. Not all probationary appointments are affected. The West Hawaii Region has also recently hired an administrator for Kohala hospital, which by the way, had operated the last six years with the West Hawaii Region CEO also performing Kohala Hospital administrator duties.
2. The executive management did not work with department managers to determine the affects of a RIF on their department. When the list of the affected employees were given to the department managers on July 11, 2008, many managers were shocked to see how many employees they would be losing. Only yesterday (Friday July, 18) it was announced during a special department heads meeting that there was any indication that executive management would assist departments hardest hit, i.e. some CSR responsibilities will shift to Surgical Services. This was decided after the manager of CSR stated his concerns in the Townhall meeting held last week. This indicates that the full ramification of cuts were not well thought out if, only now, they are working to help departments managers. I am one of the managers affected and am now being asked to assist senior management with a plan to maximize efficiency of my department whose staff level is being trimmed to one employee from a current level of three, including myself.
3. Executive management did not attempt to reduce positions through attrition. Executive management decided not to implement the RIF until after June 30. It was learned during the informational session with Hawaii Health Systems Corporation's Human Resources representatives that the date in which the state's Early Retirement program lapsed was June 30. It is difficult to fathom that even though executive management started thinking about a RIF as early as April (perhaps earlier), that executive management did not start notifying employees that a RIF may be a possibility given the financial status of the Community Hospital, and to inform employees of the Early Retirement program to begin reducing payroll expenses. I don't know what the attrition rate would have been, but no one was given a chance to find out.
4. Executive management did not ask for voluntary layoffs. One department manager mentioned that before the RIF notification, her staff had been talking about voluntarily reducing hours in order to save a position, and that she had wished that she had known that her staff would be affected to further improve the situation for her department.

5. Executive management worked very hard to insure that every person on the RIF list are either "not qualified" for other positions, or that every other position in their classification has been deemed "undfunded" or unbumpable, making it nearly, if not entirely impossible for these people to find another position within Kona Community Hospital.

6. Other than the RIF, there has been no attempt by executive management to reduce expenses, on the contrary, they continue going to the governor and legislature to secure more funding, especially when in March, the hospital had a 120 day or greater Accounts Payable. I have been employed by the hospital since 1994, benefit earning since 1998, and I have never seen Accounts Payable this bad. 90 days AP was the worse we've had.

Humanity issues:

The West Hawaii Region's stated average savings (including benefits) per RIFed employee is \$36,000. However, the average gross earnings is less than \$23,000, average take home pay less than \$600 per week.

There are 31 department managers (including executive staff) whose current collective annual earnings is \$3.24M including benefits, or 10% of the total payroll outlay. The rest of the hospital's payroll total is \$28.8M for 478 employees. The KCH's total payroll expenses amount to \$32M. The four senior executives collective salaries will be greater than \$600,000 annually when their positions become permanent. Although the CEO, in the Townhall meeting said that the senior executives "... salaries comprise only 1% of the budget ...", it is actually 3% of the entire payroll budget, 19% of the payroll cost for management. The mentioned 1% is on the total expense budget of \$60M.

The Chief Operating Officer has been in his position no longer than a month and presumed to be on probation and will assumingly receive a raise upon completion of the probationary period. Even though the person is on probation, his position is not affected by the RIF.

Departments that were grossly affected by 40% or greater cut in staff include: Central Supply (50%), Housekeeping (50%), Laundry (50%), Medical Records (50%), Information Technology (66%), ER (100% of one class of employees). These departments absorbed 34% of the entire reduction in force. The ER will lose 4 emergency medical technicians (EMTs) even though the workload in the ER has almost doubled in the last eight years.

According to the Kona Community Hospital's Strategic Plan approved on July 9, 2008 (<http://www.kch.hhsc.org/westhi/kch/StrategicPlan.pdf>):

"Strategy #11: Enhance Employee Recruitment and Retention. Our workforce is aging with many employees approaching retirement age. We will continue efforts to improve employee morale (Town Hall meetings and the Working with Aloha initiative. In FY09 we will develop a formal plan to identify and fill short and long-term needs."

One of the values of the Kona Community Hospital is "Integrity - We act openly and truthfully in everything we do".

Conclusions:

1. In the end, the RIF may have been required, but should have been the last resort instead of the first. Attrition was never considered even though executive management was contemplating a RIF as early as April, and perhaps even earlier. There is no hiring freeze except for the RIFed positions vacancies as mandated by law.
2. The RIF allows executive management to release employees without providing valid reasons for firing them. This is apparent since the managers of most of the affected departments were not consulted prior to announcing which employees were affected by the RIF. Executive management are only now working with departments to help determine how they will cope with less staff. I believe that for the departments grossly affected by the RIF, it is truly unfair to expect the employees left behind to absorb 100%, or more

workload per employee. Something will be missed, and in a hospital setting your Community Hospital is at risk and ultimately, the community itself. If there was a 10% reduction across the board, each department would be more able to absorb and distribute 10% more work.

3. I believe that some employees were sacrificed so that employees who were no longer wanted will not be able to find a related position to remain employed in Kona Community Hospital. All of the employees on the RIF list live in Kona, many grew up here.

4. Executive management has executed their short term plan to fill short term needs, however despicable a method they chose to do so as a first step. Executive management has certainly enhanced recruitment and retention but only for certain people, and there doesn't seem to be very much openness and truthfulness "in everything we do", and that "Working with Aloha", a mandatory training for all employees at Kona Community Hospital (yes, even Hawaiians), is lip service to employees and the people of the community. Executive management have totally disregarded their mission, vision and values, and above all, has failed to grasp what Aloha truly is. I do not feel that they even care given the arrogance of how they formulated the RIF list as part of their plan to reduce expenses. (See the strategic plan at <http://www.kch.hhsc.org/westhi/kch/StrategicPlan.pdf>)

5. The executive management is very arrogant, and lack the integrity, honor, compassion, and morality to lead your Community Hospital, especially through the trying times that are imminent for the country in general and the Kona Community in particular.

6. I believe that Kona Community Hospital needs additional funding. However, I'm calling on you, as stewards of the citizenry of Hawaii to deny funding until you can investigate the true nature of this RIF for the people of the West Hawaii community. I would like to see the 54 employees reinstated, and although Early Retirement is off the table, have executive management do proper due diligence before executing a RIF.

As for me, my heart is with the people of West Hawaii and the hospital staff, but I will be content to move on.

Thank you for your time.

Ed Heaukulani
West Hawaii Region IT Manager
Hawaii Health Systems Corporation
Public Servant
papaedde@hawaii.rr.com

FROM: MICHAEL D. FREGEAU
(808) 327-9412

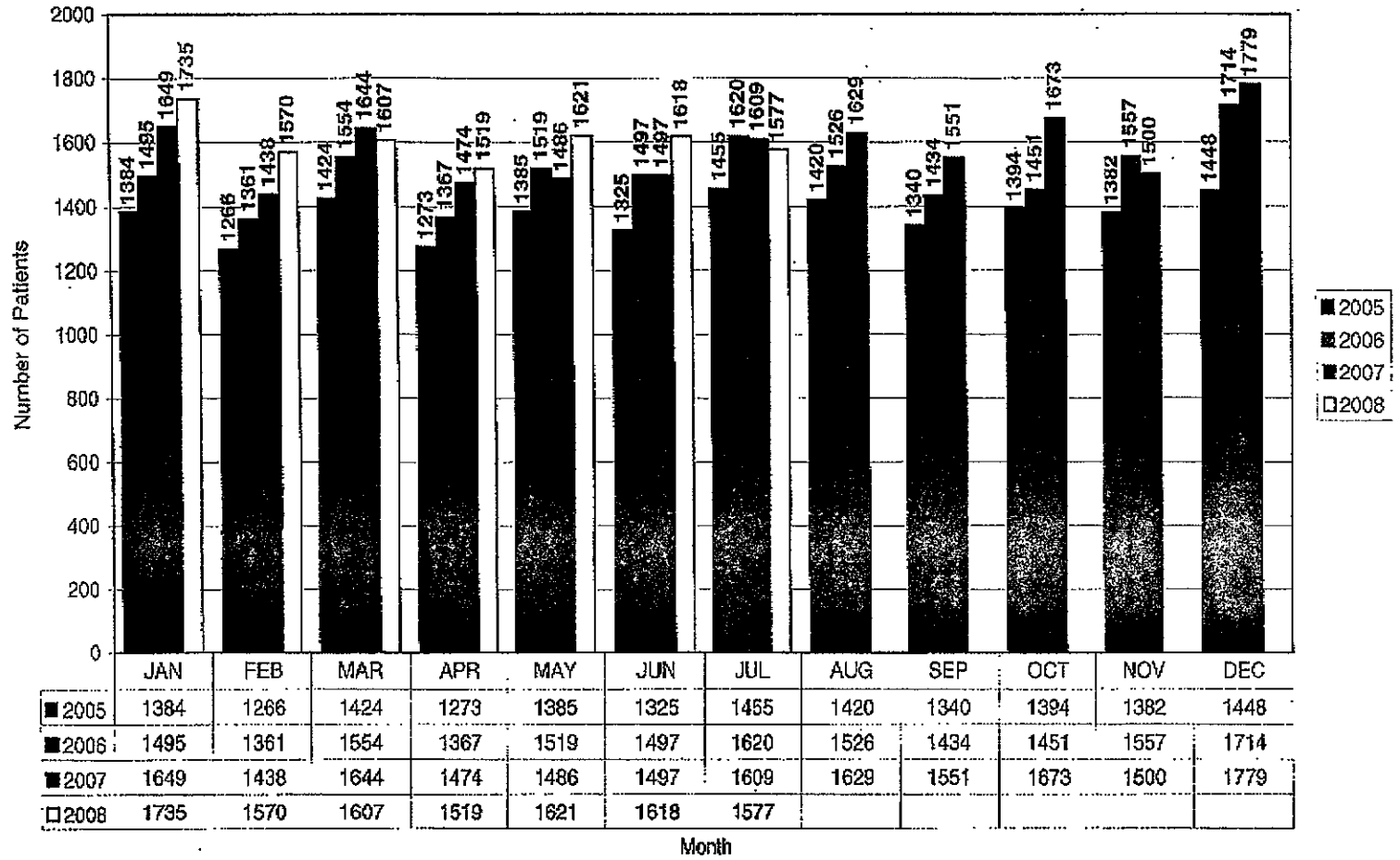
8/12/08

SENATE SERGEANT-AT-ARMS OFFICE
ATTN: JOINT COMMITTEE

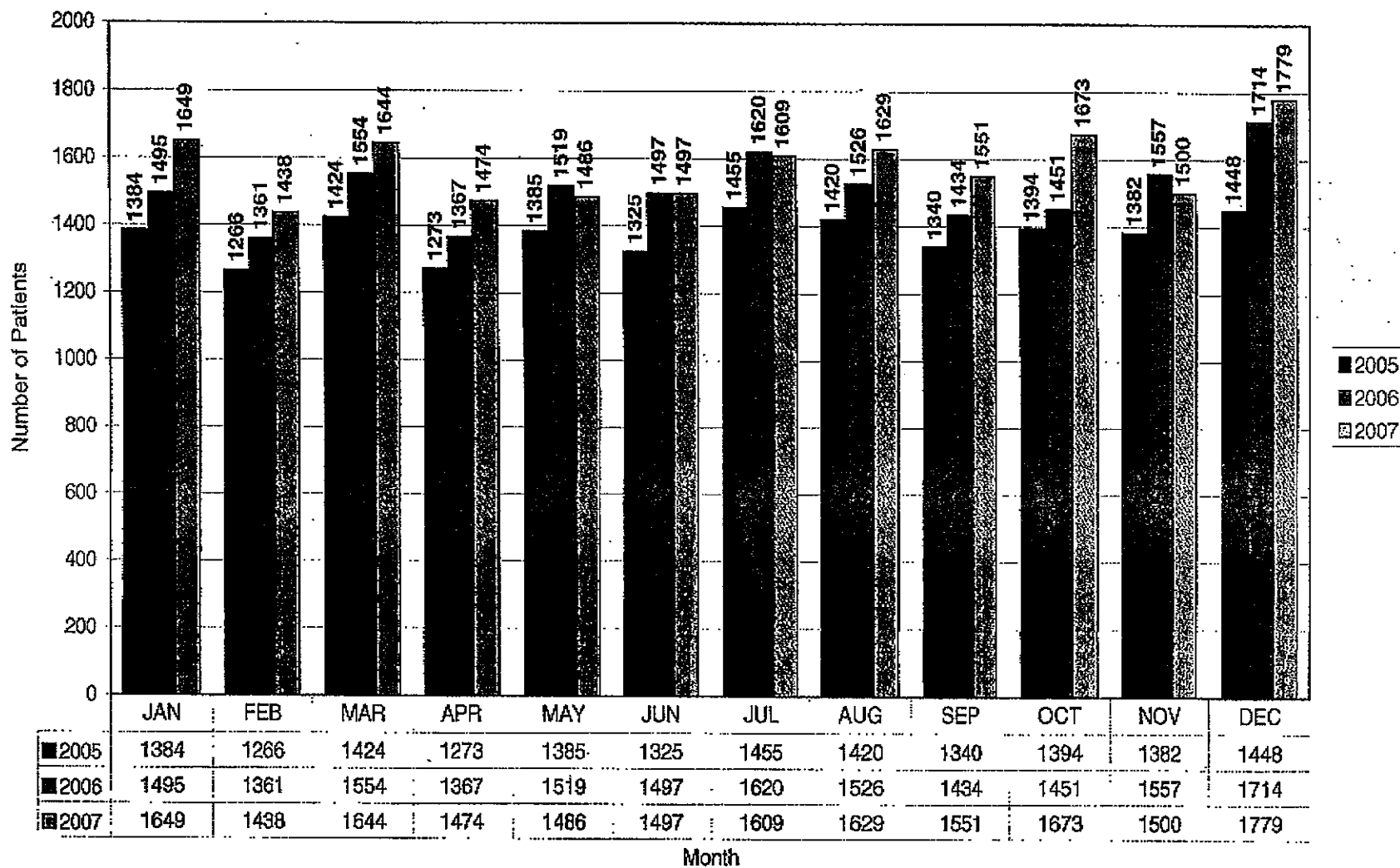
R/G: TESTIMONY ON HHSC STATEWIDE PLANS
AND WEST HAWAII REGIONAL PLANS

* ADDENDUM - FAXED 8/13/08
KONA HOSP - ER STATISTIC REPORTS

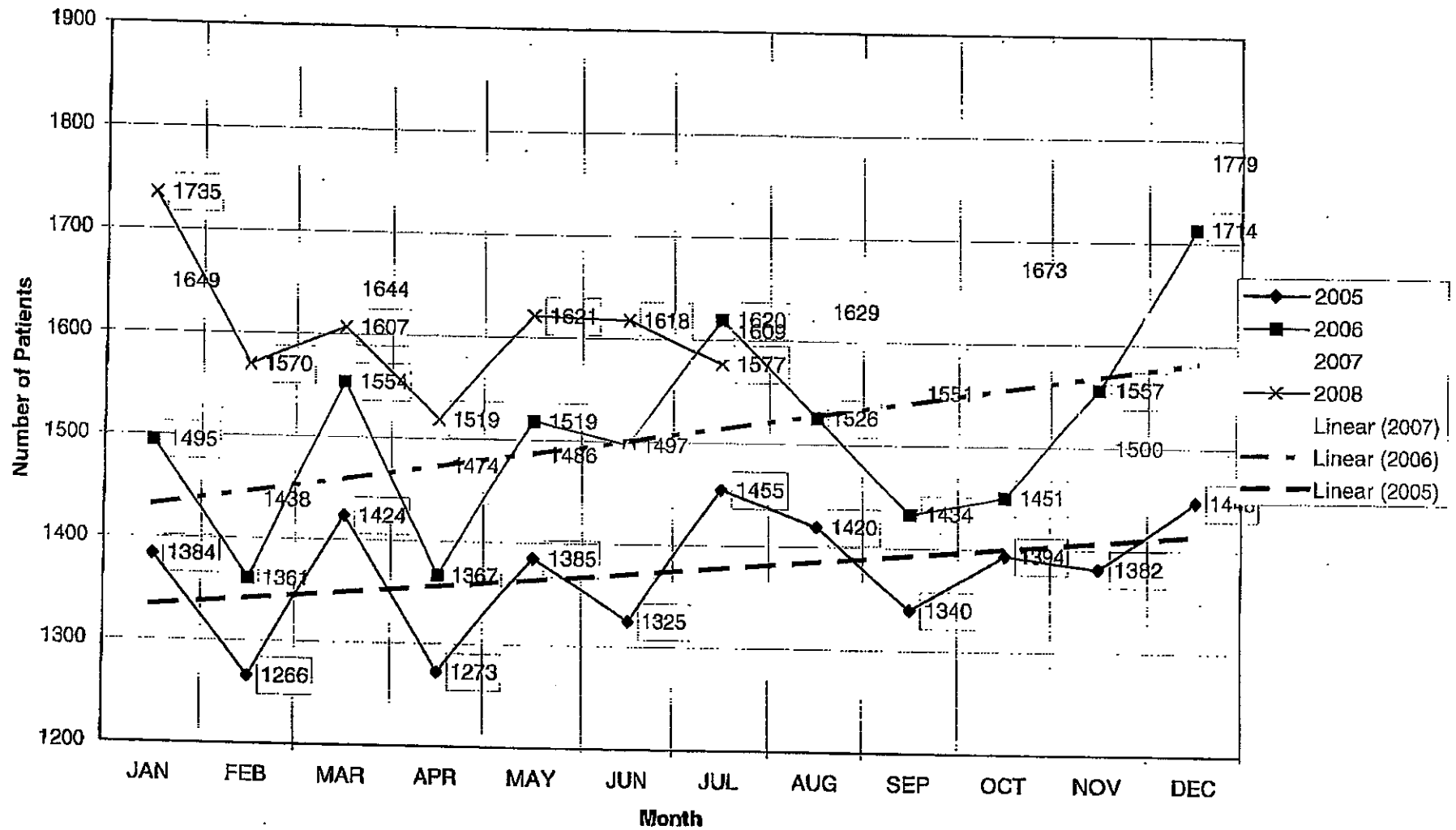
Kona Community Hospital Emergency Department Statistics Report for Years 2005 - 2008

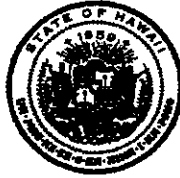


Kona Community Hospital Emergency Department Statistics Report for Years 2005 - 2007



Kona Community Hospital Emergency Department Statistics Report for Years 2005 - 2008





LATE TESTIMONY

The Senate

STATE CAPITOL
HONOLULU, HAWAII 96813

July 21, 2008

The Honorable Linda Lingle
Governor, State of Hawaii
State Capitol
Honolulu, HI 96813

Dear Governor Lingle:

I am writing to voice my deep concern regarding the healthcare crisis with the Hawaii Health Systems Corporation (HHSC), in particular Hawaii island and ask for your help in seeking ways to continue to provide accessible healthcare to our rural residents.

As you know, the emergency rooms in Kona and Hilo address the needs of many uninsured patients, who will suffer greatly due to the cutbacks at our HHSC hospitals. Sacrificing the health and welfare of our people, will in turn be an added burden to our State as healthcare may no longer be preventive.

It is the State's responsibility to help our residents, so I urge you to work with the Legislature to find ways to resolve this ongoing issue. There must be a way to aid the HHSC now, whether it is changing the 4% restrictions on spending that you imposed, releasing grants-in-aid or other funds to be used to help the hospitals, and/or declaring a state of emergency and infusing the HHSC with the finances needed to weather this current situation.

Time is of the essence, as Kona Community Hospital has already cutback on staff and services. This could result in the loss of life if adequate healthcare is unobtainable. It would be extremely regrettable if lives were lost due to these cutbacks.

I strongly urge you to help the HHSC now.

Sincerely,
Lorraine R. Inouye
Senator, 1st District



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

August 4, 2008

The Honorable Lorraine R. Inouye
Twenty-Fourth Legislature
Hawaii State Capitol
Honolulu, HI 96813

Dear Senator Inouye:

Thank you for your letter dated July 21, 2008, sharing your concerns about healthcare access and the state's community hospital system. As you, I place great value on our state hospital system and want to see our hospitals thrive so quality healthcare services continue to be provided to Hawaii's communities.

The Senate Ways & Means Committee and the House Finance Committee have started a series of public hearings to determine options for addressing the funding shortfalls in the state's public health systems. In addition to the Hawaii State Health System Corporation, the State Departments of Health and my office have provided information to these legislative committees. I understand informational hearings will continue in August on the islands of Kauai and Maui and will be scheduled soon for the Island of Hawaii.

My Administration has indicated we will provide assistance, the extent permissible under HRS 323F-11 and 323F-24, which limits the executive branch's authority to intervene in the operations of the state hospital network.

I encourage you to communicate your concerns to the relevant legislative bodies who are taking the lead on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".
LINDA LINGLE

§323F-11 Executive branch; noninterference. Notwithstanding any other law to the contrary, the governor and executive branch agencies shall limit their responsibilities to that of review and oversight when the corporation or regional system board receives general funds from the State to subsidize the operating budgets of deficit facilities. The governor and executive branch agencies shall not interfere with the systemic change, capacity building, advocacy, budget, personnel, system plan development, or plan implementation activities of the corporation or any regional system board. The governor and executive branch agencies shall not interfere with the ability of the corporation or regional system board to function as a multiple facility public hospital system delivering health care services to the residents of the State. [L 1996, c 262, pt of §2; am L 2007, c 290, §29]

[Previous](#)[Vol06_Ch0321-0344](#)[Next](#)

§323F-24 Budget oversight. The corporation's and each regional system board's operating and capital improvement budgets shall not be subject to review or approval by the governor or any state agency, except where state general funds or capital improvement moneys are requested. If general funds or capital improvement moneys are requested, then the corporation or any regional system board shall include, with its request, the proposed budget for which the funds or moneys are to be included. The corporation and regional system boards, once operational, shall collaboratively submit their budgets annually to the legislature for review and approval at least twenty days prior to the convening of the regular legislative session, beginning with the budgets for the 2010-2011 biennium fiscal years. [L 1996, c 262, pt of §2; am L 2007, c 290, §33]

[Previous](#)[Vol06_Ch0321-0344](#)[Next](#)