



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

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FOR IMMEDIATE RELEASE

HHSC Seeking Maui Lease Agreement Before January 31, 2018 Deadline

Lease with Pacific Cancer Institute violates federal law, must be renegotiated

Honolulu, HI – www.HHSC.org – After more than a year of negotiations, Hawaii Health Systems Corporation (HHSC) has reached an impasse in ground lease negotiations with Pacific Cancer Institute (PCI), formerly known as Bobby C. Baker, M.D., Inc. PCI, a for profit entity, has been leasing land on the Maui Memorial Medical Center (MMMC) campus since 1993 and is the only provider of radiation therapy in Maui County.

A new lease is necessary because the current lease violates two federal laws: the Stark Law and the Anti-Kickback Statute. Under these laws, PCI is required to pay HHSC the fair market value of the goods and services that it currently receives at no cost or steeply reduced cost. These goods and services include utilities, patient and staff parking, common area usage, generator usage and, until very recently, linen service, medical gasses, pest control services, facility improvements and many other items that are not adequately addressed in the existing ground lease.

The Stark Law and the Anti-Kickback Statute expressly prohibit hospitals from providing free or discounted goods or services. All goods and services must be procured at fair market value and the terms must be expressly set forth in a lease. These laws were enacted to prevent fraud and abuse of the Medicare Program and to protect the financial health of the Medicare Program for future participants.

“Our top priorities are to ensure that continued, uninterrupted radiation therapy services are accessible to patients in Maui County and to be fully compliant with the law,” said HHSC CEO Linda Rosen, MD. “Because we’re committed to these goals, HHSC has been negotiating in good faith with PCI for more than a year. The deadline of January 31, 2018, imposed by the federal regulator to end the current lease arrangement, is fast approaching, and we remain at an impasse. HHSC has been forced to turn to the court system in an effort to prevent the loss of these vital services in Maui County and to be compliant with the law. Notwithstanding the filing of this complaint, HHSC remains open and ready to negotiate a legally compliant lease with PCI.”

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As Maui County's only radiation therapy provider, a resolution is imperative for the patients who receive those services each month. Should PCI opt to cease operations, patients who might otherwise have received treatment at PCI may need to obtain treatment from one of the other providers on Hawaii Island, Kauai or Oahu. According to State Health Planning and Development Agency records, radiation therapy centers are located at:

- Hilo Medical Center (Hawaii Island - Hilo)
- Kona Community Hospital (Hawaii Island - Kona)
- Kauai Oncology Institute (Kauai)
- Cancer Center of Hawaii (two locations on Oahu - Leeward and Liliha)
- Kuakini Medical Center (Oahu - Liliha)
- Queens Medical Center (Oahu - downtown)

"What we know is that Maui County patients need these vital services," said HHSC COO and General Counsel Anne Lopez. "We do not expect PCI to alter its operations prior to February 1, and we are doing everything we can on our end to make sure services remain available well into the future.

"A speedy resolution is in everyone's best interest, and we hope the courts can help move the process along more quickly. We are not seeking to recoup money that PCI has not paid in the past for utilities, services or space. Instead, we are focused on our mission of ensuring accessible healthcare services to the residents of Hawaii."

Maui County patients currently receiving treatment at PCI are encouraged to contact their attending physicians to discuss their treatment options. Because patient treatment plans, length and type of therapy and healthcare coverage are specific to each patient, it is recommended that patients discuss these issues with their physicians prior to February 1, 2018.

"HHSC, as a state agency, has a mission and obligation to make sure that we do everything we can to provide access to healthcare—but we've got to do that within the confines of the law," Dr. Rosen said.

About HHSC

Established in 1996, HHSC is a public benefit corporation of the State of Hawaii. As the state's system of public hospitals, HHSC continues to fulfill its mission to provide accessible, high quality, cost-effective services to address the health care needs of Hawaii's unique island communities. For more information, visit HHSC.org.

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