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TESTIMONY  
OF  
AARON S. FUJIOKA  
ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE  
HOUSE COMMITTEE  
ON  
HEALTH

February 6, 2009

8:30 A.M.

HB 1372

RELATING TO THE TRANSITIONING OF THE REGIONS AND FACILITIES OF HAWAII  
HEALTH SYSTEMS CORPORATION.

Chair Yamane, Vice-Chair Nishimoto and committee members, thank you for the opportunity to testify on HB 1372.

The State Procurement Office (SPO) opposes the amendment in SECTION 4, which proposes to exempt from HRS chapter 103D, the Hawaii Health Systems Corporation (HHSC).

Statutory exemptions are contrary to the Hawaii Public Procurement Code (Code), section 103D-102, HRS, on the applicability of the chapter that states in part “. . . shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, . . .” Any governmental agency with the authority to expend funds should be in compliance with chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition; and increases public confidence in public procurement.

HB 1372  
February 6, 2009  
8:30 AM  
Page 2 of 2

The SPO is against statutorily exempting specific agencies from the Code, as it is not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, and reliable set of rules and processes for award of contracts. The competitive procurement processes of the Code are to insure that all potential providers are afforded the opportunity to compete for the required services. To the extent agencies may need specific purchases to be exempted from Code requirements, the Code provides an exemption process.

The Code should not be viewed as an obstacle to a purchasing agency's mission, but rather as the single source of public procurement policy to be applied equally and uniformly. It was the legislature's intent for the Code to be a single source of public procurement policy. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic and confusing to vendors, contractors and service providers that must comply with a variety of different processes and standards. Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. For this to be accomplished, we must participate in the process with one set of statutes and rules.

There needs to be one single source of public procurement policy. If it is to be the policy and procedures as used by the HHSC, then all other purchasing jurisdictions should also use the same requirements, rather than having multiple policies.

Thank you.

The Twenty-Fifth Legislature  
Regular Session of 2009

HOUSE OF REPRESENTATIVES  
Committee on Health  
Rep. Ryan I. Yamane, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

State Capitol, Conference Room 329  
Friday, February 6, 2009; 8:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 693, H.B. 701, H.B. 1372  
RELATING TO HAWAII HEALTH SYSTEMS CORPORATION**

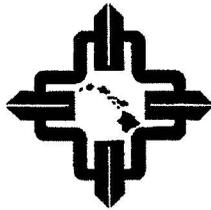
The ILWU Local 142 wishes to comment on: H.B. 693, which grants greater flexibility in administration to Hawaii Health Systems Corporation; H.B. 701, which requires specific actions to be taken before substantial reduction or elimination of direct patient care services can be implemented; and H.B. 1372, which authorizes the transitioning of regions and facilities of HHSC. We apologize for submitting one testimony on all three bills, but our comments are general in relation to Hawaii Health Systems Corporation.

The ILWU represents some 20,000 union members working in various industries throughout the state. Most of our members and retirees live on the neighbor islands, some in very rural areas, and they rely heavily on the services provided through Hawaii Health Systems Corporation. Any changes in the administration of HHSC could have major consequences for our members and retirees. If services are reduced or eliminated or HHSC is separated into smaller corporations which would compete with each other for state and other funding, we are concerned that patient care could be jeopardized.

We trust that the Legislature will consider the needs of these residents of Hawaii who have very few affordable options. The elderly person who falls and breaks a hip in Ka'u needs the emergency room at Ka'u Hospital to stabilize his condition. Although he will need to be transferred to another facility for acute care, the initial care must be provided in his community. That is the safety net services that HHSC provides. Ka'u Hospital, alone or even with the East Hawaii region, may not be able to attract the funds it needs to survive.

We understand the dilemma that some of the facilities and regions in the System are faced with, and we clearly don't have the answer. All we know is that the safety net for residents in rural areas must be preserved, whether it is provided by the regions or HHSC itself.

Thank you for the opportunity to share our concerns on these three measures.



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Touching Lives Every Day"*

**The House of Representatives  
Committee on Health  
Representative Ryan I. Yamane, Chair  
Representative Scott Y. Nishimoto, Vice Chair**

Friday, February 6, 2009

8:30 a.m.

Conference Room 329

Hawaii State Capitol

**HB1372 Relating to the Transitioning of the Regions and Facilities of Hawaii  
Health Systems Corporation**

*Authorizes a facility or regional health care system under the Hawaii Health Systems Corporation to transition into a new legal entity, including a nonprofit or for-profit corporation, municipal facility, or public benefit corporation*

By Thomas M. Driskill, Jr.

President and Chief Executive Officer

Hawaii Health Systems Corporation (HHSC)

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporation Board of Directors, thank you for the opportunity to provide testimony in support of HB 1372 to authorize a facility or regional health care system under HHSC to transition into a new legal entity, including a nonprofit or for-profit corporation, municipal facility, or other such corporate entity.

Our HHSC Corporate Board of Directors supports this proposed legislation. In light of the growing financial and structural challenges that the community-hospital system has been undergoing since its establishment in 1996, HB 1372 provides the HHSC regions and facilities an additional option to respond effectively to the changing health care needs of their island communities. HB 1372 seeks restructure options that would enable HHSC regions and facilities to consider entering into various forms of public / private partnerships while at the same time remaining part of a system or a "federated" system of HHSC related healthcare facilities. Since we have taken the position that the State can no longer financially underwrite the escalating cost of healthcare for the communities we serve, it is essential that we look for new innovative ways to involve private partnerships in the provision of care.

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[www.hhsc.org](http://www.hhsc.org) <<http://www.hhsc.org>>

The HHSC Corporate Board and corporate management are committed to working collaboratively with each of its five regions when they are ready to ensure a smooth transitioning process for any facility or regional restructuring that may be undertaken as a result of this Bill.

In light of today's challenging health care and economic environments, this legislation is vital and needed now.

Your support for HB 1372 is greatly appreciated. Thank you.



## LEAHI HOSPITAL

**HAWAII HEALTH SYSTEMS CORPORATION**

3675 Kilauea Avenue ■ Honolulu, Hawaii 96816 ■ Telephone: (808) 733-8000 ■ FAX: (808) 733-7914

February 5, 2009

**TO: The House Committee on Health  
Representative Ryan I. Yamane, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
Conference Room 329**

**FROM: Vince H.S. Lee, Regional Chief Executive Officer**

**RE: HOUSE BILL 1372 RELATING TO THE TRANSITIONING OF THE REGIONS  
AND FACILITIES OF HAWAII HEALTH SYSTEMS CORPORATION**

Thank you for providing the Hawaii Health Systems Corporation Oahu region an opportunity to submit testimony in strong support of HB 1372. The purpose of HB 1372 is to authorize a facility or regional health system under the Hawaii Health Systems Corporation to transition into a new legal entity, including a nonprofit or for-profit, municipal facility, or public benefit corporation.

In light of the grave financial challenges that the state's community-hospital system is undergoing, this legislative proposal provides a much-needed option for our acute facilities (i.e., Maui Memorial Medical Center, Kona Community Hospital, and Hilo Medical Center). Given the ever-increasing public demand for increased and improved acute services, HB 137 will enable these hospitals with an ability to partner with larger healthcare organizations, which in turn, will definitely improve present healthcare for the state of Hawaii. The measure will also ensure that regions and/or facilities will have better access to alternative funding sources.

At the same time, I strongly feel that the remaining HHSC facilities – i.e., critical access hospitals and long-term facilities - may likely need to continue operating as part of the existing public benefit corporation in order to continue realizing system advantages and opportunities.

I believe this measure deserves your thoughtful consideration and appreciate the opportunity to provide this testimony.

Respectfully submitted,

Vincent S.H. Lee  
Regional Chief Executive Officer  
HHSC Oahu Region  
(808) 733-9722



**Committee on Health**  
**Representative Ryan I. Yamane, Chair**  
**Representative Scott Y. Nishimoto, Vice Chair**

Friday, February 6, 2009  
8:30 a.m.  
Conference Room 329  
Hawaii State Capitol

HB1372 - Relating to the Transitioning of the Regions and Facilities of Hawaii Health Systems Corporation - Authorizes a facility or regional health care system under the Hawaii Health Systems Corporation to transition into a new legal entity, including a nonprofit or for-profit corporation, municipal facility, or public benefit corporation.

On behalf of the West Hawaii Region of HHSC, thank you for the opportunity to provide testimony in support of HB 1372.

The HHSC hospitals have faced significant financial and structural challenges since its inception in 1996; this bill will provide the HHSC regions and facilities with enhanced ability to respond effectively to the changing health care needs of their island communities.

Because the State of Hawaii can no longer afford to fully support the escalating cost of healthcare, it is essential that we explore new ways to involve private partnerships in the provision of care. This bill would enable HHSC regions and facilities to consider various forms of public / private partnerships while at the same time remaining part of the HHSC system.

Respectfully submitted,

Earl Greenia  
Chief Executive Officer  
West Hawaii Region - Hawaii Health Systems Corporation  
Kona Community Hospital and Kohala Hospital

**KONA COMMUNITY HOSPITAL**  
Hawaii Health Systems Corporation  
79-1019 Haukapila Street  
Kealahou, HI 96750  
(808) 322-9311



## Hawai'i Primary Care Association

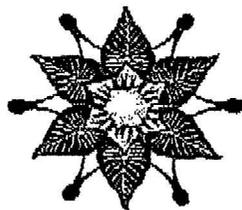
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www.hawaiipca.net

To: **The House Committee on Health**  
The Hon. Ryan I. Yamane, Chair  
The Hon. Scott Y. Nishimoto, Vice Chair

**Testimony on House Bill 1372**  
**Relating to the Transitioning of the Regions and Facilities of**  
**Hawaii Health Systems Corporation**  
**Submitted by Beth Giesting, CEO**  
**February 6, 2009, 8:30 a.m. agenda, Room 329**

The Hawaii Primary Care Association would like to support the section of this bill that requires collaboration between HHSC and community health centers. As noted in §323F, community health centers, also known as Federally Qualified Health Centers or FQHCs, are ideal partners as bring to the community the benefits of enhanced Medicaid and Medicare reimbursement, stable federal funding with periodic opportunities for enhancement, state grants, federal tort claims coverage that relieves them of malpractice costs, and qualify for National Health Service Corps and other loan repayment programs to enhance recruitment and retention. In addition, the health centers have a clinically and economically effective model of comprehensive primary care, systems of quality assurance, electronic medical records systems, VTC systems, and other operational advantages.

Thank you for your consideration of this measure and for the opportunity to present our comments.



**Maui Memorial**  
MEDICAL CENTER

**February 4, 2009**

**TO: Representative Ryan I. Yamane, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
HOUSE COMMITTEE ON HEALTH  
Friday, February 6, 2009, 8:30 a.m.  
Conference Room 329**

**FROM: Wesley Lo, Regional Chief Executive Officer**

**RE: HB 1372, RELATING TO THE TRANSITIONING OF THE REGIONS  
AND FACILITIES OF HAWAII HEALTH SYSTEMS CORPORATION.**

Thank you for the opportunity to submit testimony in **strong support of HB 1372**. The purpose of HB 1372 is to authorize a facility or regional health care system under the Hawaii Health Systems Corporation (HHSC) to transition into a new legal entity, including a nonprofit or for-profit corporation, municipal facility, or public benefit corporation.

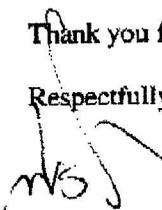
I support this measure for the following reasons:

1. It will allow the regions access to alternative funding sources.
2. If alternative funding sources are secured, the level of state funding required by HHSC would be significantly reduced.
3. Partnerships with larger healthcare organizations will allow for the opportunity to improve healthcare in the State.

If this measure is not passed, the State faces having to fully subsidize HHSC or if it is unable to do so, health care services in all the regions will have to be dramatically reduced or eliminated. For a region such as Maui where there is only ONE acute health care facility available to residents and visitors, the reduction or elimination of services will have devastating effects.

Thank you for this opportunity to testify in **support of HB 1372**.

Respectfully submitted,

  
Wesley Lo  
Regional Chief Executive Officer  
(808) 442-5100

**nishimoto2-Bryce**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 05, 2009 1:49 PM  
**To:** HLTtestimony  
**Cc:** jwalker1@hhsc.org  
**Subject:** Testimony for HB1372 on 2/6/2009 8:30:00 AM

Testimony for HLT 2/6/2009 8:30:00 AM HB1372

Conference room: 329  
Testifier position: support  
Testifier will be present: No  
Submitted by: Jerry Walker  
Organization: West Kauai Medical Center / KVMH  
Address: 4643 Waimea Canyon Drive Waimea, HI 96796  
Phone: 808-338-9431  
E-mail: [jwalker1@hhsc.org](mailto:jwalker1@hhsc.org)  
Submitted on: 2/5/2009

**Comments:**

The Kauai Region which includes the West Kauai Medical Center / KVMH; West Kauai Clinics - Waimea, Eleele, Kalaheo; Mahelona Medical Center / SMMH, supports HB1372 to authorize a facility or regional health care system under HHSC to transition into a new legal entity, including a nonprofit or for-profit corporation, municipal facility, or other such corporate entity.

## nishimoto2-Bryce

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**From:** Candace Van Buren on behalf of Rep. Scott Nishimoto  
**Sent:** Thursday, February 05, 2009 9:08 AM  
**To:** HLTtestimony  
**Subject:** FW: Testimony in Support of House Bill 1372 - RElating to the Transitioning of the Regions and Facilities of Hawaii Health Systems Corporation

Candace Van Buren  
Office Manager  
Representative Scott Y. Nishimoto  
District 21 Kaimuki, Kapahulu, Waikiki, Ala Wai, Diamond Head  
Phone: 586-8515 Fax: 586-8519  
State Capitol, Room 441, Honolulu, HI 96813  
E-Mail: [vanburen@capitol.hawaii.gov](mailto:vanburen@capitol.hawaii.gov)

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**From:** Becky Lennon [<mailto:blennon@hawaii.rr.com>]  
**Sent:** Wednesday, February 04, 2009 4:49 PM  
**To:** Rep. Ryan Yamane  
**Cc:** Rep. Scott Nishimoto; [repcarroll@Capital.hawaii.gov](mailto:repcarroll@Capital.hawaii.gov)  
**Subject:** Testimony in Support of House Bill 1372 - RElating to the Transitioning of the Regions and Facilities of Hawaii Health Systems Corporation

Chairman Yamane and members of the House Committee on Health:

I would like to submit testimony in support of HB 1372 to authorize a facility or regional health care system under the Hawaii Health Systems Corporation to transition into a new legal entity including a non-profit or for-profit corporation, municipal facility or public benefit corporation.

As a resident of Maui, I have witnessed friends and employees who must travel to Honolulu to obtain health care because we do not have the services on Maui. Currently one of our employees, the victim of a hit and run accident is a patient at Queens Medical Center. If Maui Memorial Medical Center had been able to partner with a larger health care organization, we could care for more of these patients on Maui.

As a member of the Maui Memorial Medical Center Foundation I have been refused by potential donors who claim they would gladly support Maui Memorial Medical Center were it not a state run hospital. This private donor funding would reduce the level of funding required from the state.

H.H.S.C. has served a necessary function in the past, but it is time to move forward and change health care to a viable system for the future.

I strongly support HB 1372.

Respectfully submitted,

Rebecca Lennon  
Controller, Best Western Pioneer Inn  
(808) 270-4813

## nishimoto2-Bryce

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**From:** FHMLAH@aol.com  
**Sent:** Wednesday, February 04, 2009 4:10 PM  
**To:** HLTtestimony  
**Subject:** House Bill 1372, Relating to the Transitioning of the Regions and Facilities of

Aloha Distinguished Committee Members,

I am writing in **strong support** of House Bill 1372 so that Maui Memorial Medical Center can obtain the latitude it needs to move forward. State Government cannot continue to support our hospital and we cannot bring our facility up to the needs of our residents unless we are able to obtain other funding sources or partner with another facility.

I am on the Maui Memorial Medical Center Foundation and our donors are reluctant to donate with this inability to move our hospital forward.

Your consideration is appreciated.

***Aloha,***

***Fran Peart Mitsumura***

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**B.J. OTT**  
**230 W Waiko Road**  
**Wailuku, HI 96793**

February 4, 2009

TO: Representative Ryan I. Yamane, Chair  
Representative Scott Y. Nishimoto, Vice-Chair

FROM: B.J. Ott, Board Member  
HHSC Maui Region

RE: HB 1372 RELATING TO THE TRANSITIONING OF THE REGIONS  
AND FACILITIES OF HAWAI'I HEALTH SYSTEMS CORPORATION

I am writing in support of the above measure.

As both a member of the Maui regional board and in my capacity as Chief Financial Officer/Deputy Director of the Community Clinic of Maui, I am especially aware of the fiscal challenges facing Maui Memorial Medical Center (MMMC) as well as Hawai'i Health Systems Corporation (HHSC) statewide. As Maui's only provider of acute care services, MMMC is uniquely positioned to leverage alternative funding and/or arrangements with larger healthcare organizations that would foster expansion and improvement of services in the Maui region, thereby reducing the level of state funding required annually.

My work with the medically underserved has made it abundantly clear to me just how important access to emergency and acute care services for all our residents and visitors is, and how vulnerable and strained that lifeline has recently become. Should our community hospital be allowed to fail and a private, for-profit entity take its place, a majority of the 8,000 patients served by Community Clinic of Maui would likely lose access to these safety net services.

Thank you for the opportunity to submit testimony in support of HB 1372.

Respectfully submitted,

B.J. Ott

**nishimoto2-Bryce**

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**From:** Danielle Bass on behalf of Rep. Ryan Yamane  
**Sent:** Thursday, February 05, 2009 10:04 AM  
**To:** HLTtestimony  
**Subject:** FW: HB 1372

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**From:** Sheri Yamaguchi [mailto:sherieiko@hawaiiantel.net]  
**Sent:** Wednesday, February 04, 2009 9:16 PM  
**To:** Rep. Ryan Yamane  
**Subject:** HB 1372

Dear Representative Yamane, House Committee on Health Chairman:

Please support House Bill 1372 that would allow hospitals such as Maui Memorial Medical Center the ability to improve healthcare. The State is facing huge economic challenges and this Bill would allow the ability for them to find other partners and sources to move forward in improving healthcare for everyone. I am especially concerned because I have a heart condition and I want our only hospital on Maui to succeed in their new initiatives so my family and myself can be assured of receiving any needed care here on Maui.

Thank you very much,

Sincerely,

Sheriann Yamaguchi  
P. O. Box 880213  
Pukalani, HI 96788  
(808) 276-5197