The Healthcare Association of Hawaii (HAH) has been the leading voice of health care in the islands since 1939. HAH membership includes the majority of acute care hospitals, long term care facilities, home health agencies and hospices in the state of Hawaii. In a time of unprecedented change in health care, HAH is committed to working with providers across the continuum toward a health care system that offers the best possible quality of care to the people of Hawaii.

Our Vision

A healthy Hawaii where every resident of every age has convenient access to appropriate, affordable, high quality care, and where health care providers are reimbursed adequately to deliver that care.

As the unifying voice of Hawaii’s health care providers and an authoritative and respected leader in shaping health care policy in Hawaii, HAH works with committed partners and stakeholders to lead the movement toward achieving an equitable, sustainable Hawaii health care system driven to improve quality, efficiency and effectiveness for the patients and communities who entrust their care to us.
PRESIDENT’S MESSAGE

This has been a tremendous year for groundbreaking solutions for health care in Hawaii. With the implementation of the Patient Protection and Affordable Care Act underway and the projected decline in federal reimbursement for health care across the spectrum, it was vital for the health care industry in Hawaii to make plans for a sustainable future.

In large part due to the economic recession, enrollment in QUEST, Hawaii’s state Medicaid program, increased by 46% from June 2007 to July 2012, and now covers one in five Hawaii residents. Unfortunately, the cost to provide access to care for these individuals has left the state with insufficient resources to increase payments to health care providers. As a result, reimbursement for Medicaid services to Hawaii hospitals average only 70 percent of costs, leaving hospitals with a large financial shortfall. In fiscal year 2011 alone, we estimate that private and public hospitals lost a combined $126 million when serving the Medicaid and uninsured populations.

These losses were a contributing factor in the closure of Hawaii Medical Centers East and West, which were forced to shutter their doors in December 2011. HAH and its member organizations pulled together to mitigate the impacts of the closure. HAH Emergency Services worked with Honolulu and state EMS to coordinate the distribution of affected patients. The immediate needs of all patients at HMC facilities were met by skilled nursing facilities, care homes, and hospitals. The Emergency Management Committee has been working closely together to address the ongoing strain to remaining emergency departments.

At the end of the fiscal year, HAH celebrated the passage of landmark legislation that will bring $38 million in new federal funds to help hospitals and nursing facilities cover the costs associated with caring for our Medicaid and uninsured populations. Acts 156 and 217, the Nursing Facility and Hospital Sustainability Programs, are designed to draw down federal matching Medicaid funds to improve reimbursements that would maintain access to care for this population. No state funds and no taxpayer dollars will be used. Instead, the legislation raises funds from private facilities; an effort by HAH and its member facilities to proactively and voluntarily bring in more federal funds to needed programs.

These programs were implemented through the support and collaborative efforts of the Hawaii State Legislature, the Governor’s Office, and the Department of Human Services. These programs’ existence will support Hawaii hospitals and nursing facilities to continue delivering quality services to Hawaii’s most vulnerable populations. The failure to act could have led to additional facility closures.

HAH is proud to have been a lead stakeholder in the crafting and passage of this legislation and looks forward to engaging in additional public-private partnerships to improve the quality of care throughout the state.

As we look towards the coming year, we are excited about the opportunity to be the unifying voice for health care providers, to work together for sustained growth and change in the industry. Together, we can improve the health and care of all people of Hawaii.

Sincerely,

GEORGE W. GREENE, Esq.
President & CEO, Healthcare Association of Hawaii
HAH represents its membership by supporting legislation at the state and federal levels that is in the collective interests of its members and their patients, residents, and clients. In addition to advocating for legislation, HAH works to ensure that laws and regulations provide a reasonable and equitable environment in which health care organizations can provide affordable, high quality health care.

### Legislative Action 2012

**Act 217 Hospital Sustainability Bill**

- Brings in $21.5 million in new federal funding for private hospitals.
- Public hospitals will retain CPEs, which will generate approximately $17.5 million in federal funds.
- Allocation to State of 7% provides $2.8 million to the State (doubled to $5.6 million with federal match if used for Medicaid services).
- From the 7%, $800,000 must be used for Medicaid covered services to benefit public and private hospitals.
- Medicaid reimbursements will move from covering 70% of costs to 83%.

**15 bills from HAH’s legislative package passed the Legislature in 2012**

- **Hospital Sustainability (Act 217) & Nursing Facility Sustainability (Act 156)** Created programs to improve low Medicaid payments to hospitals and long term care facilities, thereby bringing these payments closer to the actual costs of care, by drawing down federal funds without using State general funds or increasing taxes on Hawaii residents (see highlights for more details).
- **Bone Marrow Transplant (Act 274)** $500,000 grant to support a bone marrow transplant center.
- **Center for Nursing Funding (Act 53)** Continues the use of a surcharge on the nurse licensing fee to fund the operations of the Center for Nursing.
- **Kupuna Care (Act 238)** Appropriated $4.2 million for affordable, quality home- and community-based services that will enable disabled elderly people to remain living in their homes.
- **Aging and Disability Resource Centers (Act 237)** Appropriated $1.4 million to establish a website that may be used by people of all ages, incomes, and disabilities to access the myriad of long-term services offered by government and private agencies throughout the state.
- **Emergency Services Appropriation, Leeward Oahu (Act 268)** Appropriated $1 million to support emergency services for Leeward Oahu, which have been affected by the closure of Hawaii Medical Centers.
- **Health Care Licensing Consolidation (Act 93)** Transfers the licensing of community care foster family homes, home- and community-based case management, and adult day care from the Department of Human Services to the Department of Health.

- Restoring budget cuts
- Increasing federal funds
- Stopping price controls
- Appropriating funds
- Streamlining accreditation
**Act 156**  
**Nursing Facility Sustainability Bill**

Secures $9.5 million in additional federal funds for private nursing facilities.

Allocates 12% ($1.4 million plus $1.4 million federal matching funds) to DHS to support restoration of the 3% reimbursement cut implemented in 2011.

Brings Medicaid reimbursement for nursing facilities from losing $10 per patient per day to roughly covering costs.

**Health Information Law (Act 315)** Stipulates that organizations are deemed to comply with State health information law when they comply with the federal Health Insurance Portability and Accountability Act (HIPAA).

**Hospital Inspections (Act 273)** Authorizes the Department of Health to determine that hospitals that are accredited by the Joint Commission are deemed to comply with State hospital inspection requirements for the three years of the accreditation.

**Medicaid Emergency Appropriation (Act 31)** Appropriated $11.9 million for Medicaid for FY 2011-12 to replace funds that were removed by the Governor to fund other activities of State government.

**Organ Transplant Appropriation (Act 1)** Appropriated $300,000 for an organ transplant center.

**Special Purpose Revenue Bond for Queen’s (Act 228)** Created a tax incentive to purchase bonds to fund the construction of facilities by the Queen’s Medical Center.

**Special Purpose Revenue Bond for St. Francis (Act 227)** Created a tax incentive to purchase bonds to fund the construction of facilities by St. Francis Healthcare System.

**Trauma System Special Fund (Act 276)** Clarifies that the Trauma System Special Fund may expend money for injury prevention, which is part of a comprehensive trauma system.

**Bill with Adverse Effect Stopped**

**Meal Breaks (HB 1699)** Requires employers to give employees a meal break after five hours of work [regardless of circumstances such as surgery or medical emergency in process].

---

**Shaping National Policy**

HAH secured co-sponsorship by all four members of Hawaii’s Congressional Delegation for important hospice and home health legislation.

The Hospice Evaluation and Legitimate Payment (HELP) Act (S.722/H.R.3506) would change existing Medicare hospice policy by testing and ensuring an appropriate transition to the new hospice payment system; refining the hospice face-to-face encounter requirements; and requiring surveys of hospice programs every three years.

**The Home Health Care Planning**

Improvement Act (S.227/H.R2267) is intended to allow nurse practitioners, clinical nurse specialists, certified nurse midwives, and physician assistants to sign home health plans of care.

Hawaii is the first, if not only, state in the nation to have its full delegation co-sponsoring both bills!

**Advocating for Hawaii’s best interests:**

- Federal support for COFA migrants living in Hawaii
- Continued DSH payments
- Reauthorization of the Pandemic and All-Hazards Preservation Act
- Passage of the Medical Surge Capacity Act
- Transfer of unused Medicare GME slots to Hawaii
- Opposing cuts to Medicare and Medicaid
- Increasing Medicare and Medicaid reimbursement for Hawaii
- Children’s hospital GME funding
- Rural hospital reasonable cost reimbursement for lab services
- Payment adjustment for low-volume hospitals
- Area wage index
- Health reform implementation
- Workforce issues
HAH takes a leadership role in improving quality throughout the state by leveraging federal grant funding with collaborative opportunities. During the past year, we initiated two best-practice quality programs.

The HAH-led Hawaii Affinity Team collaborates with Premier, which is one of only 26 Hospital Engagement Networks (HEN) across the country selected for CMS Innovation Center’s Partnership for Partnership for Patients initiative. Highlights of this funded initiative include:

- $180,000/year for up to three years towards quality improvement for providers in the state
- Hiring of a dedicated Hawaii Clinical Improvement Advisor to work with each hospital to reduce avoidable hospital readmissions and harms.
- Collaboration with the Hawaii Health Information Corporation (HHIC) and Premier on developing electronic data submission to avoid duplication of reporting

HAH also received a $70,000 grant in 2012 from the Agency for Healthcare Research and Quality (AHRQ) and the Health Research Education Trust (HRET) to work on reducing healthcare associated patient harms.

### Quality

**Goals of the Hawaii Affinity Team**

- Reduce patient harm by 40% by 2013
- Reduce avoidable readmissions by 20%
HAH Emergency Services provides emergency preparedness and operations management services to over 115 health care coalition members throughout the State of Hawaii including hospitals, nursing homes, assisted living facilities, home care and hospice, air and ground ambulance, blood banks and clinical laboratories.

- One of 3 federally recognized healthcare coalitions (along with Indianapolis and DC), basis for 2012 federal guidance.

HAH Emergency Services is a Model for the Nation

HAH offered more than 22 free or reduced-rate educational opportunities for members in the 2011-12 fiscal year. Education topics offered locally included accountable care organizations, health reform, grant funding opportunities, value-based purchasing, health insurance exchanges, and transitions of care. HAH also shared best practice webinars through its national affiliates AHA, AHCA and NAHC.

HAH hosted 85 people at a one-day Medicaid Stakeholder’s Healthcare Summit in October. The purpose of the Summit was to take a step toward developing a sustainable Medicaid program that is coordinated with the requirements of the Affordable Care Act. Participants included representatives of the State Administration, insurers, providers, and community advocates.

Quality education included hosting a regional Partnership for Patients Conference, hosting a Catheter-Cited by Rand as best practice
- Services has been recognized as a top-performer and model program by the United States Department of Health and Human Services
- HAH Emergency Services Director sat on national expert panel to redesign Hospital Preparedness Program
The Emergency Services program runs on a calendar fiscal year, and has a separate annual report.

HAH hosted a 2-day workshop on hospital accreditation from Joint Commission Resources, and a special 1/2 day workshop by the executive director of state and external relations for The Joint Commission Mark A. Crafton, MT(ASCP), MPA.

HAH’s quality director presented at several local and national conferences, including the Quality Improvement Organization (QIO) Conference and Long Term Care Educational Conference.

Associated Urinary Tract Infections (CAUTI) Conference, and bringing in national experts for sessions with health care CEOs. Additionally, HAH’s quality director presented at several local and national conferences, including the Quality Improvement Organization (QIO) Conference and Long Term Care Educational Conference.
INCOME

- Emergency Services Contract Support: $613,934
- Projects: $112,080
- Grants & Contracts: $126,964
- Sponsorships: $6,255
- Other: $35,187
- Member dues: $1,728,521

EXPENSES

- Emergency Services Contract Support: $652,529
- Association Management: $527,017
- Representation & Advocacy: $479,540
- Communications: $442,884
- Education & Research: $521,305
- Other: $35,187

MEMBERSHIP: RETURN ON INVESTMENT

HAH leveraged more than **$58 million** in direct monetary benefit for members this year.

- **$250,000** statewide quality improvement - Partnership for Patients and HRET grant to reduce CAUTI
- **$6.4 million** restoration of 2011’s 3% cut to skilled nursing facilities
- **$31 million** in new federal funds through the Nursing Facility and Hospital Sustainability Programs
- **$17.5 million** re-directed State funds to offset reductions in general fund appropriations to public hospitals
- **$400,000** elimination of duplicate accreditation costs
- **$3 million** saved costs from lack of enforced meal breaks
Move to New Offices

HAH outgrew its offices on Ward Avenue after more than 20 years. To accommodate growing member services, HAH moved to a larger office space in downtown Honolulu during the holidays. The new office at 707 Richards Street is within walking distance to the legislature and has two meeting rooms for the busy schedule of member meetings.

707 Richards St, PH2
Honolulu, HI 96813
(808) 521-8961

Board of Directors

Chair: EMILIE SMITH, RN, BSN, MBA, CareResource Hawaii
Chair-Elect: STAN BERRY, MPH, FACHE, Shriners Hospitals for Children-Honolulu
Secretary/Treasurer: STAN BERRY, Shriners Hospitals for Children-Honolulu
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CORINNE SUZUKA, RN, BSN, MA, (HCH Leadership Vice Chair), St. Francis Home Care
ARTHUR A. USHIJIMA, The Queen’s Medical Center
RAYMOND P. VARA, Jr. (AHA RPB 9 Delegate), Hawaii Pacific Health
KENNETH ZERI, RN, MS, NHA, (HCH Leadership Chair), Hospice Hawaii
Leveraged National Resources

Members

ACUTE CARE FACILITIES and HOSPITAL-BASED LONG TERM CARE

Castle Medical Center
Hale Ho’ola Hamakua
Hawaii Medical Center - East
Hawaii Medical Center - West
Hawaii State Hospital
Hilo Medical Center
Kahi Mohala
Kahuku Medical Center
Kaiser Permanente Medical Center
Kapiolani Medical Center for Women & Children
Ka‘u Hospital
Kauai Veterans Memorial Hospital
Kohala Hospital
Kona Community Hospital

Kuakini Medical Center
Kula Hospital
Lanai Community Hospital
Leahi Hospital
Maui Memorial Medical Center
Molokai General Hospital
North Hawaii Community Hospital
Pali Momi Medical Center
Rehabilitation Hospital of the Pacific
Samuel Mahelona Memorial Hospital
Shriners Hospital for Children - Honolulu
Straub Clinic & Hospital
The Queen’s Medical Center
Wahiawa General Hospital
Wilcox Medical Center
### FREE-STANDING LONG TERM CARE FACILITIES

<table>
<thead>
<tr>
<th>Facility Name</th>
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<tr>
<td>Ann Pearl Nursing Facility</td>
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<tr>
<td>Crawford’s Convalescent Home</td>
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<td>Hale Anuenue Restorative Care Center</td>
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<td>Hale Makua - Kahului</td>
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<td>Hale Makua - Wailuku</td>
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<td>Lilia Healthcare Center</td>
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<td>Nuanamu Hale</td>
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<tr>
<td>Oahu Care Facility</td>
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<td>Pearl City Nursing Home</td>
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<tr>
<td>VA Center for Aging (Community Living Center)</td>
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### HOME CARE, HOSPICE, DURABLE MEDICAL EQUIPMENT, HOME INFUSION and PHARMACY

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<td>Wilson Homecare</td>
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# ASSOCIATE

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<td>American Organization of Nurse Executives – Hawaii Chapter</td>
<td>Last Minute CPR &amp; First Aid</td>
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<td>American Savings Bank</td>
<td>Legacy of Life Hawaii</td>
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<td>AON Risk Services, Inc. of Hawaii Architects Hawaii Ltd.</td>
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<td>Wealth Strategy Partners, LLC</td>
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# PERSONAL

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<tr>
<th>Frances Becker</th>
<th>Rick Jackson</th>
<th>Barbara Ornellas</th>
<th>Lenora Springer</th>
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<tr>
<td>John Farias</td>
<td>Pat Lambrecht</td>
<td>Frances Spohn</td>
<td>Frank Vitale</td>
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<tr>
<td>Shelley Hee</td>
<td>Kaimi Maka</td>
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# EMERITUS

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<tr>
<th>Will Henderson</th>
<th>Rich Meiers</th>
<th>Rose Ann Poyzer</th>
<th>Herb Yam</th>
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# AFFILIATE

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<tr>
<th>American Medical Response</th>
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<td>Hawaii Pacific University College of Nursing</td>
<td>University of Hawaii at Manoa School of Medicine (JABSOM)</td>
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<td>Priority 1 Air Rescue</td>
<td>University of Hawaii at Manoa School of Nursing &amp; Dental Hygiene</td>
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<td>University of Hawaii - West Oahu</td>
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<td></td>
<td>University of Phoenix, Hawaii Campus</td>
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<td>Veterans Affairs, Spark M. Matsunaga</td>
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</tbody>
</table>
EXECUTIVE STAFF

George W. Greene, Esq.,
President and CEO

Rachael Wong, DrPH
Vice President & COO

STAFF

Francine Brakling, MBA
Communications & Special Events Coordinator

Leslie T. Ho
Special Assistant to the President & CEO

Gail Coleman
Administrative Assistant

John Kawamoto
Director, Legislation and Research

Darilyn Cristobal
Executive Assistant to the VP & COO

Christine O’Connell, RN
Hawaii Clinical Improvement Coach

Adria Estribou, MA
Manager, Communications

Jamie K. Velasco
Receptionist and Office Coordinator

Gina Hall
Staff Accountant

Paul Young, MBA
Director of Public Policy and Reimbursement

Bess E. Hayashi
Chief Financial Officer

Dr. Susan Young, DHA, MSA, RN
Director of Quality and Regulatory Affairs

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Director

Michael F. Yamamoto, MICT
Manager, Response Logistics

William Richter, RN
Manager, Clinical Services

Aiko Holmberg
Program Coordinator
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