Vision 2015
Shaping the Healthcare Association of Hawaii Future
May 2011
Dear Colleague:

Over the past several months the Healthcare Association of Hawaii (HAH) has engaged in a wide-ranging strategic planning process that has involved the entire HAH membership. We have undertaken a comprehensive examination of issues and factors shaping our strategic future, assessed member and stakeholder viewpoints and ideas in a broad range of areas, and developed strategies and performance objectives for helping to ensure the success of each of our members in advancing their missions and visions.

*Shaping the Healthcare Association of Hawaii Future* is a member-driven roadmap for delivering service and high value in the areas most vital to our members’ success. Providing maximum relevance and value to our members is our number one priority.

While the needs of the association’s members are highly diverse, there is a need by all for a forceful advocate with power, credibility and the ability to represent the interests of our members and the Hawaii citizens whose health care needs they seek to meet with quality, service excellence and cost-effectiveness. While acknowledging differences in issues, needs and expectations among our members, we all benefit from having a respected, forceful, results-driven association that represents our interests as well as the people who rely on us for high-quality, affordable health care services.

As we face health care’s many challenges in the coming years, HAH will be successful as we move forward with a mission, vision and strategies that work together to ensure a healthy Hawaii health care future.

Thanks to your commitment and involvement we will continue to strengthen our position as your leader for driving positive change for your organization and the people you serve.

Sincerely,

George W. Greene, Esq.
President and CEO
Healthcare Association of Hawaii

Kevin A. Roberts, Chair
President and CEO
Castle Medical Center

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President and CEO
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The magnitude of the challenges facing Hawaii’s health care providers requires that the Healthcare Association of Hawaii (HAH) be a strong and effective advocate at many levels for its membership. Continuing success will require unity, consensus, strong executive and member leadership, and an ability to prioritize the most important, value-added activities on behalf of our members.

As the national and local health care landscape continues to take shape, HAH will be well-positioned to assist its members to be successful in what will continue to be a dynamic and uncertain environment. The association will constantly strive to understand the critical needs of its members, anticipate the changes that will take place in the health care environment, shape meaningful responses to those changes, and strengthen its capability to be a forceful advocate for its members. HAH’s comprehensive, member-driven strategic planning process positions the association to provide the strong and effective leadership that will be required to help empower members’ capacity to adapt and succeed in the coming years.

The primary challenge facing HAH is to ensure maximum relevance and value to a membership comprised of organizations with varying needs and issues. HAH must serve as a forum where potentially conflicting interests can be mediated, and where consensus can be sought. HAH must be a facilitator of member collaboration that will prevent fragmentation in association activities, especially advocacy efforts. And the association must build a consolidated, unified effort to address critical health policy issues.

HAH’s strategic plan is a member-driven “roadmap” to help build public trust in Hawaii’s health care providers, improve quality and patient safety, strengthen and grow the ranks of the health care professionals who serve patients and consumers, build members’ financial capacity to achieve their respective missions and visions, and strengthen the association’s capacity to meet members’ needs today and into the future.

This strategic plan was developed with the assistance of The Walker Company Healthcare Consulting, LLC, an Oregon-based healthcare association and provider consulting firm.
National Trends Shaping the Hawaii Health Care Future

The passage of health care reform has left many health care organizations, businesses, payers and individuals with more questions than answers. And the impact on the implementation of health care reform resulting from the November 2010 election has not yet been fully determined.

The problems and challenges associated with America’s health care system have been the focus of the health care reform debate for years. Individuals forced to choose between paying for health care and paying other living expenses are often used as examples of the nation’s health care problems. In pressing for reform, President Obama’s commitment has been “to control rising health care costs, guarantee choice of doctor, and assure high-quality, affordable health care,” a reflection of frequently cited problems with the nation’s health care system: unchecked costs, access and quality.

Will Reform Do What It Should?
The most significant social legislation enacted since Medicare in the mid 1960s, it remains to be seen if reform will achieve what the Obama Administration set out to accomplish:

- Reduce the long-term growth of health care costs for businesses and government;
- Protect families from bankruptcy or overburdening debt because of health care costs;
- Guarantee choice of doctors and health plans;
- Invest in prevention and wellness;
- Improve patient safety and quality of care;
- Assure affordable, quality health coverage for all Americans;
- Maintain coverage despite job change or job loss; and
- End barriers to coverage for people with pre-existing medical conditions.

On the following pages is a high-level overview of some of the key components included in the reform package.

What the November 2010 Election Means to Health Care Reform
The Patient Protection and Affordable Care Act (ACA) will change the future of health care in America, and reshape the way hospital leaders think about health care moving forward. The ACA has stimulated many questions for health care providers and patients as they wait to see how the various components are codified and implemented. Just as some leaders and experts are beginning to grasp the details of the ACA, the November mid-term election has raised new questions.

With a significant shift in power in the House of Representatives, some speculate that this shift in control will result in health care reform being overturned, while others expect little or no change from health care reform’s current path.

Highlights...

- Will reform do what it should?
- What the November 2010 election means to health care reform
- Despite the challenges, change is on the way
- A paradigm shift: You’ll get paid if you can prove you’ve earned it
- New ways to be paid
- Reining in costs and improving quality through coordination
- More prevention, less treatment
- Not-for-profit hospital status under scrutiny
- Provider shortages: Creativity will be essential
- Administrative simplification is critical
- Increased scrutiny of fraud and abuse
- Be prepared to do all this with less
- Becoming extraordinary leaders of change and reform
Opinions Differ on What the Election Really Means. There is general agreement that Americans showed their dissatisfaction with the nation’s leadership when they voted in November, with Republicans winning more than 60 seats and drastically changing the make-up of the House. What to make of those results, however, is still open for interpretation. Republicans announced that the election was a demonstration of Americans’ desire to drastically change or completely overturn health care reform, but not all experts agree. Votes may have been targeting other issues as well, primarily dissatisfaction with America’s economy.

Exit polls confirmed this - when voters were asked which issue is the most important one facing the country, 62% said the economy, 18% said health care, 8% said the war in Afghanistan and 8% said illegal immigration. But when asked specifically about health care, the American people were divided in their opinions about health care reform. In the same exit polls, 48% would like reform to be repealed, 31% thought it should be expanded, and 16% would like to leave it as is.

Republicans’ Commitment to Overturn the Act. Despite the general public’s divergent viewpoints on health care reform, the Republican party and the Speaker of the House, John Boehner of Ohio, have taken a strong stance against the ACA. In the Republican party’s September “Pledge to America,” the party committed to repealing the law, stating that “because the new health care law kills jobs, raises taxes, and increases the cost of health care, we will immediately take action to repeal this law.”

Similarly, after the results of the mid-term election were revealed, Boehner said that “The health care bill that was enacted by the current Congress will kill jobs in America, ruin the best health care system in the world, and bankrupt our country... that means that we have to do everything we can to try to repeal this bill and replace it with common sense reforms that will bring down the cost of health insurance.”

Public Sentiment Has Shifted in Following the Election. In a shift from initial election exit polls, a survey conducted at the end of November showed that 51% of registered voters want to keep or expand current health care reform, while 44% want to change it to do less or repeal it altogether. When asked about specific components of the law, the results unsurprisingly reveal that some well-known benefits are popular, including barring insurers from denying coverage for pre-existing conditions, allowing young adults to remain on their parent’s insurance policies until age 26, and the closing of the Medicare prescription drug coverage “donut hole.” At the same time, Americans are not in favor of the mandate to purchase insurance, with 65% calling it unconstitutional. The mixed results highlight an already divided country, and signal that the Republican-favored election results don’t necessarily mean Republicans have full public support for overturning reform.

Legal Challenges Already Underway. Health reform is under scrutiny in the courts as well. Although the court decisions are not directly influenced by the election, the make-up of federal courts and ultimately the Supreme Court is likely to significantly impact the final court ruling.

The lawsuits question the requirement that most Americans obtain medical coverage, arguing that Congress was overstepping its bounds in requiring Americans to purchase a commercial product like health insurance. Several federal district courts have determined that the law is constitutional or have dismissed complaints on procedural grounds. In December 2010, the first

Medicare market basket reductions began in 2010, but potential revenue benefits (less bad debt, charity care) from an increased number of insured patients won’t happen until 2014.

Many reform provisions are geared to shift payment structures away from traditional fee-for-services. New payment and delivery structures are being tried and include bundled payments and accountable care organizations (ACOs).
federal judge ruled against the law, finding that the individual mandate to purchase health insurance or pay a fine is unconstitutional. The judge ruled only against the individual mandate, and did not grant petitioners’ request for an immediate injunction against the entire law.

As of January 2011, 26 states have filed lawsuits challenging the ACA. Regardless of the outcome of the states’ legal challenges, experts agree that the Supreme Court will eventually decide the legality of the Act. As Obama officials have pointed out, the individual mandate does not go into effect until 2014, meaning the December court ruling does not have an impact on current implementation of the law and allows for plenty of time to be appealed.

**What Will the New Congress Do?** In their September “Pledge to America,” House Republicans vowed to “repeal and replace the government takeover of health care with common sense solutions focused on lower costs and protecting American jobs.” They have also discussed proposing to enact elements they believe should have been included in the original law, including medical liability reform, the option of purchasing health insurance across state borders, and the expansion of health savings accounts.

Despite their pledges, most political experts agree that a complete repeal is unlikely. What may be more likely is some small changes to the existing law, and the use of various stalling techniques, with an end goal of affecting the 2012 elections.

**Small Changes to the Existing Law.** If repeal attempts fail (as is predicted by most political experts), many expect Republicans to take individual controversial components of the law to the floor for stand-alone votes. For example, the requirement that businesses file a 1099 form with the IRS every time they spend more than $600 with a new vendor has been unpopular with many businesses. President Obama has stated that he is willing to work with the Republicans to make some minor changes to the law, and this is likely one of the components both parties will be able to agree on.

**Potential Stalling Tactics.** In a letter to his Republican colleagues in his campaign for majority leader, Rep. Eric Cantor (R-VA) said “If all of ObamaCare cannot be immediately repealed, then it is my intention to begin repealing it piece by piece, blocking funding for its implementation, and blocking the issuance of the regulations necessary to implement it.” There are multiple opportunities for Republicans to delay the law. For example, Rep. Darrell Issa (R-CA), the incoming chairman of the House Oversight and Government Reform Committee, can provide “extensive oversight,” holding hearings and making it difficult for reform to be implemented. Similarly, Republicans can delay or prevent funding using annual spending bills, holding up funding for agencies with responsibilities under the reform Act, or preventing funding for certain reform-related activities. Many believe that Republicans will try to stall until 2012, in hopes that a Republican president will take office and either repeal or drastically change the legislation.

**The Bottom Line.** While there is much talk about repealing and replacing health care reform, experts agree on these facts: 1) Republicans have a big majority in the House; 2) The Democrats control the Senate; and 3) President Obama made health care reform his top priority in his first two years in office and is sure to use his veto power on any major changes that come across his desk. In addition, there is not widespread public support against reform, and many Americans like certain portions of the law. In addition, as more components of reform go into effect and we move further down the road on
implementation, the harder it may be to repeal the Act in its entirety.

For now, health care leaders can continue operating under the basic assumption that health care reform is here to stay, although how funding is assigned and how certain segments of the law are overseen and codified may change from what was anticipated just a few months ago. Health care leaders should also be prepared for a stalemate - there may be no change in the way the ACA is implemented for the next two years until the next election in 2012.

Regardless of whether the ACA is overturned, picked apart, stalled by the new Congress, found to be unconstitutional in the courts, or is left as it is, experts agree that the general direction of health care captured in reform is a permanent trend. America’s health system will move away from its current fragmented fee-for-service structure toward collaborative care delivery and value-based thinking, focusing on quality, cost-containment, and coordinated delivery is here to stay.

A Paradigm Shift: You’ll Get Paid if You Can Prove You’ve Earned It

Health care providers have primarily been reimbursed for the services they provide, regardless of the outcomes of the treatment; but that is changing. Rather than payment based on the number of services provided, the government, private payers and businesses want to know that the services they are paying for are resulting in a positive outcome – better health, a decrease in additional services needed in the longer-term, improved quality of life, increased productivity or some other measure of impact. Those who pay for health care services want to be sure that what they pay for makes a qualitative difference.

Measuring performance and providing financial incentives for improvement have been present in health care for some time, but many reform provisions are centered on one critical aspect: controlling costs while maintaining or improving the quality of care provided.

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Health care reform has significant implications on this cost and quality equation, from pay-for-performance and value-based purchasing to new care models such as patient-centered medical homes and accountable care organizations (ACOs).

New Ways to be Paid

One of the most frequent criticisms of the nation’s health system is its fragmented, fee-for-service structure. Critics argue that this structure encourages providing a greater volume of services over focusing on services that provide superior quality and outcomes and/or reduce of costs.

In order to drive value, defined by quality outcomes and cost efficiency, significant attention is being paid to expanding the “bundled payment” concept. This means a shift from payment for a component of care, such as inpatient care or rehabilitation, to payment for episodes of care that span multiple providers and facilities over a period of time.

The ACA furthers the concept by establishing a pilot program for bundled payment to be developed by HHS by January 2013. Designed to integrate care in order to improve coordination, quality and efficiency of services, the services rendered for an episode of care may include acute care inpatient services, inpatient and outpatient physician services, outpatient hospital services (including the emergency department), and post-acute care services (including home health, skilled nursing, inpatient rehabilitation and inpatient hospital services by a long-term care hospital).

The incentive of the bundled payment is to provide the right care and avoid the unnecessary duplication of services. Success under the bundled payment...
structure is highly dependent on shared information and data, making interoperable electronic health records a critical success factor for participating physicians, hospitals and other providers.

Perhaps most critically, success will require hospital and medical staff alignment. Alignment between hospitals and their medical staffs ensures strong collaboration, and encourages empowered, interdependent and trustful interaction between the two groups. Nurturing a trust-based hospital/medical staff relationship will help to ensure the hospital’s ability to respond most effectively to reform issues and challenges.

Bundled payment may also present new opportunities. For example, information technology and electronic medical record systems will need the ability to communicate with other local health care organizations to ensure the right care is provided, billing information is documented, and accurate payments are made. Strengthening these organizational partnerships will enhance communication to improve patient care, prevent duplication, and strengthen relationships.

Reining in Costs and Improving Quality through Coordination

A recent Commonwealth Fund study conducted by Harris Interactive asked patients about their recent care experiences, views of the U.S. health care system, and ways to improve patient care. Most respondents (eight in ten) said they think the health care system needs to be fundamentally changed or completely rebuilt. The most important things patients said they wanted include:

- More coordinated care, with one place or doctor responsible for their care;
- Easy access to medical records for both patients and providers; and
- Information about the quality and cost of care.

The ACA strives to address these consumer demands while simultaneously reducing costs and improving quality, with patient-centered medical homes and accountable care organizations being recognized as emerging delivery systems that meet both individual patient desires and the need for wide-spread systemic changes.

The ACA includes payment changes that encourage coordination of care and adherence to stricter quality standards, including stopping payments for certain Hospital Acquired Conditions (HACs) and reducing Medicare payments to hospitals with “excessive” or preventable readmissions. In addition, it includes provisions that encourage the development of new and innovative models of care, such as “shared savings programs” (also known as accountable care organizations), among others.

More Prevention, Less Treatment

As the prevalence of lifestyle-related chronic diseases such as heart disease and diabetes increases and the costs of health care continue to rise, steps to improve the nation’s health must be taken. To address the need for wellness and prevention, the ACA establishes a National Prevention, Health Promotion and Public Health Council. The Council is charged with developing a strategy for improving the health of Americans and reducing preventable illness and disability. The provision is accompanied by the creation of a Prevention and Public Health Fund to pay for prevention and public health programs.

The ACA also includes multiple preventive and wellness provisions for Medicare and Medicaid programs, schools, employers and others. Chain restaurants will be required to provide nutritional labeling, and a demonstration project is included.
for individualized wellness plans. These provisions contribute to efforts on multiple fronts aimed at improving the overall health of the nation’s communities.

Of particular interest to not-for-profit hospitals should be the section of the ACA entitled “Creating Healthier Communities.” The section includes grants for “community transformation” and grants for five-year pilot programs for “healthy aging, living well.” It also includes direction for CMS and the Administration on Aging to evaluate community-based prevention and wellness programs and determine their potential to help improve the health of Medicare beneficiaries, with subsequent recommendations to Congress.

Not-for-Profit Hospital Status Under Scrutiny

The IRS, policymakers and others hold not-for-profit hospitals accountable for providing charity care and community benefit in exchange for their tax-exempt status. In the past decade hospital billing and collections practices have been criticized on multiple fronts. In addition, failure to inform and assist eligible patients with access to charity care and other financial assistance has been viewed by many as hospitals’ failure to fulfill their community benefit obligations.

Under the ACA, not-for-profit hospitals face a variety of new requirements, including conducting a community health needs assessment every three years and taking action based on the findings.

The ACA also includes stricter guidelines for hospitals’ financial assistance policies, how patients apply for financial assistance, and how hospitals determine charges for uninsured patients. Hospitals must also have an Emergency Medical Care policy that describes how they will provide emergency care regardless of patients’ eligibility for financial assistance.

The IRS has detailed plans to track hospitals’ compliance with these new guidelines, and may impose a $50,000 fine for hospitals that are not in compliance.

These new requirements, combined with the review process and fines to enforce them, are about more than hospitals’ tax status. The deeper implication is the need for hospitals to have a greater understanding of their community needs, and to connect those needs to their strategic plans.

Provider Shortages: Creativity will be Essential

At its core, health care is about the relationship between a patient and a care provider, a physician, nurse, pharmacist or other health professional. These relationships make the workforce an essential component of an effective health care system. If predictions hold true and workforce shortages become more prevalent at a time when health care demand increases due to a sharp increase in the number of insured, preparing for workforce and physician shortages will be more critical than ever.

With new emphasis by the ACA on medical homes and expanded coverage for millions of Americans, concern has been expressed about the stress it will place on primary care physicians, and the implications for emergency departments and health care delivery systems. At the same time, some project a somewhat more optimistic picture of the future, one in which the teamwork of the patient-centered medical home, ACOs and expanded scopes of practice for other health care professionals may relieve some of the pressure on primary care providers.
Health care providers must be creative with their existing resources, and make the most of the new opportunities presented in health care reform to best respond to the impending workforce shortages.

**Administrative Simplification is Critical**

Providers have been under increasing pressure to curb rising health care costs and do more with less. The opportunities to simplify and standardize common areas of administrative interface between entities are complex and not easily accomplished, but they promise a significant financial yield well worth the effort it will take.

According to the American Hospital Association (AHA), approximately one quarter of total hospital spending goes toward administrative requirements, with physicians’ offices spending a slightly higher percentage of their revenue on administrative costs. Others have estimated that administrative simplification may deliver an estimated $7 billion a year in net savings.

The ACA addresses many of the efficiency issues raised by hospitals and providers, including standard operating rules for insurance eligibility verification, provision of claims information, electronic funds transfer, and standards for prior authorization. The ACA also requires three-year reviews to uncover new areas of operations that may benefit from standardization and simplification.

**Increased Scrutiny of Fraud and Abuse**

Early in his presidency, President Obama identified three categories of action for reducing improper government payments: 1) increased transparency, 2) agency accountability, and 3) compliance incentives. These efforts were reiterated in March 2010 when the President announced new efforts to control fraud and waste in the government system through payment recapture audits.

As a result, providers and suppliers can expect increased screening if they want to participate in Medicare or Medicaid programs, along with tougher oversight and bigger penalties if they commit fraud.

The ACA expanded the existing Recovery Audit Contractor program to include Medicare Parts C and D and Medicaid at the end of 2010. Recovery Audit Contractors are contracted with CMS to identify improper Medicaid payments. The ACA gives contractors the latitude to conduct medical claims reviews prior to issuing payment.

The ACA also clarifies that providers must report and return overpayments within 60 days of discovering the overpayment. What’s most significant is a new provision making failure to report overpayments a false claim subject to monetary fines; the requirement went into effect immediately upon passage of the ACA.

In an effort to increase accountability and compliance, the ACA also includes provisions for increased transparency of information on a number of issues, including physician ownership or investment interests, prescription drug sample transparency, pharmacy benefit manager information and nursing home ownership and interest information.

The tougher stance against fraud is backed by significantly more resources, with the ACA increasing funding for the Health Care Fraud and Abuse Control Fund by $350 million through FY 2020, with $250 million of that to be spent in the first five years. The investment is expected to pay off; in fiscal year 2009, over $2.5 billion in Medicare payments and $441 million in Medicaid payments were recovered as a result of the government’s fraud efforts.

Providers and suppliers can expect increased screening if they want to participate in Medicare or Medicaid programs, along with tougher oversight and bigger penalties if they commit fraud.
In addition to this tougher stance on fraud, compliance plans will also come under increased scrutiny. Over the past ten to 15 years, the Office of the Inspector General (OIG) and CMS have issued and supported guidelines for provider compliance programs; however, the ACA will move these guidelines from being “model guidelines” or “strongly recommended suggestions” to requirements.

The ACA leaves the details of compliance largely unspecified. The Secretary, in consultation with the OIG, will determine what elements must be included in the compliance plans, the timeline for implementations and which providers and suppliers will be affected.

**Be Prepared to Do All This with Less**

The Congressional Budget Office (CBO) projects a $500 billion reduction in Medicare spending through reform efforts. Beginning in 2010, annual Medicare market basket updates for hospitals will be reduced, ultimately representing a $157 billion decrease. From 2014-2019, another $14 billion reduction will be realized, with a 75 percent reduction in payments to Medicare Disproportionate Share Hospitals (DSH). To prevent excessive Medicare spending, yet to ensure the delivery of high quality care, the Medicare Independent Payment Advisory Board was authorized by the ACA and tasked with making necessary recommendations to control costs.

Hospitals may experience other revenue reductions if they fail to prevent hospital readmissions or have a high incidence of hospital-acquired conditions. To help drive cost-containment, efficiency measures will be added in FY2014.

In addition, many predict that the negotiations with insurers and health care providers will become even tougher as insurers respond to the changes, limits and pressures reform will require from them.

The question yet to be answered is whether an increased number of insured patients (if the insurance mandate remains) will decrease bad debt and the need for charity care enough to compensate for lower government reimbursement. Another question is whether the $695 fine for not having insurance coverage will be enough of an incentive for all individuals to take advantage of available coverage, or if some will simply elect to pay the penalty. And add to the equation the increased attention focused on outcomes, quality of care, provisions for preventive care, wellness programs and community health, all of which are hoped to help rein in costs.

The only answer that seems certain is uncertainty – that and the obvious shift of health care payment from volume-based fee-for-service to continuum of care or value-based payment.

Moody’s Investors Service has observed that “those hospitals that can effectively change their business models and position their organizations for payment reform will be most prepared and best able to adapt,” noting also “a well-versed management team with forward-looking governance will guide the hospital or health system during these changes.”

**Becoming Extraordinary Leaders of Change and Reform**

Many of the ACA’s provisions that are expected to generate the greatest impact do not go into effect until 2014, including opening the doors of the insurance exchanges. However, health care leaders should not be lulled into complacency by the distant time horizon. Rulemaking and other ACA provisions are already taking place; and three to five year strategic plans bridge the gap between today and 2014. The stakes are high and planning for 2014 needs to begin now.
The ability to successfully steer the organization through the changes ahead will require extraordinary leadership. Health care leaders and their boards must be willing to embrace new ideas, think in new ways, and adapt their leadership focus to anticipate the dramatic changes ahead.
State-Level Trends Shaping the Hawaii Health Care Future

This section provides an overview of the contents found in Health Trends in Hawai‘i: A profile of the health care system, a report published biannually since 1993 by the Hawaii Health Information Corporation, sponsored by the HMSA Foundation. For more detailed information, go to www.healthtrends.org.

Demographics

In order to understand health trends in Hawaii, it is necessary to understand the interrelationships among demographics, health, and the health care delivery system. This section on demographics highlights Hawaii’s overall population growth, distribution, births, deaths, and ethnicity and describes the interrelationships, including:

- Population growth will drive health care demand for the foreseeable future. Growth influences the number, type, and geographic distribution of health care resources required to meet population need.

- Age is the single most important factor in understanding health status and the need and demand for health care resources. For the elderly, there is a clear relationship between age and mortality, prevalence of chronic conditions, and level of disability. Similarly, the elderly are the heaviest users of health care resources.

- Ethnicity is related to utilization of certain types of health services. To a limited extent, differences in utilization may be traced to differences in the types of health problems experienced. However, many of the differences reflect variations in lifestyle patterns and cultural preferences.

Of concern are marked differences among ethnic groups in age at death. In particular, Hawaiians/part-Hawaiians, are dying at much younger ages than members of other ethnic groups.

Among the key findings from this chapter is that Neighbor Island populations are growing at a faster pace than that of O‘ahu. Hawaii’s total resident population has grown at varying rates since statehood and is now estimated at 1.4 million. Projections from the Department of Business, Economic Development and Tourism (DBEDT) suggest that Hawaii’s population will grow by about 140,000 every ten years between 2000 and 2030, with over 40 percent of that growth taking place on the Neighbor Islands.

The structure of Hawaii’s population reflects an aging population, with decreasing birth rates and increasing death rates. Of concern are marked differences among ethnic groups in age at death. In particular, Hawaiians/part-Hawaiians, are dying at much younger ages than members of other ethnic groups. In 2005, the latest year for which complete data are available, 60 percent of deaths among Japanese in Hawaii occurred at age 80 years or older, compared to only 25 percent of Hawaiians/part-Hawaiians. Sixteen percent of deaths among Hawaiians/part-Hawaiians in 2005 occurred before age 45, --at least two times higher than any other specific group.

Hawaii continues to be ethnically diverse, as are its counties. The county of Hawaii has the largest proportion of Hawaiians/part-Hawaiians at 28 percent.
has the largest proportion of Japanese (19 percent), Mixed (20 percent), and Chinese (5 percent). Maui has the largest proportion of Filipinos (15 percent) and the largest proportion of Caucasians (34.1 percent).

**Health Status**

Health status is defined by the World Health Organization as "the state of health of an individual, group, or population measured against accepted standards." Health status is a profile of health for a specific population in a specific geographic area and time period. Since no single best measure or standard of health exists, it is important to examine a variety of indicators and/or factors that put individuals and populations at increased risk of disease or premature death. Efforts by leading Federal agencies have developed national objectives called "Healthy People 2010," which prioritize opportunities to improve the health of the American people. Target goals have been established for 28 focus areas for the Nation to achieve by the year 2010.

The specific measures of health status that have been selected for the population of Hawaii include several dimensions of health and vitality for which reliable data are available.

**Mortality**

*Lower Mortality in Hawai‘i:* Hawaii’s mortality rates for major disease categories were lower than those for the United States as a whole in 2006.

*Meeting the National Objective:* Hawaii’s mortality rates for the major categories of disease have been close to or better than the "Healthy People 2010" objectives. The exception has been infant mortality rate, which was 27 percent higher than the "Healthy People 2010" objective in 2006, the most recent data available.

*Coronary Heart Disease (CHD):* Heart disease is the leading cause of death among men and women in Hawaii and the nation, accounting for approximately 25 percent of Hawaii deaths. Coronary heart disease accounts for the majority (56%) of total heart disease deaths. Between 1990 and 2006, Hawaii’s death rate for coronary heart disease dropped 47 percent.

*Reducing CHD Deaths:* The lifetime risk for developing CHD is very high in the United States: one of every two males and one of every three females aged 40 years and under will develop CHD sometime in their life. Early prevention, specifically through lifestyle interventions that promote heart-healthy behaviors, is a major strategy to reduce the development of heart disease or stroke.

*All Cancers:* Cancer is the second leading cause of death among men and women in Hawaii and the nation. Nearly 25 percent of all deaths in Hawaii were due to some type of cancer. Hawaii’s mortality rate for all cancers decreased 3 percent from 1990 to 2006.

**Chronic Conditions**

*Chronic Conditions Common and Increasing:* Chronic conditions is a general category that includes chronic illnesses and impairments. It includes conditions that are expected to last a year or longer, limit what an individual can do, and/or may require ongoing medical care. Common chronic conditions include hypertension, high cholesterol, diabetes, heart disease, asthma, respiratory diseases, arthritis, eye conditions, and certain mental conditions. According to Partnership for Solutions, a project headed by Johns Hopkins University and the Robert Wood Johnson Foundation, almost half of the U.S. population suffers from some type of chronic condition. Twenty-five percent of people with chronic conditions have some type of activity limitation. Because of the expected increase in Hawaii’s elderly population, the next decade will likely see a significant increase in the number of people with chronic conditions.
population and long life expectancy, the incidence for chronic conditions will likely grow over the next 10 to 20 years. Advances in medical technology may also increase the identification of chronic conditions as detection and treatment methods improve.

**Rising Cost of Treatment:** People with chronic conditions, particularly those with multiple chronic conditions, are the heaviest users of health care services. In 2001, the care given to people with chronic conditions accounted for 83 percent of U.S. health care spending. Ninety-six percent of Medicare spending is on behalf of people with multiple chronic conditions. Average per capita spending on people with one or more chronic conditions is more than five times greater than spending on people without any chronic conditions. Over the next two decades, chronic conditions in Hawaii will need to be closely monitored to address resource and cost issues.

**Health Market**
Health insurance coverage has direct and indirect impacts on health status, the availability of health resources, and health resource utilization. In 2004, the Institute of Medicine (IOM) of the National Academies released its report, Insuring America’s Health, highlighting the importance of health insurance:

- Compared to people with insurance, uninsured children and adults experience worse health and die sooner.
- Families can suffer emotionally and financially when even a single member is uninsured.
- “Uninsurance at the community level is associated with financial instability for health care providers and institutions, reduced hospital services and capacity, and significant cuts in public health programs, which may diminish access to certain types of care for all residents, even those who have coverage.”

The nation as a whole is economically disadvantaged as a result of the poorer health and premature death of uninsured Americans. The IOM estimated that the lost economic value of the non-insured is between $65 billion and $130 billion annually.

**What makes up the health market?**
The health market is the health care delivery system’s economic activity, i.e., purchases and expenditures by a variety of buyers and sellers. Key aspects of the health market include health insurance coverage, health insurance premiums, types of health plans and insurance coverage available, the uninsured, health care expenditures, and medical care inflation.

**Who participates in the health market?**
Private and public health insurance covered an estimated 90 percent of Hawaii residents in 2007. Private health insurance covered about 56 percent of residents. Of those people covered by private health plans in Hawaii, 93 percent were covered through employment-based plans. The Hawaii Prepaid Health Care Act, Chapter 393, Haw. Rev. Stat., requires private sector employers to provide health care insurance to employees who work for them at least 20 or more hours per week. The number of residents in public-sponsored insurance programs remained fairly stable between 1995 and 2007 at about 36 percent of the resident population.

Although the Hawaii resident population is relatively well insured compared to populations in most other states, direct and indirect problems persist. Many low-income Hawaii residents remain uninsured and a significant number of full-time and part-time workers remain

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What changes are occurring in the health market?

With the exception of those covered by Medicare and Medicaid fee-for-service options, Hawaii residents with health insurance are covered under some type of managed care option, either a preferred provider organization or a health maintenance organization. Currently, both Medicare and Medicaid are also moving towards managed care options.

Efforts to control health care costs have been an important factor in marketplace changes in recent years. Over the past 10 years, Hawaii’s average inflation rate for medical care has been nearly 1.2 times higher than the state’s overall inflation rate. While health insurance premiums are lower than the rest of the nation, for both single and family coverage, rates are continuing to increase, raising concerns about affordability.

Health Resources

The supply of health care resources impacts our ability to treat illness in a timely and effective manner and to provide preventive services in support of optimal health. Typical questions asked about health resources include the following:

Who provides health care services?

The people providing health care services, including physicians, nurses, and dentists, collectively comprise the health care workforce. The health care workforce was one of the few sectors of the economy that grew between 1990 and 2007. Currently, one out of every 11 employed Hawaii residents works in health care.

Physicians, dentists and nurses are among the providers of conventional medical services, which include interventions taught widely in medical schools and generally available in U.S. hospitals.

Hawaii ranks 8th among states in physicians in patient care per capita. With 3.2 active physicians per 1,000 resident population, Hawaii has more physicians per capita than the national average (2.8 physicians per 1,000 population). Like their mainland counterparts who are concentrated in urban areas, Hawaii’s physicians are highly concentrated in a small area on O’ahu. In 2007, about 80 percent were practicing on O’ahu. O’ahu has approximately 3.6 physicians per 1,000 population compared to about 2.1 physicians per 1,000 population in the rural counties of Hawaii, Kaua‘i, and Maui. While Hawaii’s rural counties have more family practice/general medicine physicians per capita than O’ahu, these rural counties have far fewer specialists available to care for residents.

Hawaii has more dentists per capita than the nation as a whole. This is largely driven by the high concentration of dentists on O’ahu, with 88 per 100,000 population, which is well above the national rate of 64. However, Hawaii’s rural counties experience a shortage of dentists, with about 60 dentists per 100,000. Hawaii, Kaua‘i, and Maui Counties are each designated as Dental Health Professional Shortage Areas by the federal Health Resource and Service Administration (HRSA).

While the number of registered nurses (RNs) in Hawaii has increased in recent years (totaling almost 12,000 in 2007), only about 81 percent are employed in nursing. O’ahu has the highest concentration of RNs, Maui County the lowest. Hawaii ranks 41st among all states, with 75 employed nurses per 10,000 residents. The U.S. rate is 82 per 10,000 residents.

Health resources, particularly the availability of health care service...
Health resources, particularly the availability of health care service providers, are inadequate in several areas of the state according to federal guidelines. Rural areas of the state are most affected by the unavailability of health care resources in the counties of Hawaii, Maui, and Kaua‘i. On O‘ahu, six areas are designated inadequate: Kalihi-Palama, Kalihi Valley, Ko‘olau Loa, Waikiki, Waimanalo, and Wai‘anae.

Interest in alternative medicine is growing. Alternative medicine is defined as interventions that are neither widely taught in medical schools nor generally available in U.S. hospitals. These activities include relaxation techniques, herbal medicine, massage, chiropractic care, spiritual healing, homeopathy, hypnosis, biofeedback, and acupuncture. Hawaii has seen the number of licensed alternative providers—primarily acupuncturists, chiropractors, and massage therapists—increase in all four counties over the past decade. This is due in part to the growing acceptability of certain alternative medical practices by health plans. Over the past decade, Maui county has consistently had the highest number of licensed alternative providers in the state.

In what kinds of facilities or settings are health services provided?
The facilities or settings in which care is provided include hospitals, long-term care facilities, community health clinics, home care agencies, care homes, physicians’ offices, laboratory and radiology facilities, pharmacies, and offices of allied and alternative health providers.

The 23 acute care civilian facilities accounted for 2,503 acute care beds in 2003. This bed supply equates to 2.0 beds per 1,000 residents, fewer than the 2.5 beds per 1,000 residents for the nation overall. Hawaii’s supply of acute care beds per capita slightly declined between 1990 and 2006. This was due to the faster growth rate of Hawaii’s population compared to acute care beds, as the number of beds has remained fairly stable over the past decade. Hawaii ranks 33rd among all states (including the District of Columbia) in the number of available beds per capita.

Long-term care beds consist of skilled nursing, intermediate care, and mixed-use (swing) beds. The supply of long-term beds in Hawaii has been relatively constant for the past several years. In 2006, the number of beds totaled 3,960. Hawaii’s certified nursing facility occupancy rate is 94.8 percent, the highest of all states. In contrast, only 1.6 percent of Hawaii’s population aged 65 and older resides in a nursing home. In this regard, Hawaii ranks 49th among all states.

Health Resource Utilization
Health resource utilization refers to consumer use of health care resources and services and reflects the way patients interact with health care providers. Patterns of utilization tell a story about the health status of the population and availability of resources.

Acute Care Utilization
For the most part, the characteristics of hospitalizations remained consistent between 1995 and 2007. However, notable exceptions include significant increases in total charges, the increase in the percent of admissions that begin in the emergency department (ED), and the increase in the number of cardiology-
related hospitalizations. These differences are elaborated upon in this chapter.

**Hospitalizations:** The number of hospitalizations per 1,000 population has remained stable since 1995, with Hawaii’s acute care hospitalization rates consistently below U.S. averages. Overall, the elderly population was hospitalized more than the rest of the population and females were hospitalized less than men in their age group (with the exception of childbearing age women). Oahu’s hospitalization rate of 87 per 1,000 population in 2007 is much lower than Neighbor Island hospitalization rates, which range from 98 to 109 per 1,000 population.

**Length of Stay:** Average length of stay in Hawaii, a major indicator used in the analysis of health care costs, has been reduced from a high of 6.1 days in 1997 to 5.3 days in 2007, but remains significantly above the U.S. average of 4.6 days.

**Occupancy Rates:** Occupancy rates (percent of beds utilized) are higher in Hawaii compared to the nation, due in large part to Hawaii’s lower capacity. Statewide, approximately 72 percent of acute beds are utilized. In comparison, the occupancy rate at the national level is 65 percent. Occupancy rates vary among the counties: Honolulu (71%), Hawaii (76%), Kaua‘i (78%), and Maui (77%). Between 1995 and 2006, all counties experienced an increase in occupancy.

**Top Reasons for Hospitalization:** The top five service lines for hospitalization between 1995 and 2007 were maternity, newborn services, general surgery, cardiology, and pulmonary. Collectively, these areas accounted for 52 percent of all inpatient cases and 43 percent of all charges. The top two reasons for hospitalization, newborn and maternity services, experienced 4.0 and 5.6 percent, respectively, more discharges in 2007 compared to 1995. In contrast, cardiology and pulmonary-related discharges, most commonly including elderly patients, increased by 12.6 and 6.6 percent, respectively, during the same time period.

**Preventable Hospitalizations:** In 2005, potentially preventable hospitalizations represented over 13,000 discharges, or 12 percent of all hospitalizations statewide. Many of these hospitalizations can be avoided through educating the high-risk populations, increasing access and availability of influenza and pneumonia vaccines, developing early interventions, and greater availability of appropriate outpatient care.

**Admission via Emergency Department:** In 2006, almost half of all hospital admissions in Hawaii were through the emergency department (ED), an increase from 42 percent in 1996 (the first year “admission type” was collected).

**Financing:** Over fifty percent of all Hawaii hospitalizations in 2006 were financed by tax dollars (e.g., Medicare, Medicaid). Private insurance was billed for 40 percent of all hospital stays, Medicare for 33 percent, and Medicaid/QUEST for 21 percent; 3.0 percent of stays were uninsured. Between 1995 and 2007, total hospital charges increased by 36 percent (adjusted for inflation). In 2008, total charges for hospitalization in Hawaii were approximately $2.7 billion, with an average charge of $22,596 per discharge or $4,244 per day. Honolulu experienced the highest charge at $25,348 per discharge. Hawaii had the lowest at $13,662 per discharge. Hawaii’s average charge per discharge is less than the U.S. average of $26,120 per discharge.

**Long-Term Care**
Hawaii had 23 long term care beds per 1,000 population age 65 years or older in 2005, which was less than half of the U.S. average. Due to the shortage, long term care occupancy rates exceeded 94% in 2006. The statistics show that long term care facilities in Hawaii are operating at virtually full capacity.

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In 2005, potentially preventable hospitalizations represented over 13,000 discharges, or 12 percent of all hospitalizations statewide. Many of these hospitalizations can be avoided through educating the high-risk populations, increasing access and availability of influenza and pneumonia vaccines, developing early interventions, and greater availability of appropriate outpatient care.

Over 50% of all Hawaii hospitalizations in 2006 were financed by tax dollars (e.g., Medicare, Medicaid).

Hawaii’s long-term care admission rate increased from 25.1 per 1,000 population aged 65 and older in 1990 to 44.1 per 1,000 population for the same group in 2003.
Emergency Room and Primary Care Clinic Utilization

Over the past decade, Hawaii has had fewer emergency room visits per capita compared to the U.S. as a whole. The Hawaii Primary Care Association (HPCA) clinics, which are community health clinics offering health services to underinsured and uninsured individuals, logged over 377,000 visits by over 80,000 people in 2004. Of these, 32 percent of the individuals were uninsured.
Views from HAH Members

In an effort to ensure that HAH’s strategic plan is well-informed by member viewpoints and ideas, the association surveyed its members and asked a broad range of questions about the association, its members, and the future of health care in Hawaii. Three surveys were conducted in July/August 2010, one for each membership type: 1) acute care hospitals; 2) long term care organizations; and 3) home care and hospice organizations.

The surveys asked members questions about:
1) The relevance of the HAH mission and vision;
2) Desired accomplishments for HAH by 2015, and current resources to achieve them;
3) Dominant issues and challenges facing members;
4) Views about HAH’s membership composition;
5) The importance and effectiveness of HAH’s services;
6) Views on HAH’s political power and influence;
7) Strategic questions to be addressed for the future; and
8) Leading elements of a successful health care system in Hawaii, and the role of HAH in achieving a successful health care system.

The member research revealed a variety of insights that have helped shape the association’s goals and strategic objectives.

Issues Common Across the HAH Membership

HAH’s acute care, home care and hospice, and long term care members share many of the same viewpoints about the association and the future of health care in Hawaii.

HAH Mission, Vision and Strategic Direction

There is widespread support for the revised HAH mission and vision. The majority of respondents from all three member groups believe that the revised HAH mission and vision statements are appropriate and viable through 2015.

Improved reimbursement and funding, and advocacy in implementing health care reform are top priorities. The top federal issues that members want HAH assistance with are related to funding and health reform implementation. Increasing Medicare and Medicaid reimbursements is a top concern for all member types. Specific issues of concern for members include inequitable Medicare payments, Medicaid DSH payments, instability in Medicare payment mechanisms, and lack of funding for community-based

Highlights...

- Issues common across the HAH membership
  - HAH mission, vision and strategic direction
  - Achieving HAH’s future priorities
  - The future of health care in Hawaii and the role of HAH and individual members
  - HAH membership
  - Leading issues and challenges
  - Member services
  - The HAH Political Action Committee
- Findings unique to each HAH membership type
  - HAH mission, vision and strategic direction
  - The future of health care in Hawaii and the role of HAH and individual members
  - Leading issues and challenges
Improving reimbursement and funding is the top state priority for all three membership groups. In the area of reform, members are primarily interested in HAH keeping members and local leaders abreast of current issues and requirements related to reform, and assisting with implementation when possible.

Top state advocacy priorities are improved reimbursement and strengthened advocacy and education. Improving reimbursement and funding is the top state priority for all three membership groups, with a primary focus on Medicaid reimbursement. Providing advocacy and education throughout the state is also a priority, aligning all providers around shared goals, promoting those goals in the legislature, and educating legislators and decision-makers about the challenges faced by health care providers.

Members desire an increased collaboration between health care providers on quality and patient safety issues. Members share a variety of goals, including increased collaboration, the ability to benchmark, increased advocacy, increased education, and generally improving quality. HAH members generally agree on the quality and patient safety areas HAH should focus on, and the topics are wide-ranging. Members desire an increased collaboration between health care providers on quality and patient safety issues. This includes the creation of standardized quality and patient safety initiatives and indicators, and the ability to benchmark within the state and state-wide. Members would also like more education on quality and patient safety, and increased legislative advocacy on behalf of health care providers. Quality and patient safety efforts should seek to identify ideas that improve quality and help Hawaii become a national leader in the field.

Members are most interested in updates on health care reform and other regulatory issues, and would like strengthened communications and information as a quick and timely educational resource. Common responses from all three membership groups highlight the fact that health reform is a critical concern for all members. Members want regular and constituent updates from HAH about health care reform and other legislative issues that impact them. Education focused around legislative issues may vary from brief updates to special educational sessions and/or suggested directions for members to take in response to new legislation. For both legislative updates and other current issues, members indicated a desire for greater communication between HAH and members, and amongst members directly to encourage addressing issues jointly. Suggestions included a printed or email newsletter, brief email updates and/or telephone conferences about current issues or topics, the availability of more information about current topics on the HAH website, increased education opportunities on critical health topics, and the rotation of quarterly educational seminars to various locations. Several members noted the importance of providing affordable educational opportunities with content experts that are otherwise not available locally.

Members see HAH as a critical communicator with the public, playing an essential role in building public trust and confidence in health care providers and educating the public about current issues and challenges, including health care reform. HAH’s public communications should help the
public understand the complex issues and challenges faced by today’s health care organizations, and tell positive stories about the impact of HAH members on their local communities and the state as a whole (both personal stories impacting quality of life as well as organizations’ economic impact). Members also want HAH to actively help the public understand the reason for health care reform, what it means to the public, and how care will change in the coming years.

**Increased collaboration, a focus on community health improvement, and improved access to care are important to members.** Members want more dialogue and collaboration with community providers, consumers, policy makers, and the Department of Health to improve quality and access to care. They also want HAH’s efforts and collaborative state-wide efforts to focus on specific areas related to access to care, including better coordinated end of life care, improvements to the state’s EMS, the use of telemedicine, and improved community-based care for at-risk populations. Increased involvement of HAH in promoting initiatives for community health improvement was also mentioned, such as reducing chronic diseases and promoting healthy lifestyles.

**Members seek HAH assistance in both a state-wide community needs assessment, as well as conducting their own local community needs assessments.** All three membership groups mentioned the importance of a state-wide community needs assessment, assessing both county and state community needs, including current health issues, forecasted demand for services, and adequacy of current services available. Members would also like assistance with coordinating and conducting their own community needs assessments, such as tools needed to conduct the assessment and an understanding of IRS requirements. HAH assistance would help minimize the cost to each individual facility in conducting their own community needs assessments.

### Achieving HAH’s Future Priorities

**Some members question whether HAH has the resources it needs, but they are sensitive to dues increases.** Some members from all three membership groups indicated that they don’t believe HAH can achieve its priorities with its current financial structure and resources. At the same time, members are sensitive to dues increases. Other ideas suggested for improving finances include:

- Seeking grants and sponsorships for HAH work, products and services;
- Charging fees for HAH events or services;
- Leveraging collaborations and partnerships with members, community organizations and other organizations to accomplish more with limited resources;
- Considering restructuring to create efficiencies;
- Seeking increased government reimbursement and funds for members; and
- Deferring to the CEO to determine needed structure changes and/or resources.

**Members want more dialogue and collaboration with community providers, consumers, policy makers, and the Department of Health to improve quality and access to care.**

**HAH’s public communications should help the public understand the complex issues and challenges faced by today’s health care organizations, and tell positive stories about the impact of HAH members on their local communities and the state as a whole.**

**All three membership groups mentioned the importance of a state-wide community needs assessment, assessing both county and state community needs, including current health issues, forecasted demand for services, and adequacy of current services available.**
Members agree that there is a lack of collaboration between HAH members, providers in the continuum of care, and all health care stakeholders in general, and that a successful system in Hawaii must include greater collaboration.

Advocacy efforts should focus on representing the industry with one powerful voice to help shape health care policy.

Members agree that their role in helping achieve their desired health care system in Hawaii requires active participation and support of HAH work.

Many members suggested expanding the membership across the continuum of care, ensuring representation of the entire spectrum of care while also maintaining balanced and equitable representation of all member issues and avoiding bias to acute care hospital issues.

The Future of Health Care In Hawaii and the Role of HAH and Individual Members

Members believe the most important missing elements of a future successful Hawaii health care system are collaboration and fair reimbursement. When asked about the most important leading elements of a successful health care system that does not currently exist in Hawaii, members agree on two main areas: collaboration, and fair reimbursement. Members agree that there is a lack of collaboration between HAH members, providers in the continuum of care, and all health care stakeholders in general, and that a successful system in Hawaii must include greater collaboration. Members also agree that adequate, equitable and fair reimbursement is an ongoing challenge across the entire continuum of care that must be addressed to ensure a successful health care system in Hawaii.

HAH should focus on member advocacy and facilitating member collaboration. In order to help achieve a successful health care system in Hawaii, members expect HAH’s leadership role to focus on advocacy and lobbying on members’ behalf, and collaboration among all members. Advocacy efforts should focus on representing the industry with one powerful voice to help shape health care policy. In addition, as an extension of facilitating member collaboration, members also believe it is HAH’s role to communicate successes with members, and encourage member participation in activities critical to their interests.

It is members’ responsibility to actively participate in HAH. Members agree that their role in helping achieve their desired health care system in Hawaii requires active participation and support of HAH work, including participation in committees, workgroups, and other leadership opportunities. Member involvement also includes supporting the association’s positions on key issues, and working collaboratively with other members.

HAH Membership

Some members believe HAH’s optimal composition is a strategic question to be addressed. When asked if they believe the association’s membership composition is appropriate, some of the respondents from all three membership groups indicated that the current composition is not appropriate. Many members suggested expanding the membership across the continuum of care, ensuring representation of the entire spectrum of care while also maintaining balanced and equitable representation of all member issues and avoiding bias to acute care hospital issues.

Members generally support expanding HAH membership to include more long term care and skilled nursing facilities, and adding home and community-based care providers. While there are a few organizations in opposition, the majority of members support expanding HAH membership through proactive pursuit of long term care and skilled nursing facilities that are not currently part of the membership and may be affiliated with other trade associations.

Leading Issues and Challenges

Members’ most challenging issues today are reimbursement and coping with administrative burdens. The number one challenge
currently facing all three types of member organizations is Medicaid reimbursement inadequacy. The other top issues common to all three membership types include Medicare reimbursement inadequacy, and coping with increasing administrative burdens from federal and state regulatory agencies and health plans.

**Members believe that their greatest challenges in the next year will be inadequate reimbursement combined with rising health care costs, and physician and workforce recruitment and retention.** All HAH members are concerned about inadequate reimbursement from Medicare, Medicaid and third-party payers. The combination of escalating costs of labor and supplies and reimbursement shortfalls is leading many members to be concerned about their long-term financial viability. Members from all three membership groups also expect continued challenges around physician recruitment and alignment, and workforce recruitment and retention. Some are concerned that tight budgets will exacerbate workforce challenges.

**Members expect their greatest challenges in 2015 to be similar to the challenges faced today, including complying with health care reform and other regulations, ensuring financial stability, physician and workforce challenges, and the implementation of health information technology.** All three membership types agree that transforming their organizations to deal with the changing health care environment, including reform-related requirements, will be one of the greatest challenges in 2015. Members are concerned about the cost of compliance with regulations, and remaining flexible and adaptable to new reform reimbursement models that incorporate ACOs and more physician integration, bundled payments and value-based purchasing. On top of the new regulations, members expect that financial challenges will continue to be prevalent, in part due to inadequate reimbursement and in part due to increasing costs. Financial concerns vary throughout the membership, and include access to capital, funding for information technology updates, the ability to maintain quality and patient safety and patient satisfaction with tight budgets, and managing pressing business needs (such as facility updates and funding pension plans) with limited resources. Like today, members also expect to continue experiencing workforce and physician recruitment and retention challenges, including shortages of primary care and specialty physicians, nurses, and other care and support staff. Members’ concerns about information technology appear to heighten looking four years into the future, with a desire for a clear understanding of “meaningful use” requirements and the ability to implement health information systems that result in better patient access and increased efficiency despite anticipated budget constraints.

**Member Services**

**Members agree that advocacy with state agencies and Congress are most important, and that HAH performs well in those areas.** When members were asked to rate HAH advocacy services in order of importance, all three membership groups rated advocacy with state agencies and advocacy with

The majority of members support expanding HAH membership through proactive pursuit of long term care and skilled nursing facilities that are not currently part of the membership.

The number one challenge currently facing all three types of member organizations is Medicaid reimbursement inadequacy.

Members expect continued challenges around physician recruitment and alignment, and workforce recruitment and retention.

Transforming to deal with the changing health care environment, including reform-related requirements, will be one of the greatest challenges in 2015.

Financial concerns vary throughout the membership, and include access to capital, funding for information technology updates, the ability to maintain quality and patient safety and patient satisfaction with tight budgets, and managing pressing business needs.
H AH’s effectiveness in the most important member advocacy areas are well-aligned, with all three membership groups rating advocacy with the state legislature, advocacy with state agencies, and advocacy with Congress as HAH’s most effective areas of advocacy.

Medicare and Medicaid reimbursement is the most important policy issue for members. All three membership groups rated Medicaid and Medicare reimbursement as the top two most important policy issues. Acute care hospitals and long term care organizations rated quality and patient safety as the third-most-important policy issue or initiative to their organization, while home care and hospice organizations’ top third choice was managed care payment issues.

The most important policy issues and initiatives for members are not aligned with the areas that members believe HAH is the most effective. While payment issues and quality and patient safety are the most important policy issues and initiatives to HAH members, they did not rate HAH’s performance in those areas highly. All member groups indicated that the policy issue on which HAH performs the best is disaster preparedness, response and recovery (including hurricanes and terrorism). HAH was also rated as effective in meeting expectations for licensure issues, legal/compliance issues, and developing public policy consensus through leadership among members.

Members agree that it is important for HAH to have more political power and influence than it currently does, and many believe that HAH is not currently as powerful and influential as it could be.

Congress in their top three. Acute care hospitals and long term care organizations also rated advocacy with the state legislature as most important, while home care and hospice organizations’ top third choice was advocacy with federal agencies. HAH’s effectiveness in the most important member advocacy areas are well-aligned, with all three membership groups rating advocacy with the state legislature, advocacy with state agencies, and advocacy with Congress as HAH’s most effective areas of advocacy.

Home health and hospice and long term care organizations agree that HAH should provide shared services to its members, but acute care members are divided. The majority of home care and hospice and long term care members agree that the association should provide shared services to its members, such as group purchasing, compliance expertise, and IT solutions. Acute care members are divided, with half indicating no and the other half indicating yes.

All three membership groups indicated that if HAH does provide shared services, compliance expertise would provide the greatest value and be the highest priority for their organizations. Other top shared services recommended by members include information technology solutions, group purchasing, and education.

The HAH Political Action Committee Members agree that political influence is important and that the PAC plays a role in HAH’s advocacy effectiveness, yet are reluctant to contribute. Members agree that it is important for HAH to have more political power and influence than it currently does, and many believe that HAH is not currently as powerful and influential as it could be. Members also agree that the size of the PAC plays a role in HAH’s advocacy effectiveness, but many aren’t yet willing to contribute more to the HAH PAC. Some of the reasons identified by members for why they don’t contribute to the PAC include:

- They don’t fully understand HAH’s role and abilities;
- Lack of agreement with HAH’s past political agendas;
A general dislike for the concept of PACs, or a lack of understanding about their effectiveness;

- They already contribute to other PACs or directly to legislators instead; or

- A desire to pay only membership dues and nothing extra.

Findings Unique to Each HAH Membership Type

While there are many similarities amongst all three membership types, individual segments of the membership have unique perspectives that should be addressed through the strategic plan as well.

HAH Mission, Vision and Strategic Direction

Acute Care Hospitals

Obtaining “frontier” status for Hawaii. In addition to federal advocacy priorities previously noted, acute care hospital leaders seek HAH assistance in obtaining “frontier” or “island” status for the state to help address funding challenges unique to the state.

Assist in reform implementation, an improved health delivery system and with insurance and compliance issues. Acute care hospitals emphasized that HAH plays a role in health reform implementation at the state level as well as a federal level, including providing recommendations and comments regarding legislative initiatives for state implementation, and acting as an ongoing member resource about the Affordable Care Act. Acute care hospitals also believe that HAH should play a role in issues related to improved health delivery, such as nurse to patient ratios, the most appropriate setting for care, and access to care. Finally, acute care hospitals want HAH to be involved in addressing health insurance issues and compliance issues, including anti-trust issues, certificate of need, and tort reform.

Acute care hospitals specifically identified the importance of education about the Joint Commission and the current requirements of quality and patient safety. In addition to education suggested by all members focusing on legislative issues and providing increased communication and education opportunities, acute care hospitals specifically noted a desire for continued Joint Commission training, and education that promotes quality and patient safety.

Help address public health challenges, and increase transparency in quality and patient safety. Acute care hospitals want public communications to focus on two additional areas not identified previously: public health issues, and increased transparency with regard to quality measures. Public health issues may include stressing the importance of preventive care, and taking personal accountability for one’s health. Transparency includes reporting on quality and patient safety measures and costs, and publishing quality measures when providers are ready.

Home Care and Hospice

Addressing licensing issues and standardization. Home care and hospice organizations also want HAH to focus on licensing DME and other health care providers, minimizing the impact of CNA recertification, and
assisting in a standardized preauthorization and admission process for facilities.

**Offer public forums and promote public networking opportunities around health care issues and topics.** In addition to the public communications topics mentioned above, home care and hospice members expressed an interest in HAH-sponsored public forums related to health care issues, promoting networking opportunities and building awareness and understanding about current issues impacting health care. HAH can promote these forums and educational opportunities through local media and the Internet, and may be a voice for provider and health care issues to the community via the HAH Website.

**Embrace the concept that home care is part of the solution to growing health care costs.** Home care and hospice members noted that home care is preferred by many patients over long-term institutional care and it can help minimize growing health care costs. Members would like more resources invested in home care to develop a stable, predictable source of home care services.

The Future of Health Care In Hawaii and the Role of HAH and Individual Members

**Acute Care Hospitals**

**Acute care hospitals foresee a need for greater emphasis on quality and patient safety, and adequate access to care.** When asked about the most important leading elements of a successful health care system that does not currently exist in Hawaii, acute care hospitals also noted a need for a strong focus on quality and patient safety measures, including public reporting and providing coordinated solutions to quality and patient safety challenges. Acute care hospitals also believe adequate access to primary care for all patients is essential to a successful health care system in Hawaii.

**Home Care and Hospice**

**Home care and hospice members seek greater member advocacy and more coordinated efforts for implementing health information technology in Hawaii.** When asked about the most important leading elements of a successful health care system that does not currently exist in Hawaii, home care and hospice organizations believe that a coordinated and seamless health information technology system must be in place that links all providers together, including home care, hospice, acute care and long term care. Greater HAH advocacy for individual member needs and concerns was also mentioned by several home care and hospice organizations, expressing a desire to ensure that politicians and decision-makers hear the needs of non-acute care providers.

**Leading Issues and Challenges**

**Acute Care Hospitals**

Acute care hospitals’ top issues today include four additional challenges not common to all three membership types. Top challenges acute care hospitals are currently facing today that are not common to all three membership groups include:
• Improving quality and patient safety;
• Specialist physician recruitment;
• Implementation of health information technology; and
• Increasing efficiency in our organization.

**Acute care hospitals expect their greatest challenges in the next year to include health information technology implementation, in addition to the challenges mentioned for all membership types.** In addition to concerns about financial viability and physician and workforce recruitment and retention, acute care hospitals believe that health information technology implementation will be a significant challenge in the next year. Transitioning to a comprehensive and more seamless electronic health record system will require additional time, costs and other resources for acute care hospitals.

**Acute care hospitals anticipate that in addition to the areas previously mentioned, their greatest challenges in 2015 will include improving quality and patient safety and ensuring competitiveness.** Although they were not mentioned by as many respondents as the challenges listed above, acute care hospitals are concerned about performing well in the increasing number of quality and safety indicators measured and reported in the future. Maintaining market share and remaining competitive is also top of mind for acute care hospitals.

**Long Term Care Organizations**

Long term care organizations’ top issues today include three additional challenges not common to all three membership types. Top challenges long term care organizations are currently facing today that are not common to all three membership groups include:

• Implementation of health information technology;
• Improving quality and patient safety; and
• Third party payer reimbursement inadequacy.

**Long term care organizations expect their greatest challenges in the next year to include implementation of MDS 3.0, in addition to the challenges mentioned for all membership types.** In addition to concerns about financial viability and physician and workforce recruitment and retention, long term care organizations are concerned about the implementation and changes that will take place related to MDS 3.0.

**Long term care organizations anticipate that in addition to the areas previously mentioned, their greatest challenges in 2015 will include the need to update aging facilities.** Long term care organizations recognize that many of their facilities will need to be updated in the coming years, including renovations and upgrades to add beds, purchase new equipment, and general updates to help the facilities meet new cultural changes and desires. Finding adequate access to capital for upgrades and expansions is expected to remain challenging.

**Home Care and Hospice**

Home care and hospice organizations’ top issues today include two additional challenges not common to all three


**membership types.** Top challenges home care and hospice organizations are currently facing today that are not common to all three membership groups include:

- Increasing efficiency in their organizations; and
- Workforce recruitment and retention.

**Home care and hospice organizations anticipate that in addition to the areas previously mentioned, their greatest challenges in 2015 will include the ability to meet the needs of the uninsured and underinsured.** Members representing home care and hospice organizations expressed concerns about their future ability to meet the needs of the underserved, uninsured and underinsured patients in their local communities. Some members are concerned that people in the "middle" who can't afford their own insurance coverage but don't qualify for public assistance will continue to “fall through the cracks.”
Strategic Assumptions

The environmental forces for change, coupled with HAH’s member expectations for action, form the basis for several planning assumptions that drive HAH’s strategies, priorities and performance objectives to 2015.

The Principal Drivers of Health Care Reform Will Continue. Despite challenges to moving forward with the recently enacted Patient Protection and Affordable Care Act, the problems facing America’s health care system will continue. The health care field will continue to face reimbursement inadequacy, and the movement toward payment for value will continue.

The Economy Will Continue to Struggle. While economic activity has increased in recent months, the effects of the economic downturn will continue to be felt for many months (and perhaps years) to come. The impacts of economic instability on HAH’s members will require new levels of excellence in the association’s advocacy and other services.

Advocacy Will be HAH’s Primary Strength and Value. Legislative and regulatory advocacy and public policy development will be the services that members will value most highly, and the areas in which they will demand high performance and accountability.

Need to Create a Strong Climate of General Public Understanding and Trust. Improved connections and synergy between the HAH and public agendas will lead to a stronger position of power, relevance and credibility with legislators and regulators. Improved credibility of the health care field is essential in moving forward successfully with HAH’s initiatives.

Early Identification of Rapid Responses to Emerging Member Needs. HAH’s members will continue to be challenged by significant environmental shifts, continuing reimbursement pressures and ongoing implementation of burdensome and costly regulations. HAH’s members will continue to experience new needs and challenges that will require responsive solutions from the association. Early identification of needs and rapid responses to meet those needs will be critical.

Sharp Focus in Areas of Unmatched Expertise. The association must focus on the areas where it can deliver unmatched expertise, service and value. HAH will continue to aggressively identify and develop programs and services that match member needs and assist members in their market-based success.

Value Will be the Defining Driver of Member Retention and Loyalty. HAH must have a clear understanding of the expectations of each member. As expectations are defined and fulfilled, member loyalty will increase, strengthening HAH’s underlying power to affect major change.

Expanded Relationships Will be Essential to Achieve Strategic Initiatives. The association will expand its connections beyond traditional alliances and relationships, and enter into new partnerships, alliances, and other

Highlights...

- The principal drivers of health care reform will continue
- The economy will continue to struggle
- Advocacy will be HAH’s primary strength and value
- Need to create a strong climate of general public understanding and trust
- Early identification of rapid responses to emerging member needs
- Sharp focus in areas of unmatched expertise
- Value will be the defining driver of member retention and loyalty
- Expanded relationships will be essential to achieve strategic initiatives
- Data and information will play a larger role
- Fragmented interests may impede consensus building
- Communication will be essential in shaping strong value perceptions
- Strategy-based financing will drive member investment
organizational affiliations that will help enable the attainment of its strategic initiatives.

**Data and Information Will Play a Larger Role.** HAH will collect, analyze and disseminate data and information valuable to key constituencies including members, lawmakers, regulators and the general public. The association will be looked upon as the state’s most credible resource for critical data and information.

**Fragmented Interests May Impede Consensus Building.** Reimbursement pressures, increasing competition, and the varying sizes, locations and needs of members may cause difficulty in achieving consensus on representation and advocacy issues. A lack of cohesiveness and unity among members may further contribute to the governmental attitude that there is no preeminent representative of the interests of hospitals, health systems and other health care organizations. HAH must be able to balance a variety of often conflicting member demands. Achieving consensus among all components of the membership will be difficult. Not all members will find the same relevance and value in their association membership. HAH must continually reach for and respond to the critical issues and needs around which members can agree on clear and focused, consensus-based association objectives.

**Communication Will be Essential in Shaping Strong Value Perceptions.** External communication will become increasingly important to the association’s ability to achieve its mission and objectives. Improving the reach, focus and effectiveness of association communication is essential to HAH’s long-term success in shaping understanding, opinions and perceptions of value and loyalty.

**Strategy-Based Financing Will Drive Member Investment.** Members seek an equitable, stable dues structure that can successfully finance core services, ensure achievement of objectives and strategies, and ensure the development of appropriate reserves.
2011-2014 Strategic Plan

Utilizing the intelligence that emerged from extensive member and stakeholder research, HAH has developed revised mission and vision statements, strategies to strengthen member and association success, and major priorities and performance commitments that underpin each strategy.

2011-2014 Strategy Framework

Our Vision

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

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

Our Mission

To be Hawaii’s most effective advocate for a comprehensive and financially strong healthcare system that successfully responds to the diverse and changing health needs of all we serve.

Our Strategies

1. Member Success
   1. Reimbursement
   2. Elevate association’s profile, and increase public confidence in and knowledge about healthcare
   3. Develop a quality program
   4. Educate members on Affordable Care Act implementation
   5. Support members’ community needs assessment requirements and opportunities

2. Association Success
   1. Strengthen member unity and commitment to the association
   2. Build member understanding of the value and “return” they derive from membership investment
   3. Strengthen HAH services, products and capabilities to meet members’ emerging needs and expectations
Strategies, Priorities and Performance Objectives

HAH has created a strategic framework to guide the direction of the association through 2015. Striving for success in serving members and developing association competencies, HAH will pursue eight core strategies. Each is supported by key priorities, and success is measured by the attainment of clearly defined performance objectives.

Strategies for Member Success

1. Reimbursement

Medicare and Medicaid are consistently under threat for legislators and administrative agencies. It is no surprise that when polled opposing these cuts is the number one priority of HAH membership. The Association will develop a legislative and policy agenda that not only opposes cuts to reimbursement but identifies areas and develops initiatives which support improved Medicare and Medicaid reimbursement.

Priorities

1. Secure introduction of state legislation to appropriate funds to draw down available DSH 2011-2015
2. Improve Medicare payments for members
   • Secure an outpatient fee schedule specific to each hospital (same fee schedule for doctors, ASCs, hospitals)
   • Streamline administrative processes for private payers to reduce patient receivables and administrative costs, and claims denials (simplify their pre-authorizations, business rules to lower administrative costs)
   • Work with national affiliate partners to maintain market basket updates
   • Support efforts of the Value Coalition to address geographic variation
   • Work with national affiliate partners to minimize the regulatory cost burden on providers as the ACA is implemented
3. Improve Medicaid payments for members
   • Secure introduction of legislation to address waitlist reimbursements and presumptive eligibility
• Develop coalition and lobby state legislature for passage of bills
• Work with DHS to expand the post-acute level payment system
• Work with DHS and other key stakeholders to revise the level of care tool and link to the RUGS IV implementation
• Develop cost data in the post-acute care arena following implementation of a sub-acute level payment system

4. Ensure equitable DME Funding

5. Explore DSH-like funding for post-acute members
   • Determine required reporting necessary
   • Inquire state/federal willingness to pursue

6. Recoup Medicaid managed care payments that have been unpaid for more than one year
   • Determine outstanding payments
   • Develop continued forum to dialogue with existing plans to resolve issues
   • Develop regular status reports
   • Involve necessary state stakeholders in discussion
   • Engage ACS and garner political support for recoupment effort

7. Mitigate impact of COFA migrants
   • Determine impact costs - work with state to gain accurate figure/identify patients
   • Support Medicaid programs that offer optimal coverage
   • Support efforts to work with Congressional delegation and federal agencies

8. Protect and improve the Medicaid Program
   • Work with state legislative and regulatory agencies to expand the Medicaid program
   • Fight cuts to the Medicaid program
   • Support members as Medicaid audits are implemented

**Performance Objectives by CYE 2015**

1. Narrow hospital patient margin losses to less than 5%
2. Provide that new payment models compensate hospitals at higher levels than existing FFS arrangements
3. Reduce hospital days in receivable by 10%
4. Secure $10 million per year in Federal DSH funding
5. Increase Medicare reimbursement to cover at least 80% of costs
6. Improve Medicare reimbursement for Hawaii healthcare providers through an increase in the wage index and physician GPCI

**Elevate association’s profile, and increase public confidence in and knowledge about healthcare**

Community leaders, media and the public at large are often unclear about how the healthcare industry works, the services our members provide and the challenges they face and the role of the Association. This lack of understanding frequently leads to public policies which adversely impact our member providers, generates poor public opinion and misrepresentation in the media. The Association will develop a public relations strategy which gives the decision makers, the people of Hawaii and the media an accurate portrayal of and education about the state of our health care delivery system while highlighting the role of the Association.

**Priorities**

1. Determine target audiences
2. Develop coordinated strategy and timelines
3. Develop multimedia toolkit
4. Launch public campaign/visit community groups
5. Determine project budget and secure approval

**Performance Objectives by CYE 2015**

1. By CYE 2015, 75% of people polled will say they see HAH as being the voice of the entire local healthcare industry
2. By CYE 2015, 75% of elected officials will say they see HAH as the sole industry voice (not just provider, but healthcare as a whole)
3. By CYE 2015, HAH will help a shared member win the AHA Award of Honor
4. By CYE 2015, HAH will help a shared member win the NCAL Administrator of the Year Award

**Develop a quality program**

It is obvious that the quality improvement and outcomes have become and will continue to be a focus of federal and state legislators and regulatory agencies. There will be rewards for achieving and exceeding guidelines and penalties for non-compliance. As such HAH will formulate and implement strategies for member organizations to collaborate in providing quality healthcare.
Priorities

1. Assess members’ current quality activities across continuum of care
2. Identify cross-continuum initiatives and strategies
   - Acute care focus
     - Participation in CUSP HAI initiatives & CMS/NQF/NCQA core quality initiatives
   - Long term care
     - Choose three of the Advancing Excellence goals
   - Home care, home health and hospice
     - CAHPS surveys, OASIS-C assessments completed on all patients or as required
     - Assessing pain control (hospice)
4. Quality Corner for HAH Website
5. Develop quarterly reporting system that benchmarks against national requirements
6. Secure introduction and passage of HAI bill
7. Secure introduction and passage of peer review/quality committee protection bill
8. Identify and secure grant funding opportunities to support goals

Performance Objectives by CYE 2015

1. Report on quality goals each quarter to include results from initiatives
2. Development of Quality Metric Grid: July 2011
3. Quality Grid prepared and validated each quarter for Patient Safety & Quality Committee
4. 90% of eligible acute care facilities registered for HAI CUSP: CAUTI
5. CMS/NQF/NCQA core quality initiatives: scoring in the 90th percentile by 2014
6. 100% of LTC facilities registered in the Advancing Excellence/LANE September 2011
7. Actively participating in at three Advancing Excellence clinical goals by January 2012
8. 100% completion of CAHPS & OASIS-C Assessments
10. Build Quality Corner on HAH Website to communicate quality updates September 2011
11. Build CUSP: Stop CAUTI website April 2011
Educate members on and facilitate implementation of Affordable Care Act

ACA is over 2000 pages long and states “the Secretary shall one thousand and fifty one times. The new law will be implemented through 2020. Given the amount of new and ever changing information associated with the new law HAH will provide members with the education necessary to implement the Affordable Care Act in a manner which enhances the care they provide to their patients and the way they develop their organizations.

Priorities

1. Determine educational priorities across continuum of care
2. Develop educational plan per implementation timeline
3. Develop organizational structure to support goal
4. Develop strategic initiatives

Performance Objectives by CYE 2015

1. 75% of members satisfied with HAH’s educational support offerings
2. Hold quarterly educational sessions
3. Post quarterly updates via Web on identified priorities
4. Hold two member-wide educational opportunities annually
5. Support national affiliates’ positions and comments on proposed regulations per strategic priorities

Support members’ community needs assessment requirements and opportunities

Beginning in 2012 the ACA requires non-profit hospitals to conduct a community health needs assessment that takes into account input from persons who represent the broad interests of the community served by the hospital, including those with special knowledge of or expertise in public health, and (ii) be made widely available to the public. The ACA does not prohibit hospitals from “pooling” resources to conduct these assessments. HAH will educate members on the demands of the Affordable Care Act and assist them in creating models and identify opportunities to work across the continuum.

Priorities

1. Educate members about ACA law requirements
2. Identify existing member programs and gaps
3. Develop programs for “gap” members and bridge with existing programs
4. Identify best practices
5. Create opportunities to provide services cross-continuum
6. Develop community benefit connection
7. Develop communication strategy

**Performance Objectives by CYE 2015**
1. Achieve 100% compliance with ACA requirements by all members

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**Strategies for Association Success**

1. **Strengthen member unity and commitment to the association**
   
   Member unity and commitment are vital to HAH’s strategic success. Unity and commitment are created by involving members deeply in the most critical aspects of Association activities; effectively and consistently communicating with members about critical challenges and issues; and making involvement in HAH among the most meaningful of members’ outside activities. HAH will nurture broad and consistent member unity and commitment to the association, involve all members in a variety of ways to play a role in shaping the association’s success.

   **Priorities**
   1. Identify and remove existing barriers to unity, and anticipate and avoid potential barriers to unity
   2. Focus on the factors that unite members rather than the issues that divide or separate members
   3. Expand member participation and input in association activities
   4. Build consensus around solutions to common member needs and issues
   5. Capitalize on HAH’s membership diversity
   6. Create high-value opportunities for members to engage and collaborate with one another on issues of vital importance to their future
   7. Retain existing members and recruit new members whose organizations may add strength and value to HAH in pursuit of its mission and vision
   8. Strengthen association-to-member and member-to-association communication
Performance Objectives by CYE 2015
1. Expand membership to include care home community by CYE 2015
2. Increase LTC membership by 25% by 2015
3. Create Website with peer-to-peer member only networking and information sharing capabilities
4. Evaluate and redesign committee structure to foster collaboration and strengthen advocacy effort
5. Create neighbor island committees
6. Recruit physician executive to participate on the board

Build member understanding of the value and “return” they derive from membership investment
HAH must work diligently to ensure that members receive and perceive high-value as a “return” on their investment in the Association. We will work to understand each member’s definition of and expectations for value, and utilize value as an asset in ensuring member involvement, commitment, loyalty and retention.

Priorities
1. Continuously work to understand member issues, needs and priorities, and respond to them with service that exceeds expectations
2. Understand how each member defines HAH value

Performance Objectives by CYE 2015
1. Make personal visits to every member hospital at least once annually
2. Develop individualized “member value reports” for every member beginning in calendar year 2011
3. Produce annual reports to the membership in the first quarter of each calendar year

Strengthen HAH services, products and capabilities to meet members’ emerging needs and expectations
HAH’s products and services must be a vital and significant resource in meeting member needs and supporting the strategic direction of the Association. We must be able to make a clear “business case” for the existence of our products and services, and their role in our members’ success. Our products and services must be unique and distinctive in their ability to enable our members to be most successful in pursuing the attainment of their missions, visions and strategic initiatives.
Priorities

1. Determine which shared services opportunities are necessary to assist members in supporting operational needs and reducing costs
2. Promote superior member service through investment in training and education of HAH employees
3. Ensure that financial resources are available to successfully support the continuation of and/or development of critical member programs and services
4. Manage members’ investment to maximize service excellence and success
5. Ensure organizational flexibility to adapt to changing member needs and expectations
6. Become the most trusted and utilized source of data and information (through joint ventures where necessary) about Hawaii health care trends and issues for the media, lawmakers, regulators, the administration and the general public

Performance Objectives by CYE 2015

1. Pending member responses develop budget proposals necessary to cover shared service costs
2. Develop RFPs/job descriptions for shared services needs
3. Develop internal structure necessary to efficiently administer shared services/educational programs
4. Develop an evaluation/feedback system to ensure members value the programs and services offered
Critical Factors in HAH’s Strategic Success

**Advocacy That Defines the Future of Hawaii Health Care Policy.** HAH is the principal advocate for the mutually-held interests of our members and the people we serve. Our powerful, member-backed advocacy must define and lead the dialogue on issues affecting the accessibility, financing, delivery, cost and effectiveness of health care services and financing in Hawaii. We must speak with one singular, powerful and catalytic voice for change that benefits our members and health care consumers statewide. HAH must improve representation and advocacy effectiveness with the Hawaii legislature and administration, county and local governments, the Hawaii congressional delegation, and state federal regulatory agencies.

**Ability to Lead Change in a Dynamic Environment.** We must support our members’ strategic directions through a focused blend of services responsive to continuing change. Our services and resources must enable members to identify and develop solutions to the health care challenges facing their organizations and communities.

**Collaboration and Alliances That Extend Association Influence and Results.** We must foster strong bonds with other organizations that share our mission and vision. HAH must bring organizations together in forums where meaningful and purposeful dialogue can occur. We must develop strong and effective relationships with other Hawaii leaders committed to health care delivery and financing to respond to the critical health care issues facing Hawaii’s citizens.

**Information and Data That Strengthen Advocacy and Member Success.** HAH must be the foremost and comprehensive authority and source of data and information on the vital health care challenges and issues that will define Hawaii’s health care future. We must be relied upon by lawmakers, regulators, the media and others for health care data and information that provide perspective and context, and that enable thoughtful decision-making.

**Communicate Health Care Challenges and Solutions.** We must be the state’s preeminent leader in communicating broadly and deeply about Hawaii’s critical health care issues, and the role our members play in meeting the quality, delivery and financing needs of Hawaii’s citizens. HAH must communicate the interests of our members to targeted audiences with power, precision and credibility. Our communication must enable the public to understand the reasons for and implications of the health care changes happening around them.

**Advance Member Knowledge.** HAH must build member knowledge in areas vital to organizational performance. Information and analysis must be delivered through customized, member focused channels most responsive to the needs of our members.

**Develop Strong Executive and Elected Leadership Skills and Processes.** HAH must develop member “market intelligence” which enables the association to understand individual member and market development issues and challenges.

**Provide a Tangible, Measurable Member Return on Investment.** HAH must ensure that members understand the value created through their association investment, especially in the areas of Medicare and Medicaid.
payments, insurance regulatory reform, licensure, behavioral health, long term care and home health issues. We must be able to define value on an individualized, member-by-member basis, and develop processes to continually communicate and reinforce the value we provide to our members. HAH must continuously work to strengthen relevance to the needs of our highly-diverse membership.

**Build Member Involvement That Strengthens Member/Association Connections, and Ensure Member Responsiveness.** HAH must develop activities for members that they value and that help advance their individual missions. Working to improve member input into association decision making, HAH must serve as an effective “convener” of members and others, working aggressively to find collaborative solutions to mutual problems and concerns. HAH must serve as a forum where potentially conflicting interests can be mediated, and where consensus can be sought. And we must foster a sense of individual member responsibility for ensuring HAH success.
A Successful Future for the Healthcare Association of Hawaii

**Member Success.** The Healthcare Association of Hawaii is the organization members have most looked to for performance in the critical areas that have defined their success over the past five years. Workforce shortages, government under-funding of services, and other important drivers of member success were clearly understood, carefully anticipated and forcefully addressed in meaningful ways that have improved member vitality and success.

**Catalyst for Change.** HAH is the state’s most powerful and influential voice on a wide range of health care issues critical to Hawaii citizens. HAH has improved public and governmental response to the financial and regulatory challenges faced by its members by forcefully articulating those challenges, and aggressively developing solutions that meet the needs of its members and the people they serve.

**Public Trust.** HAH worked successfully through its members and other community partners to collaboratively tackle the root causes preventing improvement in the Hawaii community’s health. This effort has led to a striking improvement in many of the measures of Hawaii’s health status. As a result of HAH’s successful broad-based initiatives, coupled with dynamic efforts by members in their own organizations, public trust in HAH’s hospitals and health care organizations is high. This powerful new trust has had a strong impact in helping to shape legislative awareness of, and attitudes toward, the solutions proposed by the association on behalf of its members.

**Grassroots Power.** The association’s success has been driven by deep member commitment and involvement, and the ability to continually coalesce the membership to think and act as one in pursuing legislative and regulatory reform. In addition, HAH has worked outside its traditional membership to form various coalitions of key stakeholders who together have shaped innovative and aggressive new directions for improving the health status of Hawaii citizens through innovative new policies, improved financing and sensible regulatory reform. Much of the association’s success has also been driven by its efforts to position its priorities as both health care and economic development issues. In partnership with the state and other key stakeholders, HAH has been a catalyst in the creation of comprehensive statewide health planning approaches that have reshaped the way health care is financed in Hawaii.

**Foremost Information and Knowledge Resource.** HAH is the state’s most prominent and comprehensive resource of health care data and information. The association is relied upon by state governmental leaders, consumers, members and others for current, accurate and usable data and information. In addition, the association’s value-added programs and services have improved the organizational performance of its members, and have strengthened their abilities to meet their market-based mission and vision. HAH’s members are better positioned than ever before to meet the needs of their communities. The association’s member services have been continuously and carefully refined to meet member needs in the most critical areas of operational excellence and community health enhancement.

**Collaboration and Interaction.** HAH is a highly respected and acknowledged voice on the health care issues critical to Hawaii citizens. The association is a collaborative leader of comprehensive statewide health planning approaches that have reshaped the way in which care is financed and delivered. HAH has promoted closer relationships between its members and those who are critical to the achievement of its agenda for responsible change. The association has become a leading part of a broad organization of health care leaders working cooperatively to improve the health of Hawaii citizens. HAH has demonstrated how health care in Hawaii has improved as a result of innovative partnerships between the association, its members and other constituencies.

**Financial Strength.** As a result of its success in all areas, HAH is financially strong, and has the fiscal resources necessary to continually strengthen its position as the state’s preeminent health care leader and advocate for its members and their constituents.