

HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

**REPORT TO THE
THIRTY-THIRD
HAWAI‘I STATE
LEGISLATURE
FOR FISCAL YEAR 2024**

January 2025

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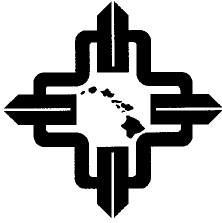
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East Hawai'i

West Hawai'i

Kaua'i

O'ahu



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N
Quality Healthcare For All

PCEO-25-001

Report to the Legislature
Hawaii Health Systems Corporation Annual Audit and Report for FY2024;
Pursuant to HRS Section 323F-22(a) and (b)

Hawaii Health Systems Corporation (HHSC) is pleased to submit this report to the Legislature in accordance with section 323F-22, Hawaii Revised Statutes (HRS) relating to HHSC's Annual Audit and Report. This report includes (a) projected revenues for each health care facility for FY2025 and a list of capital improvement projects planned for implementation in FY2025; and (b) regional system board reports.

The HHSC network of hospitals and clinics provide high quality healthcare services to residents and visitors in the State of Hawaii regardless of the ability to pay. In this regard, HHSC continues to serve as a vital component of the State's system of healthcare. This is accomplished through the continued dedication and hard work of our employees, medical staff, community advisors, boards of directors, labor union partners, and many other stakeholders, with support from the Legislature and the state administration.

HHSC facilities include: Hilo Medical Center, Yukio Okutsu State Veterans Home, Hale Ho'ola Hamakua, and Ka'u Hospital (East Hawaii Region); Kona Community Hospital and Kohala Hospital (West Hawaii Region); Leahi Hospital, Maluhia, and Daniel K. Akaka State Veterans Home (O'ahu Region); Kaua'i Veterans Memorial Hospital and Samuel Mahelona Memorial Hospital (Kaua'i Region), in addition to three non-profit affiliate providers: Ali'i Community Care, Inc: Roselani Place – Maui; Ali'i Health Center – West Hawaii, and Kahuku Medical Center – O'ahu. HHSC also owns and operates several physician clinics and outpatient pharmacies throughout the State.

In June 2015, the Legislature passed Act 103, H.B. 1075, effective June 10, 2015, which allowed for the transition of the management of the Maui Region facilities to a new entity. The Maui Region selected Kaiser Permanente as the entity that would manage the three Maui Region facilities. As a result, Kaiser Permanente formed a new not-for-profit entity, Maui Health System (MHS), to manage the three Maui Region facilities. In January 2016, HHSC entered into a transition agreement with an expected effective date of July 1, 2016. Due to legal challenges and other delays, the expected transition date was pushed back to July 1, 2017. The legal challenges were resolved with the passage of Act 18, S.B. 207, effective July 1, 2017, which provided severance benefits for those Maui Region employees affected by the transition of operations from HHSC to MHS. These severance benefits were paid out to eligible recipients in October 2017. HHSC entered into a transfer agreement and a lease agreement with Maui Health System to effectuate the transfer during fiscal year 2017. The transfer of operations was completed on July 1, 2017.

In fiscal year 2024, HHSC's facilities continued to experience increasing patient volumes over previous years. HHSC's acute admissions for fiscal year 2024 increased over 9% from fiscal year 2023, and long-term care admissions for fiscal year 2024 increased 6% from fiscal year 2023. HHSC's emergency department visits for fiscal year 2024 increased approximately 4% from fiscal year 2023, and HHSC's long-term care patient days for fiscal year 2024 increased almost 3% from fiscal year 2023.

These increasing patient volumes demonstrated how critical HHSC's facilities are for access to healthcare in the State of Hawaii, especially on the neighbor islands. In fiscal year 2024, HHSC's acute discharges were 14,017 which accounts for approximately 13% of all acute care discharges in the State of Hawaii. In fiscal year 2024, HHSC's emergency department visits were 91,459, representing approximately 19% of all emergency department visits statewide. The impact of HHSC's facilities on the neighbor islands is even more impressive. For residents of the County of Hawaii, HHSC's facilities cared for nearly 70% of all acute care discharges and 81% of all emergency department visits. For residents of the County of Kauai, HHSC's facilities cared for 22% of all acute care discharges and 40% of all emergency department visits.

While the demand for care increased, HHSC continued to endure significant clinical staffing shortages due to lack of available staff as a result of challenging economic conditions such as high cost of living, scarcity of affordable and available housing, and the limited capacity of Hawaii colleges and universities to accept and graduate nursing students and clinical technicians. For this reason, HHSC has had to supplement its staff with contracted nursing and other clinical personnel. In fiscal year 2024, HHSC spent nearly \$40 million in contracted nursing and other clinical personnel as compared to \$14 million in fiscal year 2021. HHSC's regions implemented workforce programs and initiatives, many in conjunction with community partners, in an effort to lessen the ongoing staffing shortages. HHSC has seen recruitment success with its continued commitment to its surgical technologist programs, nurse residency programs, specialized nursing certificate programs, certified nurse assistant program, the Hawaii Island Family Residency Program at Hilo Medical Center, and working with the Healthcare Association of Hawaii, and the Good Jobs Hawaii Program.

In addition to staffing shortage challenges and high cost of contract labor, HHSC continues to face increasing operating losses due to excessive levels of salaries and benefits expense as compared to the private healthcare industry. HHSC was forced to absorb collective bargaining raises of varying percentages due to agreements between the State of Hawaii and public sector unions retroactive to July 1, 2021 and expiring on June 30, 2025. These raises are projected to cost HHSC a cumulative total of over \$90 million at projected fringe benefit rates over the four-year period of the agreements. Further, the collective bargaining agreements negotiated by the State of Hawaii are meant to cover employees supporting the static business environment of administrative offices, not the dynamic working environment found in the hospitals that HHSC operates. As a result, the work rules and pay schedules dictated by those collective bargaining agreements makes it difficult for HHSC to operate its facilities efficiently and cost effectively. In addition, the State assessed HHSC a fringe benefit rate of 64.25% for fiscal year 2024. This represents an increase in the fringe benefit rate assessed in fiscal year 2023 of 52.83%, resulting from the State of Hawaii's decision to temporarily suspend the statutory funding requirement for its retiree health insurance program. Other private hospitals across the nation pay a fringe benefit rate of between 25-30%. The impact to HHSC of the difference between its fiscal year 2024 fringe benefit rate and the private hospital fringe rate of 30% is approximately \$90 million in additional annual expense to HHSC. As a result of these ever-increasing cost pressures, HHSC's salaries & benefits

expense as a percentage of net patient service revenue was 67% for fiscal year 2024, as compared to the U.S. Not-for-Profit Healthcare System Median of 58.9% from Standard & Poor's Global Ratings for 2023.

HHSC recognizes the need to continually seek new ways to fund its operations outside of seeking additional general fund appropriations from the State of Hawaii in order to improve services to the community and improve HHSC's financial performance. HHSC has implemented and continued its efforts with several initiatives:

- Focus on Growing Revenue:

Achieving Third-Party Payor Rates on Par with Private Hospitals in the State of Hawaii

Utilizing the resources of a consulting firm and published payment rates available as a result of federal price transparency legislation, HHSC continued negotiation of contracts for its commercial lines of business that will bring HHSC's reimbursement rates for healthcare services up to par with those of the private hospitals in the State of Hawaii. The increases in reimbursement rates have contributed to HHSC's revenue growth in the prior fiscal year, fiscal year 2024, and will continue into the future as new contracts are negotiated.

Focus on Revenue-Generating Services that Improve Services to the Community:

In fiscal year 2024, Hilo Benioff Medical Center developed revenue generating services by continuing to expand their specialty care services including dermatology and plastic surgery. A new CT scanner was installed at Samuel Mahelona Memorial Hospital in fiscal year 2024. Not only did it generate new revenue for the facility, it provided residents on the east and north sides of Kauai with CT services that previously did not exist. The closest facility with CT services required residents to drive nearly 30 miles from their home. Samuel Mahelona Memorial Hospital also became a provider of meals to homebound seniors on the island of Kauai for the Meals on Wheels program. With the successful expansion of their meal service delivery, the facility also sells meals to the local community.

- Maximizing Federal Funding Opportunities:

HHSC's East Hawaii and Kauai Regions have continued to convert some of their outpatient clinics to rural health clinics to achieve enhanced Medicare and Medicaid reimbursement for those services. As a result of the conversions to rural health clinics, in fiscal year 2024, revenue increased by approximately \$16 million from the previous fiscal year. HHSC worked with the State of Hawaii MedQUEST Division to establish a public hospital uncompensated care pool which provides federal funds to partially subsidize HHSC's losses from providing care to Medicaid, MedQUEST, and uninsured patients. HHSC received over \$66 million in funds in fiscal year 2024 from this program. HHSC has also been successful in working with Hawaii's Congressional delegation to obtain Congressional Directed Spending grants, receiving \$2.5 million for electronic medical records optimization for the HHSC-West Hawaii Region.

- Seeking Philanthropy:

HHSC's facilities have always worked with their associated foundations to provide funding for medical equipment and other needed items for the facilities. HHSC facilities have successfully sought private funding through philanthropy. In fiscal year 2024, the HHSC-East Hawaii Region secured an astonishing \$50 million donation to help build out critical areas of care of the existing hospital, including a state-of-the-art family birthing center and

intensive care unit. The donation will also support a neurosurgical program and behavioral health services.

In fiscal year 2024, the deadliest U.S. wildfire in over a century devastated Maui, claiming lives and destroyed nearly all of Lahaina and impacted other areas on the island. While progress has been made with the help of county, state, federal and community partners, there is still much work to be done to help Maui recover. The State has prioritized Maui's recovery and are committed to fund settlement agreements for Maui's property and personal injury damages. The State's tax collections will be impacted in fiscal year 2025 due to Act 46, SLH 2024, Relating to Income Tax, which incrementally increases standard deduction amounts and widens income tax brackets and Act 47, SLH 2024, Relating to the General Excise Tax (GET), which exempts medical and dental services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits from the GET. While these tax relief measures will be beneficial to the residents of Hawaii, the estimated revenue loss to the State is significant.

While HHSC focuses on retaining employees and managing its expenses, increases in labor costs and inflation will continue. Nationally, the supply of healthcare employees in 2025 will meet only 94% of the demand, according to the Health and Human Services Administration. For HHSC facilities, there will be even more shortages as recruitment and retention are more difficult in Hawaii and especially on the neighbor islands. Medical supply inflation will continue to rise and pharmaceutical costs will see mid-to-high single digit percentage ranges into 2025, according to Moody's. With continued threats to cybersecurity, the need for ongoing protection and prevention will drive up costs. We have already seen the tremendous impact of the Change Healthcare cyberattack in February 2024 on the operations and cash collections of healthcare providers nationwide. Cyberattacks have also occurred at other Hawaii healthcare entities. The cost impact of cybersecurity for hospitals can be overwhelming, leading to significant financial losses from data breaches, disruption of patient care due to system outages, legal fees from patient privacy violations, reputational damage, and potential loss of revenue due to decreased patient trust. Increasing hospital general and professional liability insurance costs will continue to rise due to a hardened market, also potentially resulting in difficulties in obtaining coverage.

With the future potential impacts on rising costs, HHSC faces the issue of increased need for State general fund appropriations. HHSC is continuously analyzing how to better meet the challenges of delivering vital health care to the communities it serves. In doing so, HHSC continues to evaluate its current operations to see where there may be opportunities for the system as a whole to operate more efficiently and effectively in providing accessible, high quality services that address the healthcare needs of Hawaii's unique island communities.

HHSC annually has a detailed independent financial audit conducted for the entire system. Additionally, HHSC has a myriad of internal reporting/performance measures that are utilized by the board of directors and management to insure compliance, quality, and financial efficiency in all system work. We have continued to focus on improving our financial management and accounting systems throughout the year. HHSC has received a "clean" unqualified consolidated audit for every fiscal year from FY 2000 through FY2024.

The following information is attached in accordance with section 323F-22, HRS: (1) HHSC Consolidated Audited Financial Statement for FY 2024, (2) projected revenues for each facility for FY2025, (3) proposed capital improvement projects during FY2025; and (4) Hawaii Health Systems Corporation, Regional System Board Reports.

Foundations

As a public hospital system, HHSC depends heavily upon input and support from our local communities. Over this past year, HHSC facilities have benefited from outstanding and dedicated service of community-based hospital auxiliaries that included donations of time and money to our facilities, statewide. HHSC management has also worked with respective hospital foundations to obtain donations and grants to both enhance services provided and to offset the cost of operating our system in predominantly rural areas. In this regard, HHSC has promoted the development of foundations at our hospitals and incorporated the Hawaii Health Systems Foundation (HHSF) as a wholly owned subsidiary 501(c) (3). Nineteen years ago, there were three foundations supporting HHSC facilities of which only two were active. Today there are several separate foundations, in addition to multiple hospital auxiliaries supporting the HHSC facilities.

Respectfully submitted,

Edward N. Chu
President and Chief Executive Officer

Joyce M. Tamori
Vice-President and Chief Financial Officer

Attachments:

1. HHSC Consolidated Audited Financial Statements, FY2024
2. Projected Revenues, FY2025
3. CIP Expenditures, FY2025
4. Regional Board Reports, FY2024

Attachment A

HHSC Consolidated Audited Financial Statements, FY2024

Attachment B

Projected Revenues, FY 2025

**HAWAII HEALTH SYSTEMS CORPORATION
PROJECTED REVENUES FOR FISCAL YEAR 2025
AMOUNTS IN \$'000'S**

NOTE: Amounts represent estimated cash collections, not accrual basis revenues

Hilo	300,374
Hamakua	21,362
Ka'u	50,355
Kona	132,459
Kohala	22,451
KVMH	54,100
SMMH	39,761
Leahi	26,088
Maluhia	<u>22,706</u>
TOTAL	<u><u>669,656</u></u>

Attachment C

CIP Expenditures, FY 2025

**DEPARTMENT: Health - Hawaii Health Systems Corporation
FY 25 CIP EXPENDITURE PLAN**

Act/Yr	Item No.	Project Title and Brief Project Description	Apprn
164/23	E-14	Lump Sum Hawaii Health Systems Corporatio, Oahu Region - Maluhia Renovation for ADA	1,000,000
164/23	E-14	Lump Sum Hawaii Health Systems Corporation, Oahu Region - Leahi Hospital, Upgrade sewer system	500,000
164/23	E-14	Lump Sum Hawaii Health Systems Corporation, Oahu Region - Leahi Hospital Replace Atherton generator	429,085
164/23	E-14	Lum Sum Hawaii Health Systems Corporation, Oahu Region - Leahi Hospital Fire sprinkler upgrade Young Building	100,000
164/23	E-14	Lump Sum Hawaii Health Systems Corporatio, Oahu Region - Maluhia Sundeck roof	450,000
164/23	E-14	Lump Sum Hawaii Health Systems Corporatio, Oahu Region - Maluhia Upgrade fire alarm system	400,000
164/23	E-3	Lump Sum, Hawaii Health Systems Corporation - East Hawaii - Operating Room Renovations and Electrical Upgrade	4,459,168
164/23	E-3	Lump Sum, Hawaii Health Systems Corporation - West Hawaii, Various Renovation of Hospital Projects	976,301
164/23	E-3	Lump Sum, Hawaii Health Systems Corporation - West, Relocate Ultrasound Room	1,511,000
164/23	E-6	Kona Community Hospital, Risk of Closure Infrastructure Upgrades	16,247,000
164/23	E-9	Samuel Mahelona Memorial Hospital, New Psychiatric Unit	7,400,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Replace Emergency Generator Ph.II	1,000,000
230/24	E-2	Lump Sum, Kahuku Medical Center, PA System Replacement	50,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Medical Vacuum Replacement	150,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Long Term Development Plan	700,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Lobby/ Registration Renovation	425,000

230/24	E-2	Lump Sum, Kahuku Medical Center, Elevator Upgrades	150,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Patient Balcony Remodel	550,000
230/24	E-2	Lump Sum, Kahuku Medical Center, First Floor AC Replacement	200,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Laboratory Renovations	250,000
230/24	E-2	Lump Sum, Kahuku Medical Center, ED Renovations	500,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Hospital Exterior Painting	350,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Transportation Program	125,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Rehabilitation Remodel	250,000
230/24	E-2	Lump Sum, Kahuku Medical Center, Nurses Station Remodel Ph.II	300,000
230/24	E-3	Lump Sum, Hawaii Health Systems Corporation - East Hawaii, Operating Room Renovations	7,549,074
230/24	E-3	Lump Sum, Hawaii Health Systems Corporation - West Hawaii, Various Renovation of Hospital Projects	4,210,419
		Lump Sum, Hawaii Health Systems Corporation - Kauai, KCMH, Emergency Department Rnovation	2,209,531
230/24	E-3	Lump Sum, Hawaii Health Systems Corporation - Kauai, SMMH, CAH Renovation, Phase II	1,530,976
230/24	E-14	Lump Sum, Oahu Region, Leahi Hospital Sound attenuation for heat pump room	700,000
230/24	E-14	Lump Sum, Oahu Region, Maluhia Drainage measures for condensation leaks	500,000
230/24	E-14	Lump Sum, Oahu Region,Leahi Hospital Replace exhaust on Young roof	100,000
230/24	E-14	Lump Sum, Oahu Region, Leahi Hospital Replace wet/dry standpipes in Young and Trotter	800,000
230/24	E-14	Lump Sum, Oahu Region, Leahi Hospital Replace heat pump in Young	600,000
230/24	E-14	Lump Sum, Oahu Region, Maluhia Hazmat study	300,000
230/24	E-4.1	Kau Hospital, Keaau Ambulatory Center	4,000,000
230/24	E-4.2	Kau Hosital, Waste Water Treatment Plant and Building Renovation	5,000,000

230/24	E-4.3	Kohala Hospital, Admin Building	2,600,000
230/24	E-4.4	Kohala Hospital, CT Scan and Expansion	500,000
230/24	E-4.5	Kona Community Hospital, Imaging	5,000,000
230/24	E-10	Samuel Mahelona, New Psychiatric Unit	7,500,000
230/24	E-11	Samuel Mahelona, Emergency Dept Expansion	3,000,000
230/24	E-12	Kauai Veterans Memorial Hosp, Operating Room Renovation	3,000,000
230/24	E-12.1	Kauai Veterans Memorial Hosp, Rehab Renovation	1,183,000
230/24	E-14	Lump Sum, Oahu Region, Leahi Hospital, Hazmat Study	500,000

Attachment D

Regional Board Reports, FY 2024

EAST HAWAII REGION 2024 LEGISLATIVE REPORT

EAST HAWAII REGION

The East Hawaii Region, consisting of Hilo Medical Center, Hale Ho'ola Hamakua, Ka'u Hospital, Yukio Okutsu State Veterans Home and the East Hawaii Health Clinics, is the largest region in the Hawaii Health Systems Corporation. The Region is the largest employer on Hawaii Island with over 1,600 employees.

Hilo Benioff Medical Center originated in 1897 as a 10-bed hospital, created by the Hawaiian Government. HMC has grown to the present facility of 166 licensed beds, consisting acute, long term care, and psychiatric beds, and 32 temporary licensed beds. Built in 1984, the facility sits on roughly 20.5 acres of land, next to the new 95-bed Yukio Okutsu Veterans Home, Hawaii's first State Veterans Home, and the previous site of the "old Hilo Hospital."

Hilo Benioff Medical Center patient services include:

- 24-Hour CAP-Accredited Pathology Laboratory and Blood Bank Services
- 24-Hour Physician-Staffed Emergency Care
- Acute Inpatient Dialysis
- Adult Psychiatric Care
- Bronchoscopy
- Cardiac Care: Diagnostic & Interventional Cardiology, Echocardiography, Thallium Stress Treadmills, Pacemakers, Cardiac Telemetry, Cardiac Rehab, Sports Cardiology
- EEG
- Endoscopy
- Food and Nutrition Services and Counseling
- Gastroenterology
- Hospitalist Services
- Imaging Services – X-ray, CT, MRI, Angiography/Cardiac Catheterization, Interventional Radiology, Nuclear Medicine, Ultrasound
- Inpatient Dialysis and Acute Nephrology
- Inpatient and Outpatient Rehabilitation Services – Cardiac Rehab, Physical, Occupational, and Speech Therapies
- Inpatient and Retail Pharmacy
- Critical and Progressive Care
- Obstetrics/Gynecology Services, Labor and Delivery, Post-Partum, and Childbirth, Breastfeeding and Car Seat Classes
- Outpatient Clinics – Behavioral Health, Cardiology, Dermatology, Neurology, Plastic Surgery, Primary Care, Psychiatry, Oncology, Orthopedics, Neurology, ENT, General Surgery, Vascular Surgery, and Urology
- Inpatient Pediatrics
- Respiratory Therapy
- Skilled Nursing and Long Term Care
- Social Services and Case Management
- Surgical Services—Same Day Surgery, Post-Anesthesia Care, and Special Procedures, Robotic Surgery
- Subspecialty Surgical Services—Gynecological Robotic Surgery, Orthopedics, Ophthalmology, Otorhinolaryngology, Urology

- Telemedicine
- Wound and Ostomy Care

PATIENT CENSUS FY 2024

- Admissions 10,562
- Emergency Department Visits 52,182
- Births 924
- East Hawaii Health Visits 24,132

COMMUNITY-BASED FOUNDATION SUPPORT OF HILO BENIOFF MEDICAL CENTER

Total Grants	\$ 627,246.83
Total Fundraising	\$ 109,327.50
Total Private Donations	<u>\$ 136,667.59</u>
Total	\$ 873,241.92

In FY 2024, **Hale Ho'ola Hamakua** (HHH), originally known as Honoka'a Hospital, has served the healthcare needs of the communities of Hamakua, North Hawaii and South Kohala since 1951. In November 1995, a new 50-bed facility was opened above the old hospital, to provide long-term-care services. The facility was renamed Hale Ho'ola Hamakua (Haven of Wellness in Hamakua) in 1997 to reflect its new focus. Adjacent to HHH is the Hamakua Health Center that provides primary care and behavioral health services to the community in a building owned and leased from HHH.

HHH was converted as a Critical Access Hospital in November 2005, which resulted in bed configuration changes and the provision of new Emergency Room (ER) and expanded ancillary services. In 2010, the Maile Wing was added to HHH, bringing the total number of beds to 77 and increasing its capacity. HHH employs dedicated medical professionals who care for members of the communities along the Hamakua Coast. In 2024, HHH earned the Silver Quality Award from the American Healthcare Association for Long Term Care Facilities.

Services provided by HHH include:

- 11 Acute/SNF Swing Beds
- 66 Long Term Care (ICF/SNF) Beds
- Emergency Room Services, 24 hours/7 days per week, on call within 30 minute
- Inpatient and Outpatient Rehabilitation Services for Physical, Occupational, and Speech Therapies
- Inpatient Social Services
- Inpatient and Outpatient Laboratory Services
- Inpatient and Outpatient X-Ray Services
- Inpatient Dietary/Food Services
- Auxiliary and Community Volunteer Services

PATIENT CENSUS

- Admissions 221
- ER Visits 1,854

Ka'u Hospital, in Pahala, is a 21-swing bed facility that also operates a 24-hour/7 day a week Emergency Department. Replacing the last sugar plantation hospital on the island, Ka'u Hospital was built in 1971 to serve the needs of a vast rural area. There are no other hospitals within a 55-mile radius in any direction. As of July 2001, Ka'u Hospital was designated as a CAH (Critical Access Hospital). This is a federal designation given to small hospitals that provide essential emergency and acute services in remote areas to assist them with the financial burdens associated with their size and isolation. Adding to the spectrum of services provided by Ka'u Hospital, a Medicare certified Rural Health Clinic was established on the hospital campus in September of 2003.

The people of Ka'u truly support their hospital. Their partnership of volunteerism and fundraising has enabled Ka'u Hospital to make many improvements in appearance, functionality and medical equipment that the hospital would be unable to fund on its own. It is a true community hospital where staff work toward being the very best they can be for the people of Ka'u. Demand for services has been growing steadily.

Services provided by Ka'u Hospital include:

- 24-hour Emergency Services
- Acute Care
- Intermediate and Skilled Level Care
- Inpatient and Physical Rehabilitation
- Inpatient and Outpatient Radiology
- Inpatient and Outpatient Laboratory Services
- Family Practice Rural Health Clinic

PATIENT CENSUS

- Admissions 60
- ER Visits 3,435
- East Hawaii Health Clinic Visits 126,060

COMMUNITY-BASED FOUNDATION SUPPORT OF KA'U HOSPITAL

Total Fundraising \$ 124,163.59

East Hawaii Region Foundations Supporting HHSC Hospitals

Background / Contact Information

Hilo Benioff Medical Center Foundation

The Hilo Medical Center Foundation (HMCF) is a 501(c) (3) nonprofit corporation that was founded in 1995. The Foundation supports the healthcare of our community and its visitors by assisting the East Hawaii Region through volunteerism, community education, and financial

support. The Foundation provides an avenue for people to donate money, stocks, equipment, personal property, time, services, and other assets for the support of projects, programs and services to enhance the healthcare services in our community.

Foundation President: Rodney Powell

Foundation Administrator: Lisa Rantz

lrantz@hhsc.org

Contact information:

Hilo Medical Center Foundation

www.hbmcfoundation.org

1190 Waianuenue Avenue, Box 629

Hilo, HI 96720

Tel: 808-932-3636 Fax: 808-974-4746

Ka'u Hospital Charitable Foundation

Ka'u Hospital Charitable Foundation was created to raise funds for the benefit of Ka'u Hospital and Rural Health Clinic in order to supplement the financial resources available to it through the hospital's own revenue (which comes from income, shared resources from other HHSC facilities, and any monies granted by the State.) Funds raised are used to enhance the quality of care provided by Ka'u Hospital through improvements in the facility, medical equipment, and training of staff.

Foundation President/Director: Vacant

Foundation Vice President/Director: Wayne Kawachi

Contact information:

Ka'u Hospital Charitable Foundation

P.O. Box 773

Pahala, HI 96777

info@kauhospitalcharity.org

www.Kauhospitalcharity.org

Hawaii Health Systems Corporation East Hawaii Region Accomplishments

On behalf of the East Hawaii Region of Hawaii Health Systems Corporation (HHSC), we are pleased to submit our end of year report highlighting the accomplishments of the Region.

Our vision continues to be "To create a health care system that provides patient centered, culturally competent, cost effective care with exceptional outcomes and superior patient

satisfaction. We will achieve success by pursuing a leadership role in partnership with community health care organizations and providers.”

People

Physicians, Physician Associates, Nurse Practitioners

The East Hawaii Region had an excellent year in growing our medical staff by welcomed 60 new physicians, nurse practitioners/physicians associates to the medical staff. These providers specialize in family medicine, cardiology, internal medicine, emergency medicine, hospitalist, oncology, palliative care, pathology, psychiatry, psychology, urgent care, and wound care. In addition, the Hawaii Island Family Medicine Residency Program welcomed six residents in the class of 2027 and graduated the eighth class with five residents in 2024.

Workforce Development

Paid training programs, benefitting Hilo Benioff Medical Center, East Hawaii Health Clinics, Hale Ho‘ola Hamakua and Yukio Okutsu State Veterans Home, continue to be the solution to the staffing shortage in key patient care positions. Over the last year, these programs produced: 33 registered nurses, 100 nurse aides, 21 Certified Nurse Assistants, 30 medical aides, and 46 clinic receptionists.

Growth

Hilo Benioff Medical Center Expansion

The 2024 legislative session was the most productive in recent HHSC history that resulted in the legislature funding \$50 million and an additional \$50 million donated by Marc and Lynne Benioff to expand Hilo Medical Center’s bed capacity and build a family birthing center. The first phase of the project to expand the hospital includes a new wing that has a 19-bed Intensive Care Unit on the second floor and 36 additional hospital beds on the third floor. Groundbreaking for this consequential project took place in April 2024. Construction is expected to last until 2026. The hospital then rebranded under its new name Hilo Benioff Medical Center at the end of the fiscal year.

East Hawaii Health Clinics Expansion

The East Hawaii Health Clinics, the outpatient sector of the East Hawaii Region, continues to grow with the start of construction of its third, 20,000 square-foot, medical office building, located across the hospital at 1285 Waianuenue Avenue.

Finance

Hilo Benioff Medical Center

Total Operating Revenue for FY2024 was \$300.8M compared to a budget of \$260.3M, a 16% favorable variance. FY2024 Total Operating Expense was \$352.4M versus a budget of \$361.7M, a 3% favorable variance. Operating Income (Loss) for FY2024 was (\$51.7M) compared to a budget of (\$101.4M). After Corporate Overhead and other appropriations, the Net Income was \$40.1M for FY2024 versus a budgeted Net Loss of \$(28.9M).

Hale Ho'ola Hamakua

Total Operating Revenue for FY2024 was \$29.2M compared to a budget of \$19.1M, a 53% favorable variance. FY2024 Total Operating Expense was \$25.8M versus a budget of \$29.3M, an 12% favorable variance. Operating Income for FY2024 was \$3.4M compared to a budgeted Loss of (\$10.3M). After Corporate Overhead and other appropriations, the Net Income was \$10.5M for FY2024 versus a budgeted Net Loss of (\$3.7M).

Ka'u Hospital

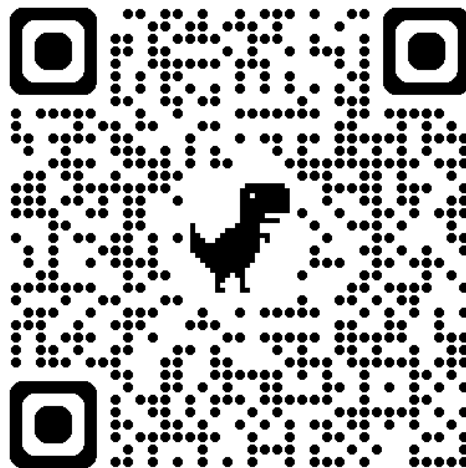
Total Operating Revenue for FY2024 was \$47.4M compared to a budget of \$45.4M, a 4% favorable variance. FY2024 Total Operating Expense was \$61.0M versus a budget of \$65.2M, a 6% favorable variance. Operating Income (Loss) for FY2024 was (\$13.7M) compared to a budget of (\$19.8M). After Corporate Overhead and other appropriations, the Net Loss was (\$7.3M) for FY2024 versus a budgeted Net Loss of (\$14.0M).

Yukio Okutsu State Veterans Home

Total Operating Revenue for FY2024 was \$13.9M compared to a budget of \$15.2M, a 9% unfavorable variance. FY2024 Total Operating Expense was \$14.3M versus a budget of \$15.2M, a 6% favorable variance. Operating Income (Loss) for FY2024 was (\$0.4M) compared to a budget of (\$0.04M). The Net Income (Loss) was (\$0.5M) for FY2024 versus a budget of (\$0.04M).

Additional Highlights

The East Hawaii Region of HHSC has a robust YouTube channel. For additional highlights of our services and developments, scan the QR code below.



WEST HAWAII REGION 2024 LEGISLATIVE REPORT

The West Hawaii Region (WHR) consists of Kona Community Hospital (KCH) and Kohala Hospital (KH). The WHR is also affiliated with Ali'i Health Center, a primary and specialty care clinic, and the Ali'i Ambulatory Surgery Center.

Mission, Vision, and Values

West Hawaii Region senior leaders updated and restated our Mission, Vision and Values to better reflect our Region's purpose and ideals.

Mission:

- To provide a healing environment for all the people of Hawaii.

Vision:

- To deliver quality, accessible care for all people that leads to optimal health.

Values:

- Respect, Inclusion, Compassion, Excellence

Kona Community Hospital

Founded in 1914, Kona Community Hospital (KCH) was established by an Act of the Territory of Hawaii to "provide a hospital in each of the Districts of North and South Kona." The original Kona Hospital was located approximately 2 miles south of today's hospital in Kealahou. The hospital became part of the County of Hawaii in 1939 when it was relocated to a new building with a 50-bed capacity and four physicians. The hospital moved 100 yards up Haukapila Street to its current location on 11 acres in 1974. Finally, in 1994, the hospital's name was changed to Kona Community Hospital by HB 3406 Act 011 SLH.

Today, KCH is a full-service acute care, safety-net hospital and certified Level III Trauma Center, proudly serving the West Hawaii community. KCH is accredited by The Joint Commission. The hospital includes 94 beds which are comprised of acute care, intensive care, obstetrics, and psychiatric beds.

As one of West Hawaii's largest employers, the staff at KCH includes nearly 552 highly skilled employees. Due to ongoing staffing shortages in Hawaii County, KCH contracts Agency Staff to fill critical positions in nursing, imaging, pharmacy. As of the fiscal year end, KCH employed 89 Agency Staff, down from 140 last year.

KCH has 419 credentialed and privileged medical staff, 73 of whom are active, including numerous telemedicine providers.

- 24-hour Emergency Room
- Level III Trauma Center
- Inpatient & Outpatient Surgery
- Acute Inpatient Care: Obstetrics/Gynecology, Medical/Surgical, Intensive Care, Behavioral Health
- Hospitalist Services
- Outpatient Nursing Services (Infusion and Chemotherapy)

- Rehabilitation Services (PT, OT, Speech Therapy)
- Respiratory Therapy – Inpatient and Outpatient
- Pharmacy
- Laboratory and Pathology Services
- Imaging Center: MRI, CT Scan, Ultrasound, Echocardiogram, Nuclear Medicine, Cardiac telemetry monitoring
- Radiation Therapy
- Physician Specialties (General Surgery, Internal Medicine, Cardiology, Medical Oncology, Radiation Oncology, Pediatrics, OB/GYN, ENT, Ophthalmology, Plastic Surgery, Orthopedics, Psychiatry, Gastroenterology, and Urology)

HOSPITAL STATISTICS	2023	2024
Admissions	2949	3317
Births	439	421
Emergency Visits	22,998	24,151
Surgeries	2541	2539
Trauma Patients	520	546
Average Daily Census	74	66

Kohala Hospital

Kohala Hospital (KH), originally a 14-bed facility located in Kapaau, was founded in 1917. At the time, the cost of hospitalization was \$1.50 per day. The hospital was relocated to its present location in 1962.

On July 1, 2020, Kohala successfully converted to a 25-bed Critical Access Hospital (CAH). The hospital employs 70 full-time and part-time employees. As of the fiscal year end, KH employed 38 Agency Staff to fill critical positions.

KH provides a state-of-the-art emergency room, outpatient lab, radiology, EKG services, and inpatient physical and occupational therapy rehab services.

HOSPITAL STATISTICS	2023	2024
Admissions	100	97
Patient Days	7286	6104
Emergency Visits	1709	1706

PEOPLE

The West Hawaii Region Board appointed one new member during FY 2024.

Employee engagement activities were held throughout the year. Activities included:

- Town Hall meetings
- Employee of the Month recognition celebrations
- Quarterly DAISY Award Program honoring one nurse per quarter for extraordinary, compassionate patient care.
- Annual DAISY Nurse Leader Award for outstanding leadership.
- National Nurses' and National Hospital Week celebrations.
- The Employee Engagement Committee sponsored employee-giving programs to benefit the community:
 - Valentine's Day drive to benefit the West Hawaii Humane Society.
 - Back to School Supply Drive
 - Salvation Army's Angel Giving Tree and Back to School Supply Drive
 - Hawaii Diaper Bank's Holiday Diaper Drive
- The KCH Workplace Violence Committee hosted quarterly *Coffee with a Cop* events to encourage employee engagement with Community Police Officers.

QUALITY

KCH programs to improve patient outcomes:

- Created Patient Advocate position to ensure daily patient rounding
- Established Health Equity Committee to analyze demographic data to identify disparities based on social determinants of health.
- Launched emergency department initiative to identify patients who screen positive for food insecurity. Implemented "meal to go" program.
- Level III Trauma Center – averages 30 trauma activations per month.
- Participates in the Hawaii Stroke Network stroke program.
- Circle of Life Program to meet the psychosocial needs of employees and patients by offering education and tools relating to traumatic events, end-of-life matters, and bereavement.
- Designated Baby-Friendly Hospital. World Health Organization (WHO) and the United Nations Children's Fund (UNICEF).
- All Women's Services nurses completed certifications in Advanced Life Support in Obstetrics.
- Dietary services continued its farm-to-table program of locally sourced, scratch cooking for patients and employees. Locally sourced products accounted for 28% of produce, proteins, and dairy, and other food items.

KCH programs offer patient and community engagement:

- KCH hosted 2nd annual "Empowering Caregiver Resource Fair." This free community event provided education and resources to community caregivers with a goal to prevent or shorten hospitalizations, assist with discharge planning and help caregivers prioritize self-care.
- KCH Education Department is an American Heart Association Certified Training Center
- KCH Women's Services Unit offers programs for staff and expectant mothers:

- Certified childbirth educators offer prenatal education
- Partner with NEST for Families – a community-based resource to assist new families with breastfeeding support.
- All OB RNs are certified in ALSO (Advanced Life Support in Obstetrics)
- OB nurses/child passenger technicians provide car seat inspections before newborn discharge from KCH.

TECHNOLOGY

- Telemedicine including:
 - Tele-psychiatry
 - Tele-stroke
 - Tele-cardiology
 - Tele-neurology

EDUCATION

- KCH Education Department has established a Center of Excellence to develop sustainable solutions for the current workforce crisis through education. Programs include:
 - Surgical Technology Program – Full time, accredited program to train students to be certified surgical technologists.
 - Nurse Residency Program
 - Specialized Nursing Certificate Courses – Curriculum includes certifications in difficult to receive courses include emergency pediatric nursing, trauma nursing and a number of specialized obstetric certifications at no cost to KCH nurses, favorable tuition to community nurses.
 - Certified Nursing Assistant Program – Collaboration with Island CPR made possible by a grant from the Healthcare Association of Hawai`i.
 - Basic Life Support for High School Students – Provides high school students (island0wide) life-saving skills and offers them a glimpse into the healthcare industry.

PHYSICIAN RETENTION & RECRUITMENT

Kohala hospital has 2 physicians.

Kona Community Hospital has 79 active physicians representing 28 specialties on its medical staff. However, not all are readily available as a number live off-island. Those providers either work via telemedicine or report to work at the hospital when scheduled.

Additionally, KCH experiences ongoing challenges with critical provider shortages most notably in anesthesia, gastroenterology, general surgery, and our hospitalists group. We also do not currently have a nephrologist or a medical intensivist.

- KCH welcomed a dual board certified Infectious Disease and Internal Medicine doctor to our Medical Staff.
- The contracted hospitalist group providing comprehensive in-patient services at KCH has 7 full-time hospitalists and a clinical performance nurse on staff. The hospitalists cover acute care medical units and ICU.

- 24/7 emergency medicine services are provided by a contract physician group that employs 40 doctors and 5 physician assistants on staff at KCH.
- Anesthesia services are provided by a contracted physician group that employs 8 anesthesia doctors and 10 Certified Registered Nurse Anesthetists (CRNAs) on staff at KCH.

Recruiting and retention of permanent physicians is an ongoing challenge for Hawaii County. The West Hawaii Region continues to address this deficit with a progressive recruitment and retention plan in collaboration with our non-profit affiliate, Alii Health Center.

Recruitment is adversely affected by low reimbursements, economic uncertainty, Hawaii County's high cost of living, an aging physical plant, remote location from mainland medical centers, and distance from family and friends.

PARTNERSHIPS & AFFILIATIONS

KCH has long-term partnerships with healthcare stakeholders in order to expand and enhance services we can provide to the community, including:

- HHSC (Hawaii Health Systems Corporation)
- Alii Health Center
- Alii Ambulatory Surgery Center
- Queen's Health Systems Affiliation Agreement
- Community First Hawaii
- Hawaii Life Flight
- Hawaii Island Community Health Centers

WEST HAWAII REGION FOUNDATIONS

The Kona Hospital Foundation

The Kona Hospital Foundation is dedicated to improving Kona Community Hospital for the entire community. The Foundation's mission is to support medical technology, expanded services, and enhanced facilities that would otherwise be unavailable. Since its inception in 1984, the Foundation has provided over five million dollars in equipment and facilities to Kona Community Hospital. The volunteer seven-member Board of Trustees is completely separate from the management of the hospital.

Throughout Kona Community Hospital, you'll find plentiful evidence of the extraordinary impact made by the numerous donors. During FY 2024, we were able to fund a Glidescope and Fillmaster for the Emergency Department, 20 EZ-IO Drivers, a 12" C-ARM for Surgical Services, ten Invacare wheelchairs and two recliner Wheelchairs for Medical and Surgical departments, a Newborn Tory for Education/Obstetrics, nine bedside tables for Obstetrics and a Blanket Warmer for the KCH Cancer Center.

Foundation Chair: Ikaika Hauanio

Foundation Vice Chair: Peter S. R. Olson, Esq.

Contact Information: Kona Hospital Foundation
www.khfhawaii.org
 79-1019 Haukapila Street
 Kealahou, HI 96750-7920

Email: info@khfhawaii.org

Telephone: 808-322-4587

COMMUNITY-BASED FOUNDATION SUPPORT OF KONA COMMUNITY HOSPITAL

Total Private Donations	\$ 236,775
Total Fundraising	41,890
Total Federal / State / Private Grants	1,130,915
TOTAL	1,409,580

The Kohala Hospital Charitable Foundation was established in 2003, to assist Kohala Hospital, its programs, facilities, staff and patients. It supports the hospital by purchasing equipment, renovating facilities, assisting in education and outreach programs, and aiding other hospital programs or activities.

Foundation President: Dixie Adams
Foundation Vice President: Shoshana Matsumura
 Contact Information: Kohala Hospital Charitable Foundation
 P.O. Box 430
 Kapaau, HI 96755
 Telephone: 808-889-5730
 808-313-1997

COMMUNITY-BASED FOUNDATION SUPPORT OF KOHALA HOSPITAL

Total Private Donations	\$ 11,014
Total Fundraising	0
Total Federal / State / Private Grants	0
TOTAL	\$ 11,014

VOLUNTEER SERVICES

Kona Community Hospital Auxiliary provides volunteer support for service and fundraising. Their primary mission is to fund nursing scholarships and continuing education for hospital employees.

- Number of Active Volunteers: 37
- Number of Total Volunteer Hours: 1080
- Volunteer Auxiliary Contributions:
 - Nursing Scholarship \$16,000

- Continuing Education Grants \$0
- Spinning Babies Education \$1000

*First Hawaiian Bank awarded \$10,000 scholarship grants to the KCH Surgical Technology Program first year graduates. We appreciate the KCH Auxiliary for helping to facilitate the transfer of those funds.

Kohala Hospital Volunteer Services provides volunteer support for resident activities.

- Number of Active Volunteers: 5
- Number of Total Volunteer Hours: 1296
- Volunteer Auxiliary Contributions: \$ 0.00

FACILITIES

During FY 2024, \$18.5 million in CIP funding helped Kona Community hospital to conclude a number of multi-year projects:

- Patient Bathrooms - Phase II – ongoing, final bathroom renovation expected to be completed soon.
- Pharmacy Dept Expansion - design complete, construction underway, expected completion pushed to January, 2025
- Sewer System Upgrade – design underway
- New Ultrasound Space – design complete
- Lab relocation – Redesign in process to modify original laboratory layout.
- Acute Unit patient rooms headwall upgrades – electrical engineer contracted, design pending
- Domestic hot water boiler – design underway
- Behavioral Health Unit ante room doors upgrade – design complete, awaiting funding.
- Parking lot pavement replace, reseal – design complete, awaiting construction funding.
- HVAC cooling tower replacement – project 100% complete and functional
- Infusion clinic relocate and build out – design complete, construction for both Radiation Oncology and the new Infusion Clinic space will begin in January, 2025.

At Kohala Hospital, \$800,000 State CIP dollars assisted in the design and construction of a new administration building extension.

FINANCIAL

Kona Community Hospital faced a challenging fiscal year in FY24, navigating the implementation of a new Electronic Medical Record (EMR) system. While this transition temporarily impacted revenue reporting and incurred system implementation costs, it represents a significant step toward enhancing patient care and operational efficiency. Additionally, the hospital managed rising expenses from registry staffing and increased

provider costs. Despite these challenges, KCH received substantial support through \$39.5 million in State appropriations, helping to offset the financial impact and ensuring the hospital's continued commitment to serving the community.

With its Critical Access Hospital designation and Cost Based Reimbursement from Medicare, Kohala Hospital had a net operating income of \$2.3 million, further enhanced by \$1.3 M in State appropriations, resulting in a net income of \$3 million for FY 2024.

The West Hawai'i Region continues to provide comprehensive community healthcare services to our community that are quality-driven, customer-focused and cost-effective. We continue to implement strategies and initiatives to produce improved patient outcomes, deliver new clinical services and create strong community partnerships.

With a strong leadership team in place along with the dedication of employees, physicians, volunteers, Foundation and its Board, the Region has made progressive advancements. We will continue to face critical financial challenges moving into 2025.

However, we continue to implement strategies and initiatives to produce improved patient outcomes, deliver new clinical services and create strong community partnerships.

KAUA‘I REGION 2024 LEGISLATIVE REPORT

Kaua‘i Veterans Memorial Hospital (KVMH), a Joint Commission accredited hospital was founded in October 1957 and dedicated to the Veterans of the Korean War. KVMH was built to meet the healthcare needs of all citizens of the surrounding communities. Accredited as a critical access hospital, KVMH has 45 licensed beds, including 25 acute and 20 long-term care beds.

Today, KVMH employs 277 people and provides the following services:

- 24-Hour Emergency Services (ER)
- Imaging/Radiology
- Acute Care
- Long Term Care
- Rehabilitation
 - Physical Therapy
 - Occupational Therapy
 - Speech Therapy
- Social Services
- Recreational Therapy
- Pharmacy
- Laboratory
- Intensive Care Unit
- Operating Room/Surgical Services
- Obstetrics and Nursery
- Respiratory Therapy
- Pediatrics

Additional services are provided on the KVMH Campus by agencies leasing space in the Kawaiola Medical Office Building and include:

- Ho‘ola La Hui Hawai‘i (FQHC)
- Fresenius Dialysis Kauai
- Diagnostic Laboratory Services, Inc.

KVMH Patient Volumes:

Inpatient Admissions -	970
LTC Admissions -	15
Births -	235
ER Visits -	7,128
Outpatient Ancillary Visits -	6,234
Outpatient Clinic Visits -	49,212
Same Day Surgery -	1,634

Average Daily Census

Acute	6.16
Swing	7.50
<u>LTC</u>	<u>19.66</u>
Total	33.32

In comparison to the prior year, inpatient admissions decreased by 12%, outpatient clinic visits increased by 9% and outpatient surgeries decreased by 4%. Births decreased by 7%. There was a 6% increase in ER visit volume and LTC census was 98%.

Samuel Mahelona Memorial Hospital (SMMH) is the oldest operating hospital on Kaua'i, and is designated a Critical Access Hospital. Founded in 1917 as a tuberculosis hospital, it received its name from a member of the Wilcox family, who died of TB as a young man. In the 1960s, with a cure for TB well established, SMMH gradually transitioned to providing acute care, psychiatric care, skilled nursing care, and ancillary inpatient and outpatient services. Today, SMMH has 80 licensed beds, with 66 long-term care beds, 9 psychiatric beds, and 5 acute care beds. The hospital has approximately 168 employees. Currently, SMMH patient services include:

- 24-Hour Emergency Services (ER)
- Imaging/Radiology
- Acute Care
- Long Term Care
- Social Services
- Recreational Therapy
- Inpatient Pharmacy
- Laboratory
- Rehabilitation
 - Physical Therapy
 - Occupational Therapy
 - Speech Therapy
- Inpatient Adult Behavioral Health (Only facility on Kauai)

Ho'ola La Hui Hawai'i who leases space on the grounds at SMMH provides additional services on this campus.

SMMH Patient Volumes		Average Daily Census	
Inpatient Admissions	220	Psych	3.29
LTC Admissions	18	LTC	47.8
ER Visits	6,881	Swg	<u>0.3</u>
Outpatient Visits	1078	Total	51.39

Over the prior year, inpatient psychiatric admissions rose by 7%. Concurrently, the average daily census in Long Term Care decreased by 7% due to renovations and modernization efforts. To facilitate these improvements, new admissions were temporarily suspended

The Kaua'i Region Clinics consist of six clinics and one urgent care located in Waimea, Port Allen, Kalaheo, Poipu, Lihue, and Kapa'a and employs 61 people. Each clinic offers the following services:

The Clinic at Waimea

- OB
- Surgery
- Pediatrics
- Podiatry
- Primary Care

The Clinic at Port Allen

- Pediatrics
- Primary Care
- Urology

Urgent Care at Poipu

The Clinic at Lihue

The Clinic at Kalaheo

- Primary Care

- Primary Care
- Behavioral Health

Specialty Clinic at Kalaheo

- Pediatrics
- Women’s Health

Specialty Clinic at Kapa‘a

- OB
- Urology
- Primary Care

CHARITABLE ORGANIZATIONS SERVING THE KAUA‘I REGION

Kaua‘i Veterans Memorial Hospital Charitable Foundation, Inc.

The KVMH Foundation was founded in the fall of 1998. The foundation’s main focus is to support the many services, equipment purchases, and programs that KVMH provides for its island communities. Through donations and fundraising, the Foundation has been able to purchase equipment utilized for the comfort and safety of patients. The Foundation has not yet reactivated since the COVID pandemic ended.

Foundation President: Steven Kline

Foundation Secretary: Kelly Liberatore

Contact Information:

Kaua‘i Veterans Memorial Hospital

PO Box 356

Waimea, HI 96796

TEL: 808-338-9431 FAX: 808-338-9420

Active Foundation Volunteers

Total active volunteers	<i>*currently inactive since COVID pandemic</i>
Number of Volunteer Hours provided	N/A
Volunteer Foundation Contributions	N/A

KVMH Auxiliary

President, Charlene Dorsey, leads the KVMH Auxiliary. The Auxiliary operates the KVMH Auxiliary Gift Shop located at KVMH. Funds raised from the gift shop and other fundraising events are used to purchase equipment for the hospital, support hospital activities, and provide scholarships for students pursuing a career in healthcare.

Active Auxiliary Volunteers

Number of Active Volunteers:	19 active members during this time
Number of Total Volunteer Hours:	4,131
Volunteer Auxiliary Contributions:	\$11,516
Scholarships	\$9,000

SMMH Auxiliary

The Auxiliary is currently awaiting the reinstatement of its 501(c)(3) status to resume operations.

Active Auxiliary Volunteers

Newly recruited Auxiliary members are prepared to commence their duties once the 501(c)(3) status is officially reinstated.

Number of Active Volunteers:	6
Number of Total Volunteer Hours:	N/A
Volunteer Auxiliary Contributions:	N/A

2024 LEGISLATIVE BRIEF

KAUA'I REGION ACCOMPLISHMENTS

On behalf of the Kaua'i Region of the Hawai'i Health Systems Corporation (HHSC), we are pleased to submit our report highlighting the accomplishments in calendar year 2024.

The report is organized into four areas: People, Quality, Facilities, and Operations.

PEOPLE

Ms. Donna Okada-Asher serves as Chair of the Kaua'i Regional Board which includes directors, Mr. Dee Crowell, Ms. Glenda Nogami-Streufert, Mr. Ernie Kanekoa, Dr. Theodor Rintel, Mr. Walter Barnes, Mr. Christopher Yuh, Antonette Torres, and Mr. Dennis Rowley. Mr. Lance K. Segawa has served as the Chief Executive Officer since March of 2018.

The Kaua'i Region's medical staff totals 47 active staff members with full privileges at KVMH and SMMH of which 35 are employed providers. We have successfully recruited for full-time Psychiatrist, Clinic Administrative Director, part-time Urgent Care Physician, active in FY2024. Also actively recruiting a full-time Psychiatrist Medical Director, Radiologist, Advance Practice Providers in Urgent Care and Behavioral Health, Internal Medicine, and Family Practice to be active in CY2025.

Our current employee turnover rate has decreased from 4.13% to 0.86% in comparison to CY2023 data. The national healthcare turnover rate in FY2024 is 20.7%, with the median and mode recorded at 23% and 22%, respectively. A total of 47 staff members separated from HHSC

Kaua'i Region in FY2024 and of that, 15% retired, 80% resigned for personal reasons, 4.98% were in temporary-only positions, and 0.02% were terminated due to performance issues.

QUALITY

In 2023 and 2024, the Kaua'i Region successfully participated in four comprehensive surveys conducted by Medicare, the State Office of Healthcare Assurance, and the Centers for Medicare & Medicaid Services (CMS) Federal Licensure. As a result, Kauai Veterans Memorial Hospital (KVMH), Samuel Mahelona Memorial Hospital (SMMH), and the Kaua'i Region Clinics were recertified for state licensure, underscoring our commitment to maintaining high standards of healthcare. In September 2024, KVMH achieved accreditation in good standing from The Joint Commission, following an exceptionally successful survey. The Joint Commission Surveyors commended KVMH for its outstanding organizational culture and were notably impressed with the hospital's dedication to patient care and quality improvement initiatives.

In October 2024, the Kaua'i Region Clinics underwent a resurvey for the Rural Health Clinic designation and were subsequently awarded certification by the Health Resources and Services Administration (HRSA). In 2024, we proudly achieved accreditation for our Centering program. This significant milestone reflects our commitment to providing innovative, high-quality prenatal care that supports the holistic well-being of our patients. The CenteringPregnancy program, which focuses on group care models that foster additional time with obstetric providers, community development and peer support, is an integral part of our efforts to enhance patient outcomes and satisfaction as well as reducing health disparities in care.

These accomplishments underscore our commitment to maintaining the highest standards of healthcare delivery and continuous improvement across all facilities.

Recognition and Programs:

KVMH/SMMH participates in the following projects to improve the quality of healthcare and preventative care for Kauai residents:

- SMMH named as one of the Top 20 Critical Access Hospitals in the Nation for Quality for both 2023 and 2024 by the National Rural Health Association
- SMMH Emergency Department ranked in the Top 10 Hospitals in the Nation for the fastest ED throughput times
- KVMH awarded the 2024 Bronze AHCA/NCAL National Quality Award for Long Term Care.
- SMMH awarded the 2024 Bronze AHCA/NCAL National Quality Award for Long Term Care.
- SMMH is a 5-Star Facility on Medicare Nursing Home Compare
- KVMH received the Mountain Pacific 2024 Nursing Home Excellence in Quality Award
-

Participation with National Healthcare Safety Network (NHSN) for infection prevention initiatives including utilization of central line insertion checklists, sepsis protocols, and limiting indwelling urinary catheters to prevent UTIs, Clostridium Difficile (C.diff.) Infection, MRSA Bacteremia, Surgical Site Infection prevention for both colonoscopies and hysterectomies, continued documentation of COVID-19 for both acute and Long Term Care, influenza, and respiratory syncytial virus (RSV)

KVMH and SMMH actively participate in the American Heart Association's Get With The Guidelines® Stroke initiative. These facilities serve as stroke resource centers for the island of Kauai.

KVMH is meeting or surpassing the thresholds for evidence-based care and safety for 2023 and 2024. Notably, our mortality rate is declining, with no occurrence of unexpected excess deaths.

In both 2023 and 2024, SMMH was honored to be recognized by the National Rural Health Association as one of the Top 20 Critical Access Hospitals in the area of Quality. This prestigious national recognition reflects the exceptional quality of care provided at our facility.

KVMH has achieved consistently high Core Measure compliance over the past 2 years as reported to CMS and available at www.HospitalCompare.gov. There were no incidents of ventilator-associated pneumonia, catheter-associated urinary tract infections nor central line-associated bloodstream infections.

SMMH and KVMH are deeply committed to the health and well-being of our residents. We take pride in offering a robust activities program designed to keep our residents actively engaged and enriched. Our comprehensive enrichment programs are tailored to promote psychological well-being, ensuring that each resident experiences a vibrant and fulfilling life. We believe in nurturing the mind, body, and spirit through a variety of stimulating activities that cater to the diverse interests and needs of our community.

The Regional Falls Prevention Task Force is dedicated to rigorously evaluating and enhancing patient safety protocols, with the ambitious goal of not only reducing fall incidents but ultimately eliminating them throughout the region. Demonstrating our commitment, SMMH and KVMH achieved a significant 25% reduction in falls in 2023. We remain steadfast in our efforts to build on this success, continually implementing additional preventative measures to further decrease fall rates by 16% in 2024. Our unwavering focus on patient safety underscores our dedication to providing the highest standards of care and ensuring the well-being of our community. Additionally, we have achieved a reduction in 30-day readmission rates to 2.7% and reduced Against Medical Advice (AMA) rates by 5%, further highlighting our commitment to patient safety and care.

We have collaborated with our HCAHPS vendor to ensure the collection of relevant population surveys. By integrating our Clinics and Emergency Department into the survey process, we have developed a comprehensive approach to gathering patient satisfaction data. This enables us to thoroughly review and continuously improve our focus on patient satisfaction, maintaining it as our top priority. Additionally, we have enlisted a vendor to assist us with managing online Google reviews and responses, enhancing our online presence and capturing valuable feedback from our patients.

To enhance our ability to monitor ongoing performance on specific quality measures, KVMH and SMMH remains actively involved in various critical initiatives. We continue to participate in the Hospital Association of Hawaii (HAH), Health Services Advisory Group (HSAG), and Med-QUEST quality initiatives. Our commitment to these collaborative efforts ensures that we successfully meet the statements of work associated with each specific measure. Furthermore, our participation in these programs allows us to stay abreast of industry best practices, implement evidence-based strategies, and continuously improve the quality of care we provide

to our patients. By engaging with these respected organizations, we are dedicated to advancing healthcare outcomes and maintaining the highest standards of excellence.

FACILITIES

Capital improvements to the facilities of the Kaua'i Region in FY2024 included projects to address patient care needs, quality of life issues for our patients and residents, and the replacement of aging plant infrastructure.

Kaua'i Region completed \$14,430,924 in capital projects:

KVMH

- 3D Mammography Machine
- CT Scanner
- Imaging Department Renovations
- Emergency Room Renovations
- Exterior Signage

SMMH

- CT Scanner
- Imaging Department Renovations
- Electrical Upgrades
- Psychiatric Unit Renovations
- Nursing Facility (LTC) Renovations

Ongoing projects of \$2,999,792 include:

KVMH

- Imaging Department Renovations
- Emergency Room Renovation
- Exterior Signage including Monument Signage
- Physical Therapy (PT/OT) Renovation
- Walk in Freezer

SMMH

- Asset Analysis
- Clinic Air Conditioning System
- EIS Master Plan
- Structural Repair
- Nursing Facility Renovation (Shower Room)
- Renovation for CAH Beds
- Exterior Signage
- Imaging Department Renovation completion

OPERATIONS

CY 2024 began with a strategic planning retreat involving the Kaua'i Regional Board and Executive Leadership. Following two days of deliberation, review, and visioning, several themes emerged which are reflected in the FY 2024 – FY 2026 Strategic Plan. The strategic goals are: 1) Continue modernizing facilities and equipment 2) Strengthen clinical competency thru education programs for staff and providers 3) Implement the behavioral health service line 4) Expand community outreach programs 5) Improve financial performance of the Region. The new strategic plan will build on the accomplishments of the previous plan.

Over the past year, patient volumes have experienced a steady increase. Specifically, Emergency Department visits have risen by 5% at KVMH and by 8% at SMMH. Additionally, the average length of stay in the KVMH Medical/Surgical Unit has increased by 5.4%.

The HHSC Kauai Region has embarked on a new partnership with Diagnostic Lab Services (DLS). Under this collaboration, the inpatient laboratory services at Kauai Veterans Memorial Hospital (KVMH) have been outsourced to DLS. This transition also includes the conversion of the existing outpatient Patient Service Center Lab at KVMH to be managed by DLS. As part of this strategic partnership, we are establishing a new Patient Service Center outpatient lab on the Samuel Mahelona Memorial Hospital (SMMH) campus. In addition, DLS is expanding its services at SMMH to include both inpatient and outpatient laboratory services on-site. This expansion aims to expedite the delivery of lab results, thereby eliminating the need to send specimens out for analysis and significantly enhancing our operational efficiency and patient care capabilities.

The Samuel Mahelona Master Campus Plan is progressing into the Environmental Impact Statement (EIS) phase, following the finalization of the preferred campus concept plan. We anticipate that the EIS phase will be completed within the next couple of months. This phase is crucial as it involves comprehensive assessments to ensure the project meets environmental and regulatory standards. For more detailed information and to view the campus plan, please visit the SMMH plan website at: www.planmahelona.com.

One of the significant milestones achieved in 2023 and 2024 was the installation of new CT scanners at both KVMH and SMMH. Specifically, the new CT scanner at SMMH provides state-of-the-art diagnostic imaging capabilities, significantly enhancing the hospital's ability to treat patients presenting to the emergency room. This initiative has substantially improved emergency care across Kaua'i County.

In 2023, we also finalized comprehensive construction plans to renovate the KVMH Emergency Department (ED) in totality, establish a short-term acute care unit at SMMH, and renovate the SMMH outpatient building, which houses clinic and rehabilitation services. To ensure the efficient and simultaneous renovation of the KVMH ED, portable units have been procured to temporarily house the departments that will be displaced to accommodate the relocation of the ED during renovation. This strategic move allows the renovation to proceed smoothly and without interruption expediting the expected

reopening of the ED. During the construction phase, non-clinical departments, including Finance, Human Resources, Education, and Health Information Management (HIM), will move into the portable units to make space for the temporary relocation of the ED. Additionally, the Rehabilitation Services Department will also be relocated to a portable unit to accommodate the EDs temporary move into their current location. To support the funding of this portables project, we have secured an approved loan from Kauai Island Utility Cooperative (KIUC) for \$1 million dollars.

In 2024, we launched our Behavioral Health Service Line and established a new integrated Behavioral Health/Primary Care Clinic in Lihue. This standalone outpatient clinic is the first of its kind for our region, and it officially opened in May of 2024. The clinic provides comprehensive outpatient behavioral health treatment and support to patients with various mental illnesses and substance abuse issues, including an Intensive Outpatient Treatment Program (IOP).

We are grateful to have received grant funding from the County of Kaua'i, as part of Mayor Kawakami's initiative to bolster the behavioral health safety net on the island. Our programs will focus on the following key areas:

Providing counseling and navigation support to recently released inmates from the Kaua'i County Correctional Facility. Offering counseling, treatment, and navigation support to recently discharged patients from the SMMH Inpatient Behavioral Health Unit.

Providing counseling support to adolescent patients held in hospital emergency rooms while awaiting placement at a treatment facility. We are enthusiastic about these opportunities to enhance the behavioral health service continuum on Kaua'i and look forward to making a meaningful impact in our community.

Beyond our medical services, the Kaua'i Region remains committed to addressing the diverse needs of our community. Through our executed contract with the Kauai County Elderly Affairs Agency, we have launched a Meals on Wheels program, delivering nutritious meals five days a week to home-bound seniors across the island. In addition to ensuring our senior population receives balanced and wholesome meals, we are exploring additional interventions to further support their well-being. These initiatives include conducting health assessments and providing patient navigation services to ensure seamless access to primary care. We are proud to contribute to the health and quality of life of our seniors through these comprehensive efforts and look forward to continuing to expand our support for the community.

We have developed a Mobile Medical Clinic to serve our patients within the communities we service, aiming to provide access to essential healthcare services and address the social determinants of health care access disparities. This initiative is designed to bring medical care directly to those who may otherwise face barriers to accessing traditional healthcare facilities, thereby ensuring that all members of our community have the opportunity to receive the medical attention they need. In addition to offering healthcare services with our Mobile Medical Clinic, we have partnered with the food banks of Kauai to offer food access during the Mobile Medical Clinic visits. This collaboration allows us to address not only the medical needs of our patients but also to provide nutritional

support, thereby contributing to their overall well-being. Our mobile clinic is equipped to deliver a comprehensive range of services, including preventive care, chronic disease management, and health education. Through these efforts, we are committed to improving health outcomes and enhancing the quality of life for our community members by ensuring that both healthcare and basic nutritional needs are met in a holistic and compassionate manner.

In 2024, the HHSC Kauai Region launched annual Healthy Living Fairs aimed at promoting medical education and raising awareness about the services available at our facilities. These fairs serve as a platform to engage with the community, offering valuable health information, screenings, and resources to enhance overall well-being. We organized a Spring Fair on the Samuel Mahelona Memorial Hospital (SMMH) campus and a Fall Fair on the Kauai Veterans Memorial Hospital (KVMH) campus. Both events featured interactive booths, health education sessions, and demonstrations of the latest healthcare technologies. Attendees had the opportunity to meet with our healthcare professionals, learn about preventive care, and receive information about the wide range of services we offer, including primary care, specialty services, and behavioral health. These fairs also provided a space for local organizations and partners to collaborate with us in addressing the health needs of our community. By fostering a culture of wellness and education, we aim to empower residents with the knowledge and resources necessary to lead healthier lives.

To optimize space utilization on campus, the HHSC Kauai Region initiated a project to relocate medical records stored at the hospital to an offsite, regulatory-compliant storage unit on Oahu. This project involved moving a total of 138,062 files and 3,969 boxes of inactive and closed medical records. In addition to freeing up significant space, this move ensures that our medical records are stored in a manner compliant with regulatory standards, enhancing both the efficiency and safety of our records management system.

2024 was a notably active year for the Kaua'i Region, marked by numerous initiatives and achievements. As we move forward into 2025, we remain firmly rooted in our unwavering commitment to serve as a trusted resource for our community. Our focus will continue to be on enhancing healthcare services, expanding community outreach programs, and fostering partnerships that support the well-being of our residents. We are dedicated to building on the successes of the past year and embracing new opportunities to improve the health and quality of life for everyone in our region.

O‘AHU REGION 2024 LEGISLATIVE REPORT

The Hawaii Health Systems Corporation (“HHSC”) O‘ahu Region plays a crucial role in serving our most vulnerable populations through the operation of two long-term care facilities on O‘ahu: Maluhia, located in lower Alewa Heights, and Leahi Hospital in Kaimuki. Maluhia and Leahi provide in-patient skilled nursing and intermediate care services for our community’s elderly, blind, disabled, and otherwise incapacitated individuals, most of whom are covered under Medicare and Medicaid programs.

These facilities also offer access to essential Adult Day Health services through our operation of two of the remaining three adult day health centers on the island. Additionally, both facilities partner with Hawaii Meals on Wheels to deliver 515 hot meals per week to disabled elders on O‘ahu, helping them maintain their independence at home and in the community. For many of our nursing home residents and adult day health participants, especially those receiving Medicaid benefits due to a lack of personal assets (approximately 85% of our inpatients), the O‘ahu Region's facilities are often the only options for quality post-acute and community-based health care services. The HHSC O‘ahu Region currently employs approximately 323 people.

A third facility located in Kapolei, the Daniel K. Akaka State Veterans Home (“DKA SVH”), which will serve Veterans, their spouses, and Gold Star parents, is slated to open in the first quarter of 2025. Veterans will be able to take advantage of Veterans Affairs nursing home and medical benefits earned through their service. This project was made possible through a collaborative effort by the Hawaii Legislature, State of Hawaii Department of Defense, Office of Veterans Services, the U.S. Department of Veterans Affairs, the State of Hawaii Department of Accounting and General Services, and the O‘ahu Regional Healthcare System, HHSC.

Key features of this facility include:

- A 120-bed facility with single occupancy rooms
- 130,000 square feet of space
- Support facilities such as rehabilitation rooms, therapy rooms, kitchen, dining area, laundry, pharmacy, and administrative offices
- Services including Skilled Nursing Care, Rehabilitation Therapies, Hospice Care, Respite Care, Adult Day Healthcare, Geriatric Mental Health Care, Alzheimer’s and Dementia Care

The O‘ahu Regional Health Care System selected ‘Ohana Pacific Health (“OPH”) to operate the DKA SVH, which is currently in the final phases of construction and preparation for necessary licensure. OPH brings decades of experience and an extensive network of services to meet the long-term care needs of Hawaii’s veterans.

LEAHI HOSPITAL

Leahi Hospital (“Leahi”), located in the heart of Kaimuki in Honolulu, Hawaii, was first established in 1901. Leahi is licensed for 159 beds: 155 nursing home beds (dual certified for Skilled Nursing and Intermediate Care) and 4 acute beds in Leahi’s tuberculosis (“TB”) unit, the only unit of its kind on the island of O’ahu. Individuals requiring long-term care, short-term restorative care or TB treatment are admitted to our nursing facility/acute beds. An interdisciplinary team of experienced healthcare professionals provides care. Currently, Leahi employs approximately 188 people.

Long-Term Care Inpatient Services:

- Currently operating 114 Dual Certified Skilled Nursing and Intermediate Care Beds.
- Hale Mohalu, the Department of Health’s (“DOH”) Hansen’s disease program, recently moved into the second floor of the Young Building.

Support:

- Recreational Therapy
- Dietary Services
- Social Services
- Speech Therapy
- Occupational Therapy
- Physical Therapy
- 4 Acute TB Inpatient Beds - Outpatient Services (TB patients are discharged to the Lanakila TB Clinic for follow-up).
-

Outpatient Services:

- Leahi Adult Day Health Center – is a program designed to enable participants to enrich their lives and to maintain their independence, dignity, and self-esteem while providing respite and support for caregivers. Importantly, the program facilitates and encourages families to continue caring for their loved ones in their homes, improving quality of life and reducing otherwise significant costs to MedQuest for institutional long-term care.
- In collaboration with Hawaii Meals on Wheels, our kitchen provides 266 meals per week (Monday through Friday), including medically tailored and therapeutic meals to meet the specific needs of residents in the Diamond Head, Kapahulu, University, Manoa, Kaimuki and Waikiki areas.

Patient Census and Other Services:

	<u>Long Term Care</u>	<u>TB</u>
Patient Days	37,720	60

Adult Day Health:

Participant Days 5,904

Baths Provided 907

Meals – Take Home 170

Hawaii Meals on Wheels:

Meals Provided: 13,840

Volunteer Services:

Due to facility COVID-19 restrictions, the number of volunteers were limited to special or cultural activities.

Number of Active Volunteers: 6

Number of Total Volunteer Hours: 120.25

Volunteer Auxiliary Contributions: \$9,000

MALUHIA

Maluhia, located in lower Alewa Heights in Honolulu, Hawaii, is licensed to operate 158 skilled nursing and intermediate care facility beds and employs approximately 135 employees. Maluhia was established in 1923 and provides the following services:

Long-Term Care Inpatient Services:

- Currently operating 120 Dual Certified Skilled Nursing and Intermediate Care Beds

Support:

- Recreational Therapy
- Dietary Services
- Social Services
- Speech Therapy
- Occupational Therapy
- Physical Therapy

Outpatient Services:

- Maluhia Adult Day Health Center (“MADHC”): This day program for seniors is dedicated to promoting healthy aging through nursing services and health monitoring. MADHC allows participants to maintain their independence, dignity and self-esteem. A key aspect of the program is providing caregiver respite and education, supporting better care at home and preventing caregiver burnout.

MADHC actively supports and encourages caregivers to look after their loved ones at home and in the community, thereby enhancing quality of life and significantly reducing costs to Med Quest for institutional long-term care. Notably, FY2024 includes a 23% increase in census and improved community engagement efforts through partnerships with various local organizations including:

- The Kupuna Collective,
 - Lanakila Pacific KupunaU,
 - Daniel K. Akaka Family Foundation,
 - City & County of Hawaii Elderly Affairs Division,
 - Veterans Affairs, Home and Community Based Services,
 - The Hawaii Executive Office on Aging,
 - Hawaii Dementia Coalition Task Force,
 - Adult Day Centers of Hawaii,
 - Catholic Charities of Hawaii.
- Collaboration with Hawaii Meals on Wheels to provide nearly 253 meals per week to residents in the Kalihi and Liliha areas

Patient Census and Other Services:

Long Term Care

Patient Days 28,958

Adult Day Health:

Participant Days 6,563

Baths Provided 673

Meals – Take Home 463

Meals on Wheels:

Meals Provided 12,955

Volunteer Services:

Number of Active Volunteers: 7

Number of Total Volunteer Hours: 695.75

Volunteer Auxiliary Contributions: Approximately \$9,794 from the Friends of Maluhia

DANIEL K. AKAKA STATE VETERANS HOME

In collaboration with the Office of Veterans' Services ("OVS"), a division of the State Department of Defense ("DOD"), the O'ahu Region successfully secured legislation during the 2022 Legislative Session (introduced as HB1893 HD1 SD2 CD1 and signed into law as Act 285, SLH 2022) to mandate the transfer of the Daniel K. Akaka State Veterans Home ("DKA SVH") from the DOD to the O'ahu Region once its construction is complete.

With construction ongoing, the O'ahu Region and DOD worked together to solicit proposals from experienced operators capable of opening, licensing, and operating DKA SVH to the highest standards set by the U.S. Department of Veterans Affairs ("VA"). Following a lengthy and comprehensive process, 'Ohana Pacific Health ("OPH") was chosen as the facility's operator.

In August 2024, following a series of delays caused by supply chain issues, electrical connectivity problems, and water pressure concerns, the Department of Accounting and General Services ("DAGS"), which was responsible for ensuring the successful construction of the DKA SVH, determined that the facility reached the point of substantial completion. Although some follow up work was still required to be completed, the O'ahu Region formally took possession of the DKA SVH at the end of August 2024.

At present, we are working closely with DOD, DAGS, and OPH to address all outstanding issues necessary to meet the regulatory standards for licensure. We anticipate that the first patients at DKA SVH will be admitted by the end of the first quarter of 2025.

Approximately 85,000 veterans on O'ahu, along with their spouses and Gold Star Parents, may be eligible for care at the new home. DKA SVH is designed to offer long-term nursing home care, rehabilitation therapies, hospice care, geriatric mental health services, dementia and Alzheimer's care, respite care, and adult day health services. The facility will feature 120 single occupancy rooms, covering 130,000 square feet, situated on seven acres in Kapolei.

SARS-CoV-2 (Severe Acute Respiratory Syndrome Coronavirus-2) AND STAFFING

We remain vigilant in our infection control procedures, even though the COVID-19 pandemic ended on May 11, 2023, to ensure the ongoing safety of our residents, staff, and visitors. Simultaneously, we are addressing the residual effects of the pandemic, such as the financial stability of our facilities and significant staffing shortages.

We continue to face challenges with staffing shortages in nursing, which require us to operate with lower levels of both Licensed Nurses ("LN") and Certified Nurse Aides ("CNA"). To mitigate these gaps, we utilize employees from other departments where available to assist in clinical care, approve overtime for existing nursing staff, and use

agency staff when possible. Additionally, alongside our traditional recruitment strategies, such as advertisements, staffing agencies, and participation in local job fairs, we have implemented a Free CNA program to produce qualified staff.

This Free CNA pilot program, available at both Maluhia and Leahi, mirrors the Good Jobs HI initiative. The program offers no-cost training provided by Healthcare Training & Career Consultants – an established CNA training program - and covers the full cost of CNA education and certification for students who agree to work at Maluhia or Leahi for at least one year after becoming certified. Participants in the program can work as Nurse Aides while completing their certification requirements. We believe this program benefits everyone involved by addressing our staffing shortages and providing a valuable opportunity for individuals who may not otherwise afford CNA certification.

To date, the O’ahu Region has successfully advanced 11 student CNAs through the training program and they are now working full-time at our facilities. Additionally, four new CNA students have recently enrolled in the program. It is our intent to continue recruiting and developing students through this initiative until our staffing needs have been met.

STRATEGIC PLAN ACHIEVEMENTS

The O’ahu Regional Board of Directors and Management previously completed a Strategic Plan that was submitted to the Legislature in December 2019, but due to the onset of the pandemic, the initiatives had to be deferred so that we could prioritize infection control and other safety measures for our residents and staff. Now that COVID-19 has become more controlled, we have redirected our attention back to our strategic initiatives.

Briefly stated, the Strategic Plan focused on the growing needs of our aging population and the anticipation that, in the next 5-10 years, it is projected that an additional 1,100 long-term care beds will be necessary to accommodate the aging community on Oahu. The 120 bed Daniel K. Akaka State Veterans Home significantly increases the number of available beds, addressing some of the projected shortage. The O’ahu Region team also recognized that its resources, particularly areas throughout the Leahi campus, are currently underutilized and could be improved and repurposed to provide other important public benefits. Specifically, there is an immediate need to address the lack of facilities on O’ahu for people with a history of mental health, housing instability, and/or substance use issues. There is also a need for facilities that could help alleviate the overcrowding of waitlisted patients in our acute hospitals.

We have been actively working with the DOH to address the expanding need for mental health and substance use treatment. One important project on the Leahi campus that has thus far been successful is the Palekana Residential Treatment Program (“Palekana”), a collaboration with the DOH Adult Mental Health Division (“AMHD”) and Care Hawaii. Originally opening as a proof of concept pilot for a handful of individuals in December 2019, Palekana currently operates as a Group Home that provides 28 beds

for adults with serious mental and co-occurring substance use disorders in a warm, welcoming and safe environment where personnel are supportive, encouraging, and professional. Referrals into Palekana are received and approved by the AMHD and community based mental health providers. By housing and treating such individuals in Palekana, the state has incurred estimated savings of over \$15 million annually.

Palekana facilitates a team approach in its provision of independent living skills and supportive services twenty-four (24) hours a day, seven (7) days a week. Services are designed to rehabilitate with individualized treatment goals to support a successful re-integration into the community under the least restrictive level of care. Treatments are focused on relapse prevention and recovery, and provide residents with the opportunity to participate in structured therapeutic programs while being able to reside, albeit under professional supervision, in the community. Activities include group counseling, education, skill building, recreational therapy, and family services to gain access to necessary medical and rehabilitative services to reduce psychiatric and substance abuse addiction symptoms and develop optimal community living skills.

Another significant project that we have initiated on the Leahi campus is a partnership with the City and County of Honolulu ("City"), Emergency Medical Services Department ("EMS") and Queen's Medical Center ("QMC") for a medical respite facility in the space formerly occupied by Hale Mohalu, the DOH's Hansen's disease program. The program began operations in March 2024 and is operated by North Shore Mental Health under the supervision of the City's Crisis Outreach Response and Engagement ("CORE") division. The program provides medical respite care for lower acuity hospital patients and homeless individuals. QMC supports the program through the provision of psychiatric and other clinical services. In addition to providing the necessary space, the O'ahu Region will also support the program with requested dietary and maintenance services. We are hopeful that this project will help to increase bed availability at local hospitals for more acutely ill patients and effectively assist in transitioning program participants back into the community or to an appropriate step-down facility.

NURSING

Our biggest challenge in Nursing is to bring our staffing levels to full capacity so that we may increase the number of our staffed beds and meet the rapidly growing needs for safety-net long-term care services on O'ahu. While we still engage in traditional recruitment practices, we also continue to participate in other strategic initiatives such as the Good Jobs HI program and the Free CNA program detailed above.

To help alleviate the shortage of acute beds due to long stay waitlisted patients at the Queens Medical Center, Maluhia has admitted twelve (12) of their patients since November 2023. Most of these patients have complex medical issues requiring maximal assistance to total care. Of the patients admitted, eight have a diagnosis of massive strokes with severe disabilities, while the other patients are afflicted with equally complex diagnoses such as traumatic brain injury with agitation/behavioral health disturbances and quadriplegia with decompensated schizophrenia and dementia.

From the community and acute hospitals, Leahi and Maluhia consistently admit hospice patients as the need for hospice care in nursing facilities constantly increases. Currently, about 26% of our census is comprised of hospice residents with various terminal diagnoses.

Despite the staffing and related census challenges, Leahi and Maluhia are committed to providing safe and high quality resident-centered care to our long-term care residents. With due credit given to our hardworking, dedicated staff members, we are proud to highlight that our facilities continue to have low incidents of facility acquired pressure ulcers, infections and grievances/complaints. Our facilities have also managed to responsibly limit the use of antibiotics.

QUALITY ASSURANCE PERFORMANCE IMPROVEMENT

In December 2023, Maluhia was presented with the Mountain Pacific Quality Improvement Organization's Achievement in Quality Award for the highest performing nursing homes in Hawaii. The award criteria were based on a quality measure point system that included decreasing adverse drug events, preventing infection, decreasing readmissions, and improving resident vaccination rates for influenza and pneumococcal vaccines.

As of November 2024, Maluhia is rated 5-Stars on Quality and 5-Stars overall on the Centers for Medicare and Medicaid Services Nursing Home Compare website. Leahi also maintains a rating of 5-Stars on Quality with an overall rating of 4-Stars.

Leahi Hospital recently began an Environmental Services Cleaning and Disinfection Performance Improvement Project based on recommendations from an Infection Control Assessment & Response ("ICAR") review by Mountain Pacific Quality Health. Proper hand hygiene along with cleaning and disinfecting the environment is effective in preventing the spread of disease contributing to Leahi's 5-star quality rating.

LOCALLY SOURCED AND SCRATCH COOKED FOOD – OAHU REGION AND BEYOND GREEN PARTNERS

O'ahu Region's partnership with Beyond Green Partners ("BGP") has provided our staff with valuable knowledge on improving meal quality for our residents. This includes the benefits of utilizing local products, fresh ingredients, and minimizing food waste.

Our kitchens continue to implement the quality food production practices introduced by BGP. We prioritize serving scratch-cooked foods and using fresh ingredients over frozen whenever possible. To support local farmers and Hawaii's economy, we consistently seek and use local food sources. Although the costs for local products have significantly increased, we remain committed to providing delicious and healthy meals to our residents and Adult Day Health participants. This commitment extends to the community as well through the Hawaii Meals on Wheels Program, where we create new menus that strategically utilize fresh and local products. We are very proud that our

fresh produce items, such as vegetables and fruits, and almost exclusively sourced locally.

PERSONNEL

Full Time Equivalent (“FTE”) figures are as follows:

FY 24 – 407.13

FY 23 – 414.97

FY 22 – 428.51

FY 21 – 453.79

FINANCIAL PICTURE

Approximately 85% of the O’ahu Region’s residents receive benefits through Hawaii’s Med-Quest Medicaid program. The O’ahu Region’s revenues and cash flow are dependent on the reimbursement rates and timeliness of payments provided by the Medicaid programs, despite being inadequate to cover our actual labor and overhead expenses, which steadily increase year-to-year.

Given the low Medicaid reimbursement rates, HGEA and UPW wage increases, higher post-employment fringe benefits rate, inflation and the increased costs of providing quality health care, the Oahu Region remains unable to maintain its provision of services without continued General Fund support from the Legislature.

Moreover, to prevent future COVID-19 outbreaks at Maluhia and Leahi, heightened pandemic precautions and restrictions continue to remain in place. These COVID prevention efforts, coupled with the ongoing nursing staff shortage has led the O’ahu Region to experience a lower census from our forecasted budget for both long-term care and Adult Day Health services during FY 2024. Fortunately, due to the increase in the daily Medicaid reimbursement rate effective January 1, 2024, we were able to defray some of the financial losses that accrued due to (1) public union pay raises; (2) the increase to the post-retirement fringe benefit rate; and (3) the use of overtime and contracted agency nursing costs to address staffing shortages. Nevertheless, as the daily Medicaid reimbursement rate remains lower than the cost of the quality care we provide, we remain dependent on the legislature’s assistance to cover the resulting deficits and ensure that we are able to continue serving the ever-growing needs of our community as the safety-net for long-term care and adult day health.

RISK MANAGEMENT

Improving our residents’ quality of life and providing individualized care are currently our primary areas of focus. In support of these goals, we promulgate an annual online staff

education fair to provide all staff with valuable information on a variety of topics, including infection control, protected health information, IT security, resident rights, and patient safety. We also provide regular hands on training to ensure that staff are performing their skills by “doing” instead of just observing. This approach also creates an opportunity for staff to engage in discussion with experienced personnel and receive real-time feedback. Throughout the year, our staff are also encouraged to attend education and training sessions provided by the Healthcare Association of Hawaii, American Health Care Association and Mountain Pacific Quality Health.

On July 11, 2024, Maluhia and Leahi Hospital participated in the 2024 Rim of the Pacific (“RIMPAC”) exercise facilitated by Hawaii Healthcare Emergency Management (“HHEM”). During the RIMPAC exercise, a simulated category 4 hurricane was presented to all participants, and we were instructed to anticipate significant damage to critical infrastructure, loss of essential utilities and telecommunication systems, and landslides that covered main access roads. Throughout the exercise, HHEM issued multiple injects that required responses via email and voice using various emergency communications devices, including Satellite Communication (“SATCOM”), amateur radio, Code-Division Multiple Access (“CDMA”), and telephone. In each instance, our staff were able to correctly implement the required protocols.

On May 7, 2024, Maluhia participated in an active shooter/active threat drill with the Honolulu Police Department (“HPD”). The drill was utilized to assess how staff, visitors and patients would respond to an active shooter/threat. HPD went into various areas of the facility portraying an active shooter event and evaluated staff responses. Following the drill, HPD immediately provided a debriefing session to review their observations and provide important recommendations to our staff. Given the importance of this type of preparation, we will continue to promote further training on workplace violence and active shooter response.

THE LEAHI-MALUHIA FOUNDATION

The Leahi-Maluhia Foundation was established in 2003.

Mission

To support the work of Leahi Hospital and Maluhia in their mission, development and the provision of quality health and long term care.

Vision

The Leahi-Maluhia Foundation (“Foundation”) provides gap funding to boost and expand the quality of life for patients. The Foundation supports Leahi and Maluhia the same way that Parent Teacher Associations support public schools. It proactively identifies and funds ongoing improvements to ensure that patients and their families experience unparalleled excellence throughout their healthcare journey.

Board of Director Members for FY 2024

Michelle Kato, President

Jerilyn Yamashiro, Director

Sean Sanada, Director

Sean Simmons, Director

Neal Yanagihara, Director

Individual Donations \$11,200

Aloha United Way \$ 1,630

Total: \$12,830

Contact Information

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