



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE
GOVERNOR

December 30, 2013

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki, Speaker
and Members of the House of
Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Hawaii Health Systems Corporation's Annual Report for FY 2013, pursuant to section 323F-22(b) and (c), Hawaii Revised Statutes (HRS). The annual audit will be provided as soon as it becomes available. In accordance with section 93-16, HRS, I am also informing you that the report may be viewed electronically at: <http://www.hhsc.org/About-Us/HHSC-Reports/11291/Content.aspx>.

Sincerely,

NEIL ABERCROMBIE
Governor, State of Hawaii

Enclosures



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

PCEO-13-069

Report To The Legislature
Hawaii Health Systems Corporation Annual Audit and Report for FY2013;
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 Hawaii Revised Statutes, Section 323F-22, relating to Hawaii Health Systems Corporation Annual Audit and Report. This report includes (a) projected revenues for each health care facility for FY2014 and a list of capital improvement projects planned for implementation in FY2015; and (b) regional system board reports.

The Hawaii Health Systems Corporation 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 healthcare "safety net." 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); Maui Memorial Medical Center, Lanai Community Hospital and Kula Hospital (Maui Region); Leahi Hospital and Maluhia (Oahu Region); Kauai Veterans Memorial Hospital and Samuel Mahelona Memorial Hospital (Kauai 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 – Oahu.

In Fiscal Year 2013, HHSC hospitals provided a total of the following: 21,141 acute care admissions and 1,329 long-term admissions; 112,852 acute care patient days and 243,676 long-term care patient days; 3,620 babies born; and 113,841 emergency room visits. A total of 1,253 licensed beds are operated in HHSC's twelve facilities, of which over 800 are designated long-term care. The system employed a total of 4,234 FTE (full time equivalent) personnel.

Additionally, HHSC's breakdown of service delivery included the following:

- HHSC's facilities provided the care for almost 19% of all acute care discharges and 27% of all emergency room visits statewide;

3675 KILAUEA AVENUE • HONOLULU, HAWAII 96816 • PHONE: (808) 733-4020 • FAX: (808) 733-4028

HILO • HONOKAA • KAU • KONA • KOHALA • WAIMEA • KAPAA • WAILUKU • KULA • LANAI • HONOLULU
www.hhsc.org <<http://www.hhsc.org>>

- HHSC facilities provide 75% of the emergency room care and account for 73% of total acute discharges for the counties of Hawaii, Maui, and Kauai;
- For Hawaii county residents, HHSC facilities provided the care for almost 66% of all acute care discharges and 84% of all emergency room visits;
- For Maui county residents, HHSC facilities provided the care for approximately 80% of all acute care discharges and almost 88% of all emergency room visits; and
- For Kauai county residents, HHSC facilities provided the care for almost 21% of all acute care discharges and 34% of all emergency room visits.

HHSC provides accessible and affordable high quality healthcare in all communities we serve. We have continued to develop and improve our clinical and non-clinical quality programs consistently putting into practice our mantra that "Quality is Job One." HHSC quality initiatives, which have provided the system with measurable solutions for improving quality of care, were accomplished through the dedicated efforts and cooperation of our staff, community physicians, and other healthcare professionals. All HHSC facilities are fully certified and licensed by both State and national standards. All HHSC facilities are Medicare/Medicaid certified and all have successfully passed recent surveys. HHSC completed its sixth hospital accreditation survey by the Joint Commission of Healthcare Organization in 2011, and was designated a full 3-year accreditation for the 4 hospitals that participate. HHSC also continues its long-standing participation with Hawaii Medical Services Association (HMSA) Hospital Quality and Service Recognition program that offers financial incentives for meeting performance indicators related to patient care quality.

At the same time, with the on-going support of the Legislature and the Abercrombie administration, HHSC continues to implement an advanced electronic health record (EHR) system. This year, the HHSC West Hawaii Region – Kona Community Hospital and Kohala Hospital - completed a successful implementation effort. This collaborative effort, involving four of our regions, brings state-of-the-art technology to HHSC in a manner that will drive excellence in our operations and improve patient safety and the quality of care for our patients. At this point, the HHSC EMERGE (Electronic Medical Record Gaining Efficiency) Project is advancing full-steam ahead with our second Go-Live for Maui Memorial Medical Center scheduled on March 1, 2014. We will continue to keep the administration and legislature updated on the progress of the implementation of the EHR system.

In the spirit of our enabling legislation (Act 263, 1996), the HHSC regions and the corporate office continue to aggressively pursue opportunities to improve quality healthcare services while collaboratively examining and implementing best practices to improve the system's efficiency and effectiveness. HHSC's FY2013 milestones include the following:

East Hawaii region

- Received full accreditation for HHSC Primary Care Training Program at Hilo;
- All of the HHSC East Hawaii Region's facilities successfully attested to the American Recovery and Reinvestment Act (ARRA) Meaningful Use Stage 1, which resulted in the Region receiving \$2.5 million in incentive funds from Medicare;
- The HHSC East Hawaii Region also achieved the Healthcare Information and Management Systems Society's (HIMSS) Analytics *Electronic Medical Record Adoption Model Stage 6*;
- Hilo Medical Center received the Press Ganey Top Improver Award for being in the Top 20 most improved hospitals nationwide based on patient satisfaction scores, in addition to being a recipient of the American Heart Association Gold Award for treatment of heart failure;
- Hilo Medical Center's long-term care facility became the first HHSC facility to offer Restorative Nursing Services; and
- Ka'u Hospital, through the state's capital improvement project funding, has undertaken major renovations to improve the hospital's air quality.

West Hawaii region

- Completed successful electronic medical record conversion;
- Voted Best Hospital in West Hawaii in the 2013 West Hawaii Today "Best Of" Poll;
- Continued advancement of cardio-vascular service partnership with Maui Memorial Medical Center; and
- Contracted with Hawaii Life Flight to secure a medically equipped, over-water helicopter.

Maui region

- Received the "Get With The Guidelines"- Stroke Gold Plus Quality Achievement Award from the CMS Readmission Reduction and Value-Based Purchasing Programs;
- Awarded designation of Level 3 Trauma Center by the Trauma Centers Association of America and the Hawaii State Department of Health;
- Established cardiology services with a bi-weekly clinic at Kula Hospital;
- Completed major hospital renovations at Lanai Community Hospital including lab, diagnostics and waiting area, in addition to a three-bed emergency room expansion; and
- Established a hospital auxiliary program to benefit the patients, staff, and community-at-large at Lanai Community Hospital.

Oahu region

- Continued implementation of electronic medical record system that will improve patient care and safety;
- Developed initial planning for the Leahi Hospital Campus Master Plan;
- Enhanced the services provided by the Maluhia Clinic with inter-disciplinary clinic staff comprised of physicians and a geriatric nurse practitioner;

- Developed a Pacific Island Geriatric Education curriculum with KCC and JABSOM to improve services in geriatric long-term care; and
- Expanded partnerships with schools statewide focused on healthcare opportunities – i.e., nursing, dietary, social work, etc.

Kauai region

- Recruited New Regional Medical Director-Quality Administrator;
- Expanded weekend clinic hours at the Waimea clinic location;
- Implemented Patient Centered Medical Home with Pediatric Clinics;
- Recruiting APRN-RX to work at Waimea Clinic;

At the same time, during Fiscal Year 2013, HHSC struggled to maintain its financial stability in the midst of reductions in reimbursements as a result of federal health care reform and federal deficit reduction legislation, as well as increases in costs due to collective bargaining raises negotiated by the State of Hawaii on HHSC's behalf that were not fully-funded by the Legislature. During Fiscal Year 2013, HHSC recorded \$79,999,224 in general funds for operations, \$6,028,192 in general funds for collective bargaining raises, and \$31,498,143 in capital contributions from the State of Hawaii.

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 years. HHSC has received our thirteenth consecutive "clean" unqualified consolidated audit for every fiscal year from FY 1998 through FY2013. The FY2013 audit will be submitted under separate cover in January, 2014.

The following information is attached pursuant to HRS Section 323F-22: (1) Projected revenues for each facility for FY2014, (2) List of proposed capital improvement projects during FY2015; and (3) 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). Seventeen years ago, there were three foundations supporting HHSC facilities of which only two were active. Today there are

nine separate foundations, in addition to multiple hospital auxiliaries supporting one or more HHSC hospitals.

Respectfully submitted,



Alice M. Hall
Acting President and Chief Executive Officer



Edward N. Chu
Chief Financial Officer

Attachments:

1. Projected FY2014 Revenues
2. CIP Expenditures FY2015
3. Regional Board Reports, FY2013.

**HAWAII HEALTH SYSTEMS CORPORATION
PROJECTED REVENUES BY FACILITY
FISCAL YEAR 2014**

NOTE: These amounts represent projected cash collections, not accrual basis revenues.

Facility	Amount (\$'000's)
Hilo Medical Center	\$136,028
Hale Ho'ola Hamakua	9,410
Kau Hospital	4,939
Kona Community Hospital	57,864
Kohala Hospital	5,021
Maui Memorial Medical Center	197,115
Kula Hospital	16,434
Lanai Community Hospital	2,746
Kauai Veterans Memorial Hospital	32,717
Samuel Mahelona Memorial Hospital	17,168
Leahi Hospital	14,293
Maluhia	13,719
HHSC Total	\$507,453

FY 15 - Capital Improvement Projects

Act/Yr	Item	Project Title and Brief Project Description	Apprn
134/13	E-5	HHSC, Information/Electronic Medical Record System	359,000
134/13	E-7	Kula Hospital Cesspool Closures & Install New Systems	500,000
134/13	E-7	Leahi Hospital, Renovate Trotter for Behavior and Memory Unit	816,000
134/13	E-7	Leahi Hospital, Replace water shutoff valves and fire sprinkler heads for entire campus	222,000
134/13	E-7	Kula Hospital, Repairs to Facility	2,650,000
134/13	E-7	Maluhia, Photovoltaic Panels	820,000
134/13	E-7	Hilo Medical Center, Upgrade air conditioning	3,285,000
134/13	E-7	Maui Memorial Medical Center, Repairs to facility	2,000,000
134/13	E-7	Leahi Hospital, Spalling repairs and painting of Trotter, Sinclair and Maintenance	981,000
134/13	E-7	Leahi Hospital, Reroof Administration Building and covered walks	319,000
134/13	E-7	Leahi Hospital, Resurface driveways and parking lots and renovate for ADA access	250,000
134/13	E-7	Maluhia, Upgrade plumbing in hospital	259,000
134/13	E-7	Leahi Hospital, Replace deteriorated sewer and drainage lines	136,000
134/13	E-7	Hilo Medical Center, Upgrades and renovation	1,600,000
134/13	E-7	Lanai Community Hospital, Repairs to facility	1,800,000
134/13	E-7	Hilo Medical Center, Parking lot improvements	2,162,000
134/13	E-7	Hilo Medical Center, CT Renovation and replacement	1,000,000
134/13	E-7	Maui Memorial Medical Center, AC Upgrades	1,200,000
134/13	E-6	Kahuku Medical Center, Upgrade and Improvements	763,000



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

REGIONAL BOARD REPORTS

FOR FISCAL YEAR 2013

POC: Alice M. Hall, President and Chief Executive Officer
December 30, 2013

INDEX

- A. Oahu Region
 - Maluhia
 - Leahi Hospital
 - Foundations, Auxiliaries and Community-Based Volunteer Programs
- B. Kauai Region
 - West Kauai Medical Center
 - Samuel Mahelona Medical Center
 - Foundations, Auxiliaries and Community-Based Volunteer Programs
- C. Maui Region
 - Maui Memorial Medical Center
 - Kula Hospital
 - Lanai Community Hospital
 - Foundations, Auxiliaries and Community-Based Volunteer Programs
- D. East Hawaii Region
 - Hilo Medical Center
 - Hale Ho`ola Hamakua
 - Ka`u Hospital
 - Foundations, Auxiliaries and Community-Based Volunteer Programs
- E. West Hawaii Region
 - Kohala Hospital
 - Kona Community Hospital
 - Foundations, Auxiliaries and Community-Based Volunteer Programs
- F. Foundations Supporting HHSC Facilities
 - Kauai Veterans Memorial Hospital Foundation
 - Samuel Mahelona Memorial Hospital Foundation
 - Maui Memorial Medical Center Foundation
 - Kona Hospital Foundation
 - Kohala Hospital Charitable Foundation
 - Hilo Medical Center Foundation
 - Ka`u Hospital Charitable Foundation
 - Leahi Hospital & Maluhia Foundation
 - Hale Ho`ola Hamakua Foundation
 - Hawaii Health Systems Foundation

OAHU REGION

Maluhia, located in lower Alewa Heights, Honolulu, Hawaii operates 158 skilled nursing facility and intermediate care facility beds and employs close to 203 (FTE, FY13) employees. Maluhia was established in 1923, and continues to evolve meeting the changing long-term care needs of its communities. Maluhia provides the following services:

Long-Term Care Inpatient Services

- 158 Dual Certified Skilled Nursing and Intermediate Care Beds
- Primary Care Clinic

Support

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

Programs and Services

- Admission 198
- Patient Days 55,362

Volunteer Services

- Number of Active Volunteers: 52
- Number of Total Volunteer Hours: 8,800
- Volunteer Auxiliary Contributions: \$7,770

Leahi Hospital, located in the heart of Kaimuki in Honolulu, Hawaii was first established in 1901. Today Leahi Hospital operates 166 beds: 155 nursing home beds, dually certified as Skilled Nursing Facility and Intermediate Care Facility (ICF, in addition to 11 acute/tuberculosis-designated beds). Individuals requiring long term care or short term restorative care are admitted to our nursing facility beds. Treatment and general care are provided by your physician and an interdisciplinary team of healthcare professionals. Leahi Hospital has close to 250 (FTE, FY13). Individuals with or suspected of having Tuberculosis are admitted to our Tuberculosis unit. Leahi Hospital provides the following services:

Long-Term Care Inpatient Services

- 155 Dual Certified Skilled Nursing and Intermediate Care Beds

Outpatient Services

- Adult Day Health Center
- Leahi Geriatrics Outpatient Clinic - Collaboration with the UH School of Medicine, Geriatrics Medicine Division to provide outpatient geriatric consultation and medical services
- Pharmacy
- Recreational Therapy
- Dietary Services
- Social Services
- Speech Therapy
- Laboratory
- Occupational Therapy
- Physical Therapy
- X-Ray
- 9 Acute TB Inpatient Beds - Outpatient Services (TB patients are discharged to the Lanikila TB Clinic for follow-up).

PATIENT CENSUS

- Admission 189
- Patient Days 52,593

COMMUNITY-BASED FOUNDATION SUPPORT OF HHSC FACILITIES

- Total Private Donations - \$ 13,573
- Total Fundraising – N/A
- Total Federal/State/Private Grants - \$149

TOTAL - \$13,573

VOLUNTEER SERVICES

- Number of Active Volunteers: 179
- Number of Total Volunteer Hours: 10,514
- Volunteer Auxiliary Contributions: \$29,775

**Oahu Region Foundation Supporting HHSC Hospitals
Background /Contact Information**

Leahi Hospital and Maluhia Foundation

The foundation was established in 2003 to support the work of Leahi Hospital and Maluhia in their mission, development and provision of quality healthcare.

Foundation President: Vincent Lee

vlee@hhsc.org

Foundation Administrator: Lydia Chock

lchock@hhsc.org

Contact Information:

Leahi-Maluhia Foundation

Maluhia, 1027 Hala Drive, Honolulu 96815

Tele: 808-832-1927 Fax: 808-832-3402

KAUAI REGION

West Kauai Medical Center (WKMC) was formerly known as Kauai Veterans Memorial Hospital was formerly known as Kauai Veterans Memorial Hospital (KVMH) and was completed in October 1957 and dedicated to the Veterans of the Korean War. KVMH was built to meet the healthcare needs of its surrounding communities. WKMC has 45 licensed beds, including 25 acute and 20 long-term care beds. Today WKMC employs 293 (FTE, FY13) employees and provides the following services:

- Critical Care
 - Orthopedic Surgeon on Staff
 - Full-time Radiologist
 - Radiology, CT Scan, Ultrasound, Mammography
 - Full-time radiologist
- High Risk Fetal Ultrasound Consultations with Kapiolani Medical Center
- Cardiac Ultrasound Consultations with Queens Medical Center
- Cardiac Care
- Physical Therapy
- Occupational Therapy
- Inpatient/Outpatient Surgery
 - Ophthalmology
 - GYN/OB
 - General Surgeries
 - Orthopedics
- Outpatient Surgery
- Surgery
- 24-Hour Emergency Care
- Pharmacy
- Respiratory Therapy
- OB/GYN Services
- Mother/Baby Care
- Medical Surgical/Pediatric Care
- Dietary Counseling
- CAP-approved Laboratory Services
- Skilled Nursing Care
- Intermediate Nursing Care
- Orthopedic Consulting Services
- CLIA-approved Laboratory Services
- Social Services
- KVMH Operates 3 Clinics
 - Waimea Clinic staffed with 6 KVMH physicians
 - Eleele Clinic staffed with 2 KVMH physicians and 1 nurse practitioner
 - Kalaheo Clinic staffed with 6 KVMH physicians

The Kawaiola Medical Office Building (MOB) was completed and dedicated in November 1996. Kawaiola was the outcome of a collaborative effort among the West Kauai communities and KVMH. Services presently being provided in the MOB are:

- Family Practice
- Internal Medicine
- General Surgery
- Neurology Consultations
- Teleradiology
- Hemodialysis (St. Francis)
- Radiology
- Retail Pharmacy
- Hospital Gift Shop
- Obstetrics and Gynecology
- Pediatrics
- Orthopedics
- The Kawaiola Medical Office Building also houses:
 - Cardiac and Dermatology Consultation Clinics
 - St. Francis Dialysis and Hemo-dialysis Services
 - MedCenter Retail Pharmacy
 - KVMH Radiology Satellite
 - KVMH Hospital Gift Shop
- Federally Qualified Health Clinic (Kauai Community Health Center) – Medical and Dental

PATIENT CENSUS

- Admissions 976
- Births 240
- ER Visits 5.163
- Patient Days 10,795

COMMUNITY-BASED FOUNDATION SUPPORT OF HHSC FACILITIES

Estimated Total Donations received by the KVMH Charitable Foundation:

- Total Private Donations –
 - Total Fundraising - \$ 31,274
 - Total Federal/State/Private Grants - \$15,000
- TOTAL - \$46,274**

VOUNTEER SERVICES

- Number of Active Volunteers: 55
- Number of Total Volunteer Hours: 1100
- Volunteer Auxiliary Contributions: \$22,700

Samuel Mahelona Memorial Hospital (SMMH) is the oldest operating hospital on Kauai. 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 the cure from TB well established, SMMH gradually transitioned to providing acute psychiatric, skilled nursing, medical acute, TB, and ancillary outpatient and inpatient services. SMMH has 80 licensed, 66 long-term care and 14 acute care beds. The critical access hospital has 153 (FTE, FY13) employees. Currently, SMMH patient services include:

- Emergency Services – 24-hour mid-level emergency services staffed by Board certified ER physicians and ER nurses
- Laboratory
- Physical Therapy
- Radiology
- Occupational Therapy
- Adult Inpatient Psychiatric Care
- Detoxification
- Skilled Nursing Beds
- Intermediate Care Beds
- Tuberculosis Services (6 Acute/SNF Beds)
 - Clinic (in cooperation with the Department of Health)
 - Negative pressure rooms available for patients requiring hospitalization
- Inpatient Pharmacy
- Social Services
- Occupational Therapy
- Recreational Therapy
- Speech Therapy]
- Physical Therapy
- Dietitian

PATIENT CENSUS

- Admissions 245
- Patient Days 21,283
- ER Visits 5,339

VOLUNTEER SERVICES

- Number of Active Volunteers: 20
- Number of Total Volunteer Hours: 2,126
- Volunteer Auxiliary Contributions: \$7,985

Kauai Region Foundations Supporting HHSC Hospitals Background / Contact Information
--

Kauai Veterans Memorial Hospital (KVMH) Foundation

The KVMH Foundation was formed in the fall of 1998. The board consists of 10 community members and three employees of the Kauai Veterans Memorial Hospital. The foundation's main focus is to support the many services, equipment purchases, and programs that West Kauai Medical Center and KVMH provides for its island communities.

Foundation President: Doug Tiffany

Foundation Vice President/Treasurer: Eric Honma

Contact Information:

KVMH Foundation

Kauai Veterans Memorial Hospital

4643 Waimea Canyon Road

Waimea, Kauai, HI 9796

TEL: 808-338-9432 FAX: (808) 338-9420

Samuel Mahelona Memorial Hospital (SMMH) Foundation

This foundation was formed in the spring of 1999. It is managed by eleven board members consisting of eight community members, two employees of SMMH, and one resident of SMMH. As a Foundation, it is committed to bringing the best healthcare possible to the community through its efforts of raising money from various projects, grants, endowments and community support. To accomplish this, it goes into the community and listens to the health concerns and needs and speak the message of SMMH to them; thus forming a bond of trust, integrity and partnership.

Contact information:

SMMH Foundation

Samuel Mahelona Memorial Hospital

4800 Kawaihau Road

Kapaa, Kauai, HI 96746

Tel: 808-822-4961 Fax: 808-822-578

MAUI REGION

Maui Memorial Medical Center (MMMC) has a long history of serving the Maui community. Originally opened in 1884 as “Malulani” (Protection of Heaven) by Queen Kapiolani, the County of Maui assumed financial responsibility for Malulani Hospital in 1927. In 1952, a new 140-bed Central Maui Memorial Hospital was opened. Subsequently, in 1996, MMMC became a part of the Hawaii Health Systems Corporation (HHSC). Today MMMC is licensed for 197 acute care beds and has close to 1,345 (FTE, FY13) employees and boasts over 200 attending physicians. MMMC is the largest acute facility within HHSC and is also supported through community donations through its non-profit partners: MMMC Foundation and Hospital Auxiliary.

MMMC patient services include:

- Acute Inpatient Dialysis
- Adult and Adolescent Behavioral Health Services
- Complementary Care
- Critical Care Unit
- 24-Hr. Emergency Services
- Endoscopy
- Heart, Brain & Vascular Center
 - Angiography, EP Studies, Cardiac Catherization, Ablations, Pacemakers, Cardiac Stress Testing, Echocardiography, Cardioversion
 - Interventional Radiology Services
- Laboratory – 24-hour services
- Newborn Nursery and Maternity Services
- Nutrition Serves
- Obstetrics/Gynecology – with childbirth education classes
- Oncology – Cancer treatments
- Operating Room
 - Same Day Surgery (Outpatient)
- Pediatric Medicine
- Pharmacy
- Inpatient and Outpatient Physical, Occupational, and Speech Therapy
- Recreational Therapy
- Progressive Care Services
- Radiology-
 - Diagnostic x-ray, CT Scan, MRI, Ultrasound, Nuclear Medicine, Mammography
- Respiratory Therapy
- Outpatient Observation Unit
- Telemetry – "heart monitoring"
- Outpatient Observation Unit
- Wound/Ostomy Care

PATIENT CENSUS

- Admissions 10,067
- Births 1,727
- ER Visits 32,705
- Patient Days 53,298

COMMUNITY-BASED FOUNDATION SUPPORT OF HHSC FACILITIES

- Total Private Donations - \$251,411
- Total Fundraising - \$46,999
- Total Federal/State/Private Grants - \$202,550
- TOTAL - \$500,960**

VOLUNTEER SERVICES

- Number of Active Volunteers: 67
- Number of Total Volunteer Hours: 9,000
- Volunteer Auxiliary Contributions: \$31,755

Kula Hospital began operations in 1909 as a tuberculosis facility. In 1936, Kula Sanatorium expanded to a 200-beds facility for TB patients. By the 1960s, it began offering psychiatric care. Kula evolved into a long-term care facility during the early 1970s. Kula has 105 licensed beds (5 acute/SNF swing care and 100 SNF/ICF), and employs 197 (FTE, FY13) employees. Kula Hospital's patient services include:

- Critical Access Hospital services (acute and long term care)
- 24-hour emergency services
- Limited Acute Care
- Inpatient Skilled Nursing and Intermediate Care
- Developmentally Disabled Inpatient Services (ICF-MR)
- Alzheimer's and Dementia Care
- Family Practice Clinic Services
- Pharmacy Services
- Physical Therapy and Occupational Therapy Services
- Laboratory Services and Radiology Services
- Outpatient Clinic

PATIENT CENSUS

- Admissions 110
- Patient Days 30,401
- ER Visits 2,037

VOLUNTEER SERVICES

- Number of Active Volunteer: 55
- Number of Total Volunteer Hours: 6,276
- Volunteer Auxiliary Contributions: \$17,267

Lanai Community Hospital is the only hospital on the island of Lanai. It was originally built in 1927. The facility's new physical plant was built in 1968 with funding from community donations, Dole Company, State of Hawaii grant, and Hill-Burton Federal funds. The hospital offers acute and long-term care. Lanai Community Hospital has 14 licensed acute care and four long-term care beds (duo certification for SNF/ICF). LCH has 35 (FTE, FY13) employees. As a critical access hospital, LCH provides the following services:

- Critical Access Hospital Services (acute and long term care)
- 24-Hour Emergency Care
- Limited Laboratory and Radiology Services
- Limited Acute Care
- Extended Care (Long-Term Care Services)
- Hemo-Dialysis Services

PATIENT CENSUS

- Admissions 24
- Patient Days 3,272
- ER Visits 1,084

VOLUNTEER SERVICES

- Number of Active Volunteers: 21
- Number of Total Volunteer Hours: 404
- Volunteer Auxiliary Contributions: \$0

Maui Region Foundation Supporting HHSC Hospitals Background / Contact Information

Maui Memorial Medical Center (MMMC) Foundation

The MMMC Foundation was formed in 1996 and opened its foundation office in 1999. This foundation was formed in 1996 and opened its foundation office in 1999. The foundation supports the master plan for development, scholarship funding and the purchase of state-of-the-art equipment.

Foundation President:
David Jorgensen, Esq.

Foundation Executive Director:
Lisa Varde (lvarde@hhsc.org) 808-242-2632

Contact information:

Maui Foundation (www.MauiFoundation.org)
285 Mahalani Street, Suite 25
Wailuku, Maui, HI 96793
Tel: 808-242-2632 Fax: 808-2

EAST HAWAII REGION

Hilo Medical Center (HMC) is the largest facility in the Hawaii Health Systems Corporation. Established in 1897, HMC has grown from a 10-bed hospital, created by the Hawaiian Government, to the present facility of 272-licensed beds, consisting of 138 acute and 22 skilled nursing licensed beds including a 20-bed psychiatric unit, a separate 112-bed licensed extended care facility and an accredited home care agency. 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 hospital." Today, HMC is the largest employer in Hilo, with 1,034 (FTE, FY13) employees.

Also on campus are Hawaii Pacific Oncology Center, Liberty Dialysis and the Veteran's Administration (VA) Community-Based Outpatient Clinic. Other off-campus clinics also under Hilo Medical Center include Surgery, Cardiology Neurology and Urology. Efforts by our Medical Group Practice Director and Medical Staff Office to recruit physicians in general and specialty areas are underway and ongoing. In addition, Hilo Medical Center is exploring possibilities of recruiting hospitalists in Long-Term Care, Behavior Health, Obstetrics and Neonatology.

HMC patient services include:

- 24-Hour Physician-Staffed Emergency Care
- Intensive and Cardiac Critical Care, Echocardiography, Thallium Stress Treadmills, Pacemakers, Cardiac Telemetry
- Hospitalist Services
- Intensivist
- Acute Inpatient Dialysis
- Bronchoscopy
- Obstetrics with Childbirth Education Classes, Labor and Delivery, and Post-partum Services
- Gynecology
- Pediatrics
- Adult Psychiatric Care
- General Radiology
- Urology
- Neurology
- Angiography and Interventional Radiology
- Telemedicine, including Teleradiology
- Surgical Services—Same Day Surgery, Post-Anesthesia Care, and Special Procedures
- Subspecialty Surgery Services—Vascular Surgical Services (Open and Endo-), Orthopedics, Ophthalmology, Otorhinolaryngology, Urology
- Psychiatry
- Skilled Nursing and Long Term Care Facilities
- Wound and Ostomy Services

- Endoscopy, including ERCP
- Outpatient Surgery Clinic
- Hawaii Pacific Oncology Center—Medical and Radiation Oncology
- In-Patient Pharmacy
- EEG
- 24 hour CAP-Accredited Pathology Laboratory and Blood Bank Services
- Food and Nutrition Services and Counseling
- Home Healthcare
- 32 Multi-Slice CT Scanner, MRI, Ultrasound, Nuclear Medicine]
- Rehab Services-Physical, Occupational, Speech, and Recreational Therapies
- Respiratory Therapy
- Social Services

PATIENT CENSUS

- Admissions 7,975
- Patient Days 75,543
- Births 1,139
- ER Visits 42,232

COMMUNITY-BASED FOUNDATION SUPPORT OF EAST HAWAII REGION FACILITIES

- Total Private Donations - \$311,913
- Total Fundraising – \$62,916
- Total Federal/State/Private Grants – \$18,064
- TOTAL - \$392,893**

VOLUNTEER SERVICES

- Number of Active Volunteers: 125
- Number of Total Volunteer Hours: 15,785
- Volunteer Auxiliary Contributions: \$0

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 fifty-bed (50) 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.

HHH employs 113 (FTE, FY13) employees of which a significant number are residents of the area who were former employees or related to employees of the Hamakua Sugar Company that phased out in 1994. The Hamakua Sugar Company Infirmary, which became the Hamakua Health Center, provides primary care and behavioral health services to the community in a building owned and leased from HHH.

The greater part of the "old" Honokaa Hospital building is being leased to the University of Hawaii-Hilo for the North Hawaii Education and Research Center (NHERC), a project providing college, vocational, and special interest courses in North Hawaii. It will also

function as a base for offsite distance learning for the university to all parts of the State. One of the goals for NHERC is to offer Certified Nurse Aide classes at least twice per year and incorporate a Licensed Practical Nurse Program with the Hawaii Community College using HHH as one of several clinical sites. The nursing programs will assist with the staffing the health facilities and community health services in the North Hawaii area.

HHH was converted as a Critical Access Hospital on November 2005, which resulted in bed configuration changes and the provision of new Emergency Room (ER) and expanded ancillary services.

Services provided by HHH include:

- 4 Acute/SNF Swing Beds
- 73 Long Term Care (ICF/SNF) Beds
- Emergency Room Services, 24hours/7 days per week, on call within 30 minute
- Inpatient Physical Therapy
- Inpatient Occupational Therapy
- Inpatient Speech Therapy
- 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 125
- Patient Days 23,111
- ER Visits 2,107

COMMUNITY-BASED FOUNDATION SUPPORT OF EAST HAWAII REGION FACILITIES:

- Total Private Donations - N/A
 - Total Fundraising – N/A
 - Total Federal/State/Private Grants - \$700
- TOTAL - \$28,088**

VOLUNTEER SERVICES

- Number of Active Volunteers: 14
- Number of Total Volunteer Hours: 2493
- Volunteer Auxiliary Contributions to the Facility: \$0

Ka`u Hospital, in Pahala, is a 21-bed facility with 16 long-term care beds and 5 acute beds with 55 (FTE, FY13) employees. It 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, particularly emergency services and long-term care has been growing steadily. Long-term care beds have been 100 percent occupied for the past two fiscal years with some patients waitlisted in our acute beds.

Services provided by Ka`u Hospital include:

- 24-hour Emergency Services
- Acute Care
- Intermediate and Skilled level care
- Adult Day Health Services Program
- Radiology - inpatient and outpatient
- Rehab Services – Physical, Occupational, and Speech Therapy
- Laboratory services
- Rural Health Clinic provides primary care including:
 - Family Practice
 - Internal Medicine
 - Geriatric Medicine
 - Outpatient laboratory and pharmacy services on campus

PATIENT CENSUS

- | | |
|----------------|-------|
| ● Admissions | 12 |
| ● ER Visits | 2,240 |
| ● Patient Days | 2,237 |

COMMUNITY- BASED FOUNDATION SUPPORT OF HHSC FACILITIES

- Total Private Donations - \$2,397
- Total Fundraising - \$18,700
- Total Federal/State/Private Grants - \$ 0
- TOTAL - \$21,097**

VOLUNTEER SERVICES

- Number of Active Volunteers: 10
- Number of Total Volunteer Hours: 1,389
- Volunteer Auxiliary Contributions: \$21,097

**East Hawaii Region Foundations Supporting HHSC Hospitals
Background / Contact Information****Hilo Medical Center Foundation**

Founded in 1995, the Foundation supports the healthcare of the community and its visitors by assisting Hilo Medical Center (HMC) through volunteerism, community education, and financial support. With no private hospitals in the East Hawaii region, HMC is truly a community institution with quality of facilities and services dependant upon both psychological and financial community support. We view our mission as attempting to enhance that support.

Foundation President: Julie Tulang

Foundation Administrator: Lori Rogers
lrogers@hhsc.org: 808- 935-2957

Contact information:
Hilo Medical Center Foundation
www.hilomedicalcenterfoundation.com
1190 Waianuenue Avenue, Box 629
Hilo, HI 96720
Tel: 808-935-2957 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 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: Bradley Westervelt

Foundation Vice President/Director: Wayne Kawachi

Contact information:

Ka`u Hospital Foundation

P.O. Box 773

Pahala, HI 96777

Tel: 808-928-2959 Fax: 808-928-8980

WEST HAWAII REGION

Kona Community Hospital, the primary health care facility serving West Hawaii, is a 94-bed full service medical center and designated Level III Trauma Center; 51 beds Medical Surgical acute; 18 beds certified Skilled Nursing; 4 labor beds and 6 postpartum beds in the Obstetrics unit; 11 beds behavioral health unit; and, a 9 bed intensive care unit. It is located in Kealahou, Kona, and 18 miles south of Kona International Airport. The hospital has expanded considerably from its initial wooden structure with 52 beds built in 1941. It is currently housed in a three-story structure constructed in 1975.

This facility employs 420 (FTE, FY13) employees. There are over 70 active medical staff members representing a wide variety of medical specialties. Patient services include:

- 24-hour Emergency Room
- Inpatient & Outpatient Surgery
- Long-Term Care / Skilled Nursing
- Acute Inpatient Care (Obstetrics/Gynecology, Medical/Surgical, Intensive Care, Behavioral Health, Skilled Nursing/Long Term Care)
- Outpatient Nursing Services (Chemotherapy)
- Rehabilitation Services (PT, OT, Respiratory Therapy, Speech Therapy)
- Pharmacy
- Laboratory and Pathology Services
- Imaging Center (MRI, 16-slice CT Scan, Ultrasound, Echocardiogram, Nuclear Medicine)
- Cardiology
- Radiation Therapy (April 2005)
- Physician Specialties (General Surgery, Internal Medicine, Cardiology, Medical Oncology, Radiation Oncology, Pediatrics, OB/GYN, Urology, ENT, Ophthalmology, Plastic Surgery, Orthopedics, Psychiatry, Gastroenterology)

PATIENT CENSUS

- Admissions 3,684
- Patient Days 18,863
- Births 514
- ER Visits 19,271

COMMUNITY- BASED FOUNDATION SUPPORT OF HHSC FACILITIES

- Total Private Donations - \$13,982
- Total Fundraising - \$134,576
- Total Federal/State/Private Grants - \$10,000
- TOTAL - \$158,558**

VOLUNTEER SERVICES

- Number of Active Volunteers: 57
- Number of Total Volunteer Hours: 7,071
- Volunteer Auxiliary Contributions: \$40,000

Kohala Hospital, located in the rural town of Kapaau (North Kohala), opened its doors to patients on April 1, 1917. At that time, it was a 14-bed facility. Miss Mina Robinson, a medical, surgical and maternity nurse, arrived from Australia to "take charge" of the hospital. The cost of hospitalization at that time was \$1.50 per day. In 1962, Kohala Hospital was relocated into a new lava rock and hollow tile structure consisting of 26 inpatient beds providing both long-term and short-term acute care. Today, Kohala Hospital employs 52 (FTE, FY13) employees, has 28 licensed beds (4 acute and 24 long-term care), and as a critical access hospital provides the following services:

- 24-Hour Emergency Care
- Inpatient and Outpatient Clinical Laboratory and X-Ray Services
- Medical Acute and Skilled Nursing Inpatient Care
- Long-Term Care (Skilled Nursing and Intermediate Care)

PATIENT CENSUS

- Number of Admissions: 27
- Patient Days: 7,239
- Emergency Visits: 1,666

COMMUNITY- BASED FOUNDATION SUPPORT OF HHSC FACILITIES

- Total Private Donations - \$63,825
- Total Fundraising - \$53,126
- Total Federal/State/Private Grants - \$0

TOTAL - \$116,951

VOLUNTEER SERVICES

- Number of Active Volunteers: 33
- Number of Total Volunteer Hours: 800
- Volunteer Auxiliary Contributions: \$1953

West Hawaii Region Foundations Supporting HHSC Hospitals

Background / Contact Information

Kona Community Hospital Foundation

This foundation was established in 1984 for the purpose of providing means, equipment and facilities for the use by and benefit of Kona Community Hospital. Since its inception it has provided over a million dollars in equipment and facilities to the hospital. It is managed by a five-member board that is completely separate from the management of the hospital.

Well into the second decade of operation we are very proud of our participation in the modernization and future of Kona Community Hospital. Kona Hospital is a tremendous asset to our community and we enjoy providing support to its reinvention and growth. Your participation is most appreciated and does make a significant difference.

Foundation President:
James Higgins

Foundation Development Assistance and Administration:
Carol Mountcastle cmountcastle@hhsc.org 808-322-4587
Stephanie Kinsey skinsey@hhsc.org 808-322-4578

Contact information:

Kona Hospital Foundation
79-1019 Haukapila Street
Kealahou, HI 96750
Tel: 808-322-9311 Fax: 808-322-4488

Kohala Hospital Charitable Foundation

This foundation was established in 2003, to provide assistance to 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:

Tommy Tinker

Foundation Vice President:

Alan Axelrod

Contact information:

Kohala Hospital Charitable Foundation

P.O. Box 430

Kapaau, HI 96755

Tel: 808-889-7905

HHSC Oahu Region Fiscal Year 2013 Legislative Briefing

In fiscal year 2013, the HHSC Oahu Region continued to face fiscal challenges. Due to late payments and reduced reimbursement levels from insurance providers along with increased expenses from collective bargaining pay raises negotiated by the State of Hawaii, Oahu Region has had to manage its cash wisely. The Regional Administration had to set priorities on the use of cash which included meeting payroll and extending payments to its vendors beyond 45 days. Due to not being able to staff by census due to civil service personnel rules, Oahu Regional facilities had to make several adjustments. Management made it a point of emphasis throughout the year to reduce overtime and other expenses, knowing that reimbursements continue to decrease while salaries and benefit costs continue to increase. In fact, both Oahu Region facilities were able to reduce expenses from fiscal year 2012 despite retroactive pay adjustments as a result of new collective bargaining agreements..

Since the beginning of the 2013 fiscal year, Oahu Region's census has remained consistently above budget. Average daily census increased from fiscal year 2012 by approximately 2.3%.

The electronic Medical Record project continues to be a big and important project for the Oahu Region. The "go live" dates for Leahi Hospital and Maluhia are tentatively scheduled late 2014 but will be dependent on the go-lives of other HHSC facilities and their respective software upgrades.

The Centers for Medicaid Medicare Services surveyed both Oahu Region facilities under their new survey guidelines. The new survey guidelines involved deeper review and staff interviews (first time for line staff). Oahu Region facilities received 4-Star (Leahi) and 5-Star (Maluhia) ratings with a 5-Star designation being the highest from CMS.

During the year, the HHSC Oahu Region completed its Master Plan for the Center of Excellence in Long Term Care after engaging extensive discussions with various stakeholders. The proposed Master Plan was presented to the Governor and collaborators, which included Kapiolani Community College and Diamond Theater. The Master Plan reflects a collaborative set of community views, including those directly related to health, education and arts. The Master Plan is part of the HHSC Oahu Region's budget request to the Legislature at its 2013 session. The Master Plan is a work-in-progress effort that will be further developed & refined in the upcoming months. A key part of the Master Plan is acquiring the Leahi property via a transfer from the University of Hawaii.

As part of Leahi Hospital's going-green strategy, it has received appropriate state funding for a design plan to install photovoltaic solar panels. Additionally, Leahi Hospital maintenance and housekeeping departments are presently utilizing an electric car thanks to an in-kind donation through its foundation.

Capital Improvement Projects:

During the past fiscal year the following CIP projects were completed:

Leahi -

Nurse Call System Replacement, \$517,950
Administration Public Restroom Renovation, \$67,787
Lobby and Clinic Automatic Door Replacements, \$20,000
Atherton 2nd Floor Window Replacement, \$49,999
Atherton 1st Floor Restroom Renovation, \$48,088
Atherton 2nd Floor Renovation, \$241,914
Administration Offices Renovation, \$49,999
Trotter Transformer Replacement, \$7,036

Maluhia –

Reroofing, \$614,000
Heat Pump Replacement, \$104,000
Adult Day Health Automatic Door Replacement, \$13,300

Quality:

Leahi Hospital passed its annual CMS and licensure survey in July 2013. Additionally, Leahi Hospital successfully completed its acute bed license survey conducted in March 2013 improving its waste disposal process. Similarly, Maluhia passed its annual CMS and licensure survey in August 2013. Subsequently, the Center of Medicare and Medicaid Services' 5-Star Rating Program designated Leahi Hospital as a 4- Star facility and Maluhia as a 5-Star facility.

Leahi Hospital continues its efforts to improve evidence-based practice and quality improvement. This year's focus was on falls management. A falls committee was created in May 2013. Members consist of the Medical Director, DON, Nurse Practitioner, Nurse Managers, Quality Manager, Rehab Director, Education Director, and other ad hoc interdisciplinary members. The committee meets weekly to evaluate and discuss fall incidents, track and trend frequent fallers, and revise protocols/interventions to help prevent future falls. This group will continue to examine high risk contribute related to falls -- environment, alarm, medication, and behavior management – and institute best practice guidelines.

Currently, Maluhia is addressing the Centers for Medicare and Medicaid Services (CMS) quality initiatives in reducing rehospitalizations and use of antipsychotic medications. Additionally, both Maluhia and Leahi Hospital's antipsychotic medication usage rates are lower than the State and National comparative SNF groups.

Nursing:

With the increased competition of available nursing home Skilled Nursing Facility (SNF) beds, providing quality resident care is essential. Nursing and the interdisciplinary team work closely with our residents and families to plan the care and implement appropriate interventions to

promote quality of care and quality of life for our residents. Quality patient-centered care is our goal. Leahi and Maluhia census remain high, 93% and 97%, respectively.

Currently, we are addressing the Centers for Medicare and Medicaid Services (CMS) quality initiatives in reducing rehospitalizations and use of antipsychotic medications. Evidenced-based best practices are utilized such as the updated Interact tools to recognize and communicate changes in our residents so actions can be taken to treat problems and minimize rehospitalizations. In addition, the Geriatric Nurse Practitioner GNP provides resident care consultation and works closely with the nursing staff to fine tune their assessment skills and properly utilize the Interact Care Paths for the various conditions leading to rehospitalizations. Leahi and Maluhia rehospitalizations rates for residents less than 30 days admission are below the national benchmark.

Nursing with the Medical Director's leadership and collaboration with the Geri-psychiatrists and Interdisciplinary Team (IDT), continually evaluate, monitor and reduce the usage of antipsychotic medications... The CMS prepared Hand in Hand Dementia training was provided to the caregiver staff to utilize non-pharmacologic interventions and minimize the use of pharmacologic interventions when appropriate. Leahi and Maluhia antipsychotic medication usage rates are lower than the State and National comparative SNF groups.

Leahi and Maluhia participated in the 2013 International Pressure Ulcer Prevalence Survey. As demonstrated in this survey, both facilities continue to have low rates of pressure ulcers with a rate of 3.5% for Leahi and 3.4% for Maluhia which are below the national long term care pressure ulcer prevalence benchmark of 9.1% Given many of our residents have chronic and terminal conditions, Leahi received a grant to participate with HMSA, University of Hawaii at Manoa Nursing program, and Kokua Mau on a Palliative Care project. If successful, this program will also be implemented at Maluhia. The goal is to continue to improve the care we provide for our residents.

Personnel:

Given a similar situation in FY2012, the region continues to hold staffing steady through processes of efficient organization, innovation and not filling vacant positions to the extent possible. Position count went up as a result of the lifting of the hiring freeze on budgeted positions. Increase in position count necessary to alleviate staff shortages that result in the Region's excessive overtime costs. The Region's overtime costs continue to drop because of increased manpower, responsible management by supervisors, and aggressive implementation of contractual provisions on employee sick leave abuse program.

	<u>Leahi</u>	<u>Maluhia</u>	<u>Total</u>
FY 13 Position Count	372	281	653
FY 12 Position Count	371	280	651

FY 11 Position Count	362	274	636
FY 10 Position Count	357	273	630
FY 13 FTE	346.09	262.63	626.72
FY 12 FTE	345.36	261.58	606.94
FY 11 FTE	336.56	255.98	592.54
FY 10 FTE	332.00	256.00	588.00

Worker's Compensation

While efforts of closing open cases are ongoing, eligible new cases brought the incurred up. The region will continue to step up efforts in preventing work-related accidents/injuries through employee in-services and training to maintain its goals of reducing workers compensation liabilities.

	<u>Leahi</u>	<u>Maluhia</u>	<u>Total</u>
FY 13 Incurred (\$000)	1,749	417	2,166
FY 12 Incurred (\$000)	1,597	233	1,830
FY 11 Incurred (\$000)	1,096	170	1,266
FY 10 Incurred (\$000)	922	159	1,081
FY 13 Open Claims	22	14	36
FY 12 Open Claims	29	11	40
FY 11 Open Claims	21	7	28
FY 10 Open Claims	22	8	30

Financial:

For the fiscal year ending 6/30/13, Oahu Region performed better than the operating budget target despite challenges with low census in the first quarter of the fiscal year.

Days in A/R remained high in fiscal year 2013, as claims payment challenges with the Medicaid QExA managed care plans continued.

Due to the slow payment from the managed care plans, Oahu Region was forced to increase the amount of time it took to pay its vendors. As a result, accounts payable for Oahu Region rose from \$1,122,000 at June 30, 2012 to \$1,358,000 at June 30, 2013. The impact of this rise in accounts payable is that vendors have either threatened to discontinue services or place Oahu Region on cash on delivery.

As 90% of Oahu Region's patients are members of the Quest Expanded Access (QEXA) program, Oahu Region revenues are largely dependent on the reimbursement rates provided by those programs and Oahu Region's ability to pay for its expenses are dependent on the timely processing of claims by the two plans that administer that program. Given that general fund appropriations from the State have not increased during the past three years and that QEXA

plans reimburse Oahu Region for only 55% of the cost of caring for their patients, Oahu Region will continue to struggle to make ends meet.

Electronic Medical Record

The electronic Medical Record project continues to be a big and important project for the Oahu Region. Much work has been or is currently being done to develop and test the programs to be used for our region as well as other regions. Selection of hardware is in progress. Education efforts have begun to make sure all employees have the necessary skills to use with the electronic medical record. The “go live” dates for Leahi Hospital and Maluhia are tentatively scheduled late 2014 but will be dependent on the go-lives of other HHSC facilities and their respective software upgrades.

Strategic Planning:

Oahu Region has focused its efforts this year on implementing action plans that support its Strategic Initiatives. Changing external forces required us to efficiently care for more complex patients while continuing to meet community expectations for customer service and quality of care.

Oahu Region’s participation in the system-wide electronic medical record (Emerge) project has been delayed as other regions with acute facilities focus on trying to meet meaningful use requirements in order to meet CMS requirements and subsidies. Significant time and expense, primarily in staffing, was contributed during Oahu region’s early participation in the project. The long term care electronic medical record application is still being developed. Efforts are now focused on the impending implementation of the new ICD-10 coding system, critical to insure accurate reimbursement from entitlement and private health plans.

Oahu Region continues to address revitalization of its facilities. This includes continued master plan development for both Leahi Hospital and Maluhia sites. Major building repairs were made, which included refurbishing and repainting of Leahi’s main patient care building and Maluhia’s site improvements that will result in improve parking and vehicle access. Funding has already been secured for a second phase of repairs to other campus buildings, installation of the Photovoltaic system that will decrease our energy costs, and upgrading of both Food Service and Nutrition areas.

Oahu region welcomed five new board members and have already provided two orientation meetings with the entire board to assist in the transition from the previous membership.

Risk Management:

Oahu Region continues to focus its efforts on effectively managing a community wide increase in patient to patient conflicts within long term care facilities. We are working actively with the Hawaii State Department of Human Services, Adult Protective Services, law enforcement and the Office of Quality Assurance in clarifying present laws and developing policies and protocols to appropriately notice and provide timely follow up action to address these types of incidents.

Staff at both facilities has created a learning environment that meets formally and informally to develop recommendations on especially difficult cases. They often involve patient discharge to appropriate care settings that are lacking, behavior risk of certain patients to others, residents who “outgrow” their appropriateness for being here, and disagreements between family and caregivers on the best plan of care for the patient.

As a result, our admission process has improved to insure that admissions are carefully screened for appropriateness based on our ability to effectively manage this new generation of patients.

Our infection control program has upgraded our facilities’ ability to manage and contain outbreaks effectively thru focused education and training with our Housekeeping, Food and Nutrition Services and Nursing staff. This involves performing daily facility-wide surveillance and consistent use of protocols in patient management.

**Hawaii Health Systems Corporation
KAUAI REGION
July 1, 2012 – June 30, 2013**

On behalf of the employees, physicians, volunteers, management and board of the Hawaii Health Systems Corporate Kauai Region (West Kauai Medical Center / KVMH, West Kauai Clinics – Waimea, Port Allen, Kalaheo, Mahelona Medical Center / SMMH) we are pleased to submit this brief report highlighting our accomplishments of the last fiscal year.

WEST KAUAI MEDICAL CENTER / KVMH

West Kauai Medical Center / KVMH is a Critical Access Hospital with 25 Acute Care Beds and a distinct 20-bed Long Term Care wing, with 24-hour emergency services, proudly serving the West Kauai community and visitors alike. We are a public benefit health care facility accredited by the Joint Commission.

WEST KAUAI CLINICS – WAIMEA, PORT ALLEN, KALAHEO

West Kauai Clinics has three strategically placed clinics to serve the West side community and visitors alike. The Waimea clinic, which is adjacent to the West Kauai Medical Center / KVMH offers Family Practice, Pediatrics, Orthopedic, General Surgery, and OB / GYN services. It also houses the Liberty Dialysis satellite clinic and Ho'ola Lahui Hawaii – Kauai Community Health Center (Federally Qualified Health Clinic – West Clinic) among other specialty clinics conducted by other visiting specialists. The Port Allen Clinic is located in the Marina Center in Port Allen, Eleele, Kauai. Services there include Internal Medicine, Pediatrics, OB/ GYN and Women's Health. Our Kalaheo clinic provides Family Practice and Pediatrics services in this growing community.

There is also a Specialty Clinic that is housed at the Therapy Building on the Mahelona Medical Center campus where West Kauai Clinic physicians like our OB/ GYN, Orthopedics visit patients on the East side to assist with increasing their patient base.

Operations Accomplishments

- Recruited New Regional Medical Director-Quality Administrator.
- Saturday clinic hours implemented at the Waimea clinic location.
- Implemented Patient Centered Medical Home with Pediatric Clinics.
- Recruiting APRN-RX to work at Waimea Clinic
- Implemented one to one staffing ratio for support to provider for continuity of care.
- Patients satisfied with knowledge and friendliness of clinic and provider staff.
- Work flow processed re-designed to increase operational performance.
- Increase oversight of management of provider time away from clinic to limit barriers to patient access.

Challenges

- Provider turnover in primary care.
- Recruitment for primary care providers.
- KVMH financial issues affecting ability to recruit provide staff.
- Adequate space to accommodate day to day operations.

Next Steps

- In depth review of operations for inefficiencies and opportunities for improvement.
- Develop a stronger primary care base, discuss physician complement.
- Continue to increase marketing presence by promoting doctors and clinic services.
- Implement new services (ex. NST's at SMMH, urodynamic procedures, varicose vein procedures, etc.)
- Increase appointment utilization.
- Assess needs of the community.

MAHELONA MEDICAL CENTER / SMMH

Mahelona Medical Center / SMMH is a Critical Access Hospital with five Acute Care beds, nine Acute Psychiatric beds and 66 Long Term Care beds, founded in 1918, that serves the East and North shore communities of Kauai. Located in Kapaa, it is part of the Kauai Region of the Hawaii Health Systems Corporation formed in 1996.

MMC / SMMH may be facing the challenges of losing its Critical Access Hospital (federal) designation with the implementation of the Affordable Care Act (ACA) and other pending federal laws. Knowing this is possible, MMC / SMMH is making provisions for this law.

As a Region, we have 443 employees manning our hospitals and clinics and it is our mission to strive to provide the quality of care and compassion to those we serve.

QUALITY

KVMH

Evidence-Based Care Measure compliance continues to improve in the second quarter of CY 2013. KVMH scores are at or near benchmarks for acute care hospitals while physicians are engaged to improve scores for assessment of patient's risk for venous thromboembolism (VTE bundle), and immunizations (pneumonia and influenza).

Outpatient measures improved this year with opportunities in Time in ED and Time to Transfer. In second quarter the transfer time was delayed for one patient with no adverse outcomes.

Patient Experience

KVMH is above the mean for patient satisfaction scores in the ED, and outpatient departments of the hospital. Our HCAHPS scores are above the CAH mean, with room for improvement noted in three areas:

- How often did nurse explain things in a way you could understand?
- How often did you get the help you need getting to the bathroom?
- How often did the nurse explain what your medicines were for?

We also have room for improvement in the emergency department to increase the number of surveys returned. Posters were placed in the exam rooms to encourage patients to provide feedback, and staff is hopeful that a mail-out survey will replace the present system of staff providing the survey. Resident/family surveys were conducted in June and data is as yet unavailable.

Patient Harm

CMS harm measures include HACs (healthcare associated conditions) that occur while patients are under our care.

Through performance improvement initiatives with Premier and Partnership for Patients, we have reduced catheter associated urinary tract infections (CAUTI) to zero in 2013, and have zero central line associated blood stream infections in the ICU since 2010.

Surgical infections this year = two. One infection was related to a procedure to remove a cancer from the patient's chest wall. Another was an abdominal incision that became infected. The cases were reviewed by Infection Preventions and shared via the infection control committee and the state SUSP (surgical care improvement project) team. Activities with SUSP:

1. Safety culture survey in October 2012, results were shared with OR Team in August.
2. Review of recent infection data via SUSP surgery Review Tool.
3. Members of the OR team attended a face-to-face meeting with other Hawaii ORs in Sept.
4. Dr. Della Lin is planning a visit in November.

KVMH is participating in SUSP to reduce surgical infections to zero.

Event Reports

There were 140 events reported in the first half of 2013 compared to 145 in the second half of 2012. Most frequent were: Falls (22), Medication errors (48), and AMA (15). Left against medical advice (AMA) were from the ED, and there were no trends. All cases attempts were made to follow up with a phone call to check on the patient.

Patient falls have a large impact on the hospital. A fall can increase a patient's length of stay, cause potentially fatal harm and increased costs. KVMH Falls Reduction Team meets monthly. Falls per 1000 days are higher in 2013 (3.89) than 2012 (3.26), benchmark = 3.5. (Attachment #2) We had one fall with injury in January (head laceration). No injuries in the second quarter but there were three falls with injury July - Sept. these cases are currently under review. Fall Reduction Team improvements in 2013 were:

- High risk fallers are/were given bright yellow blankets and booties.
- Post fall 'huddle' conducted after each fall – with review by the attending hospitalist – to manage the patients plan of care.
- Patients are allowed to sleep uninterrupted between 10pm and 5am for optimum rest.
- Falls are reviewed for trends and shared with the departments.
- NEW in August: AIDET rounding tool education for caregivers:
Acknowledge, Introduce, Duration, Explanation, and Thank you
(AIDET benefits are numerous, it has been shown to decrease adverse events, improve communication, and increase patient satisfaction.)

Reducing Readmissions

KVMH has participated with Premier and the Agency of Elderly Affairs to reduce preventable 30 day readmissions to the hospital for the past two years. AEA 30 day readmission rate data for 2010/11 was 12.5%. Initiatives included:

- Care Transitions Coaching after discharge for elderly patients that qualified.
- Teach-back method of patient education.
- Follow-up calls to discharged patients, ensuring they have a follow-up apt with their physician within 7 days.

By March 2013 the AEA readmission rate had dropped to 4.56%. Scores are at or near benchmarks for acute care hospitals while physicians are engaged to improve scores for assessment of patient's risk for venous thromboembolism (VTE bundle), and immunizations (pneumonia and influenza).

Outpatient measures improved this year with opportunities in Time in ED and Time to Transfer. In second quarter the transfer time was delayed for one patient with no adverse outcomes.

SMMH

Frequent Events

There were 364 events reported in the first 6 months of 2013 compared to last 6 months of 2012 at 260. Most frequent were: Medication errors (120), falls (105, including four with injury), and Behaviors (62). There is some evidence to support the relationship between LTC behaviors and falls. (Attachment #1)

CMS Measures

Mahelona's Corporate Quality Scorecard compares us to national benchmarks for inpatient and outpatient care. In review, the outlier for first quarter was one patient did not receive Fibrinolytic therapy (clot buster) within 30 minutes. ED supervisor and pharmacy reviewed the root-cause and made changes to prevent the delay happening again. Outliers for second quarter were: time to ECG; one patient unclear cardiac status caused a delay, and one inpatient did not receive a VTE risk assessment within 24 hours of admission (It was determined the patients were not harmed). New this year is the Six Psychiatric Measures (HIBPS). CMS is not yet scoring psych units on the measures, but facilities must report to avoid a 2% Medicare payment penalty.

Patient Experience

There were no HCAHPS surveys returned for the CAH beds in the second quarter. Inpatient Psych unit had 32 returned with an overall rating of 98%. Emergency Department had 134 surveys returned with an overall rating of 98% as well.

PHYSICIAN RETENTION AND RECRUITMENT

Kauai Veterans Memorial Hospital (KVMH) and Samuel Mahelona Memorial Hospital (SMMH) have thirty-four active medical staff members, twenty-five of which are employed by West Kauai Clinics. In FY 2013, the Kauai Region successfully recruited physicians in the specialties of Emergency Medicine, Family Medicine, General Surgery and Pediatrics, as well as a Regional Medical Director-Quality Administrator. The region is currently recruiting for Hospital Medicine, Emergency Medicine and Orthopedic Surgery.

Despite increasing physician turnover rates nationwide and the numerous challenges associated with the recruitment and retention of physicians to rural communities, KVMH/SMMH and West Kauai Clinics medical staff has remained stable with a high retention rate.

FACILITIES

The following are facility improvement projects that is either slated to begin, have commenced, or was completed during this fiscal year.

- Asbestos removal at SMMH.
- Waterline replacement.
- Remove and build new heavy duty exterior door for the Psychiatric Unit at SMMH.
- Ho'ola Lahui Hawaii - air venting project to minimize mold growth at the SMMH campus.
- Renovation of the West Kauai Clinic – Kalaheo.
- Install new underground conduit system for new fiber optic cable.
- In cooperation with Kapaa Elementary School, Kapaa High School, Easter Seals and County of Kauai, fire safety zone land clearing project.

HHSC – Kauai Region
Annual Report – FY 2013

- Repair and upgrade Auditorium ceiling and tiles and entry door.
- Complete miscellaneous work in new radiology room.
- Renovation of Staff Housing at SMMH.
- Reroofing project at KVMH.
- Facility exterior painting at KVMH.
- Continuation of design and financing options for Kukuiula Clinic.
- Out-patient Ultrasound services and updated radiology department allowing transfer of images between facilities.
- Installation of new monitors (anesthesia, fetal, pulse-oximeters to standardize SpO2 monitors), and new IV/Syringe pumps at KVMH.

FINANCE / REVENUE CYCLE IMPROVEMENT

It has been a seriously difficult year for the Kauai Region. Knowing this difficulty, we hired a Revenue Cycle Officer to assist with Region improvements. We have been working diligently to create a system to monitor billing, priorities for bills sent and follow-up on those bills. This created a better sense of accountability for billers and a tracking and review tool for management to be better able to see where the “priority” is focused.

- Fiscal Year 2013 average monthly collection was \$3,669,454.75.
- Historically the Kauai Region averages \$3,505,663.79/month cash collection (2007-Today).
- Fiscal Year 2013 Kauai Region actual cash was \$44,033,457.

Extensive analysis was and is in process of all Kauai Patient Accounts on a weekly basis to better forecast projections and areas of opportunity. Due to this action, Cash Collection for FY 2014 is expected to exceed 2013 by greater than 9%.

Challenges

- Limited reports, no local access to Claims Administrator data leading to late recognition of billing issues.
- Local Access to all Claims Administrator data is a local necessity.
- Limited resources supporting Kauai while most working on new EMR.
- Several billing system glitches uncontrolled by Kauai Region causing delay in processing of claims.
- Shortage of qualified coders.

Some notable improvements

- KVMH – reduced AR days from 88 to 73.
- KVMH – although cash collections continue to be a struggle and are behind projections, we are ahead in collections from last year-to-date.
- Kauai Region – got service contract with HRG for collections and coding support.
- Reorganization of HIM department for improved workflow.
- SMMH – Reduced OT costs by 11% as compared to last year.
- SMMH – is not meeting projected revenue numbers or cash projections but they are engaged in cost containment activities.
- A complete revamp of the entire billing process and collection operations and supervision took place over beginning June 1, 2013.
- Weekly Revenue Cycle Updates and Meetings with Senior Management.
- Weekly HIM Meetings with Senior Management.

- Monthly HIM and Revenue Cycle meetings to expedite our claims processing.

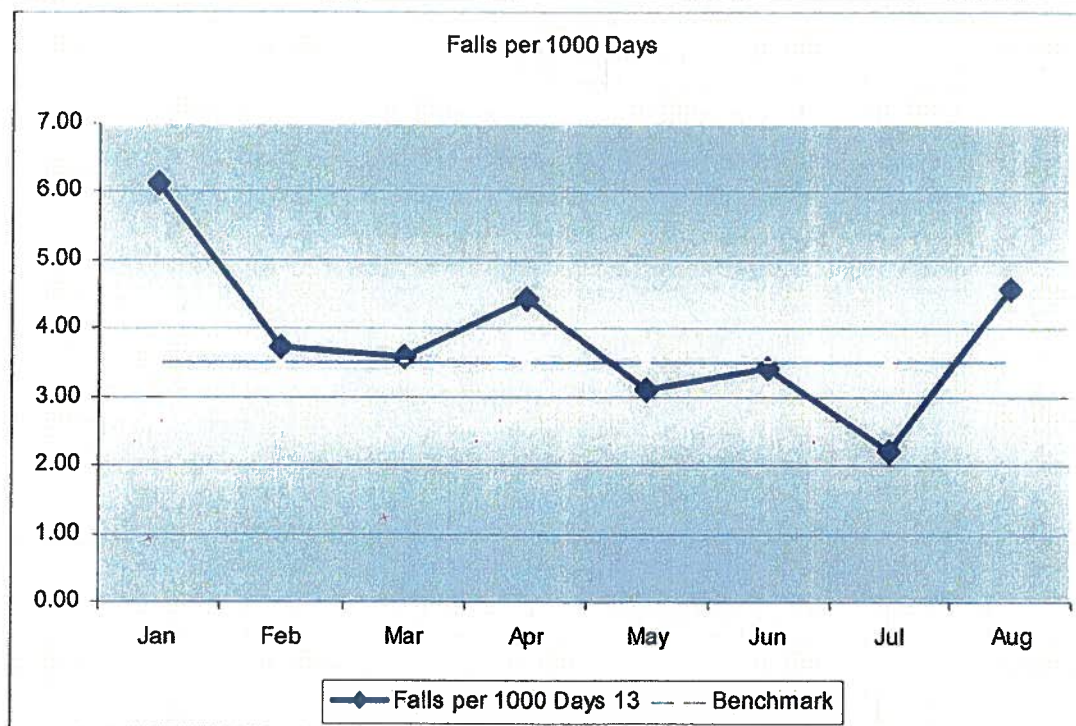
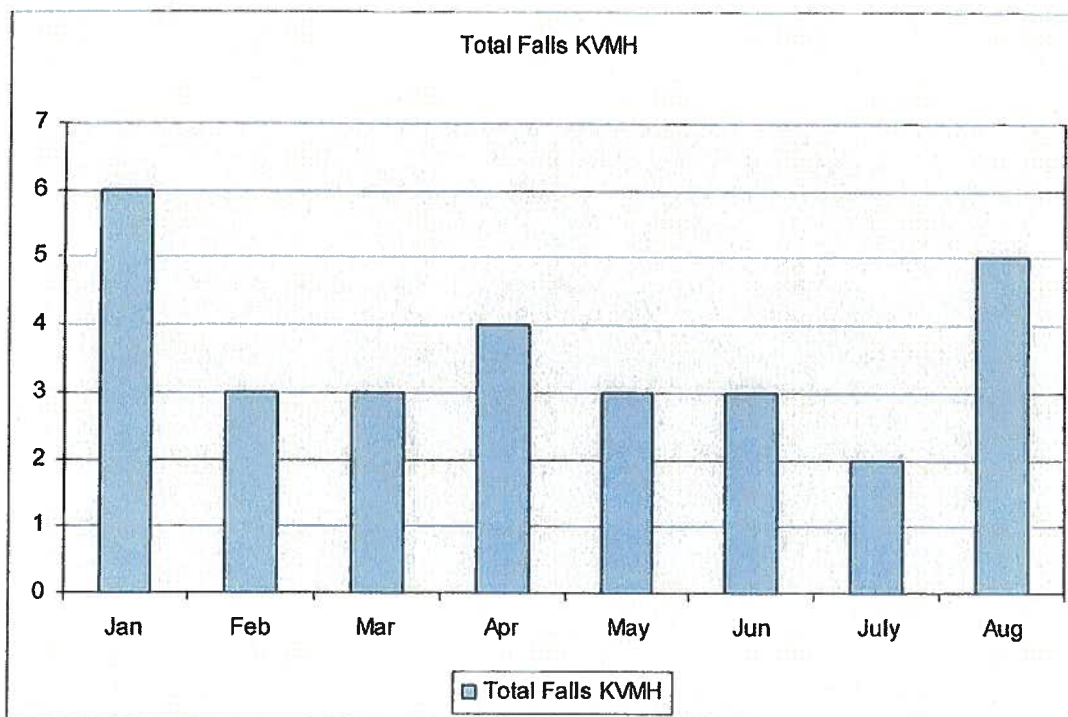
CLINICAL SERVICES & TECHNOLOGY

The Kauai Region as part of the HHSC system-wide agreement continued working with Siemens Soarian to build the electronic medical records system that would support the HHSC hospitals. It has been a long arduous process as well as an unforeseen amount of additional funding beyond the original contract to convert to this system.

Our Kauai Region is unique as we have outpatient clinics in addition to our hospitals that would need to be fluent on this system. Seeing this as a huge task to achieve, the Kauai Region geared up with highly-skilled IT personnel to help with a smooth transition to EMR. Although staff had been hired to address EMR implementation there still is a potential need for additional clinical analysts and super-users to provide support, training and maintenance of EMR post implementation.

IT Accomplishments for 2013

- Installed new Fiber-Optic backbone within Kauai Region.
- Engineer and Install a completely new network core comprised of Cisco switches and wireless access points.
- Install new MPLS circuit increasing KVMH's internet speeds by more than 50%
- iNet for SMMH – iNet circuit delivers internet connectivity up to 50 times faster than the original T1.
- Performed a technical refresh on 70% of all of the computers in the Region.
- Deployed four new servers and has upgraded 30% of the aging server infrastructure.
- Installed a new Radiology suite and has fully migrated our images.
- The implementation of our Physician information resource along with CME repository through Up-to-Date was completed.
- Worked with Siemens, Appsense and Imprivata to create and test the virtual environment which will support our EMR implementation.
- Worked with Kauai Region Contracts to replace our aging Ricoh copier fleet.
- Created a custom ticket management system for the Kauai Region. New system tracks open IT tickets and has allowed to IT to reduce initial support contact times down to a few hours from a few days.
- Introduced a new remote access client which allows a single technician to remotely work up to three workstations at once. The Team Viewer effort has allowed IT to close more than double the daily tickets pre-Team Viewer.
- Kauai worked with Clinical Laboratories to deploy a digital Lab Management System.



KVMH Quality Report October 2013

Inpatient Measures	1Q 2013 %	2Q 2013 %	Benchmark (top 10%)
Acute MI Bundle	100	100	99.9
Heart Failure Bundle	100	100	100.0
Pneumonia Bundle	92	100	99.8
SCIP measures Bundle	100	100	99.2
Stroke Bundle	50	100	
VTE Bundle	78	82	
Pneumo Immunization	98	95	99.2
Influenza Immunization	94	n/a	99.2

Outpatient Measures	1Q 2013 %	2Q 2013 %	Top 10%
Aspirin on arrival	100%	100%	100%
Time to ECG	10 min	5 min	3 min
Median time to fibrinolysis	n/a	n/a	16 min
Median Time in ED	309 min	241 min	177 min
Median time to transfer (cardiac)	363 (4)	489 (1)	35 min
Door to Medical Staff Eval	18 min	17 min	13 min
Time to Pain management for Fracture	29 min	28 min	35 min
Head CT results within 45 min	100%	n/a	97.6
Outpatient surgery bundle	100%	100%	99.9

Perinatal Measures	1Q 2013	2Q 2013	Top 10%
Elective Delivery < 39 weeks	0	0	0
Primary C – Section Rate	10%	0	<25%
Antenatal Steroids	n/a	n/a	0
Newborn BSI	0	0	0
Exclusive Breast Feeding	83%	77%	80%

Patient Experience; would recommend	1Q 2013 %	2Q 2013 %	Top 10%	CAH Mean
OP Departments	99% (23)	100% (20)		94%
Emergency Dept	100 % (7)	100% (4)		93%
Inpatient SNF Swing, Observation	94% (61)	97% (39)		93%
HCAHPS Composite	93% (51)		81%	88%

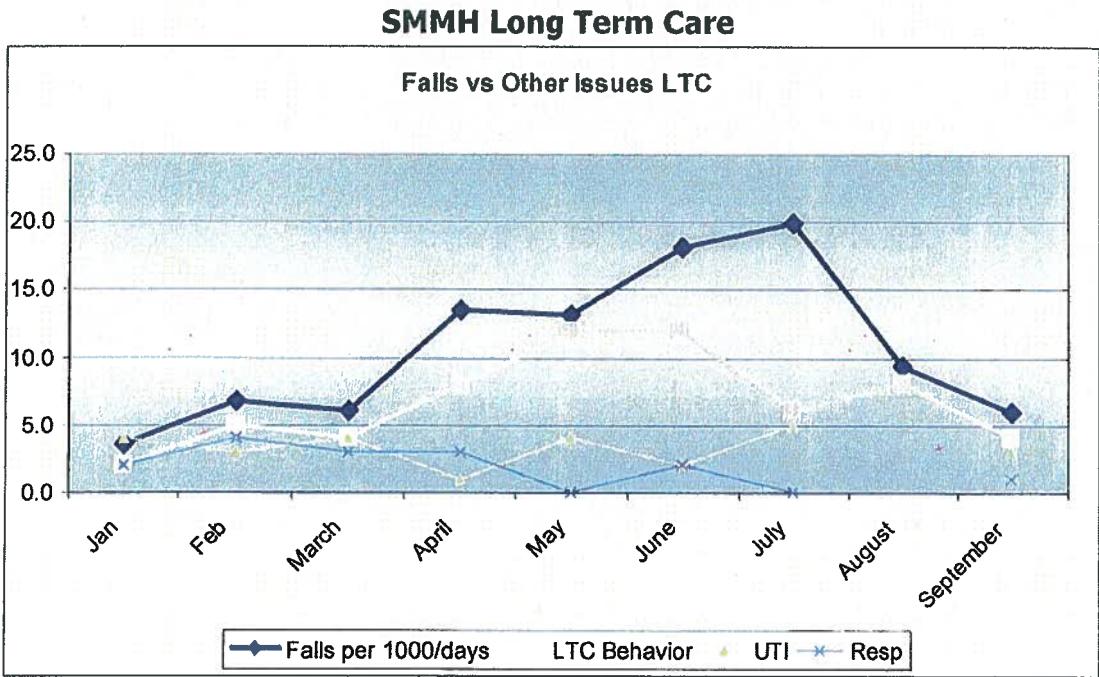
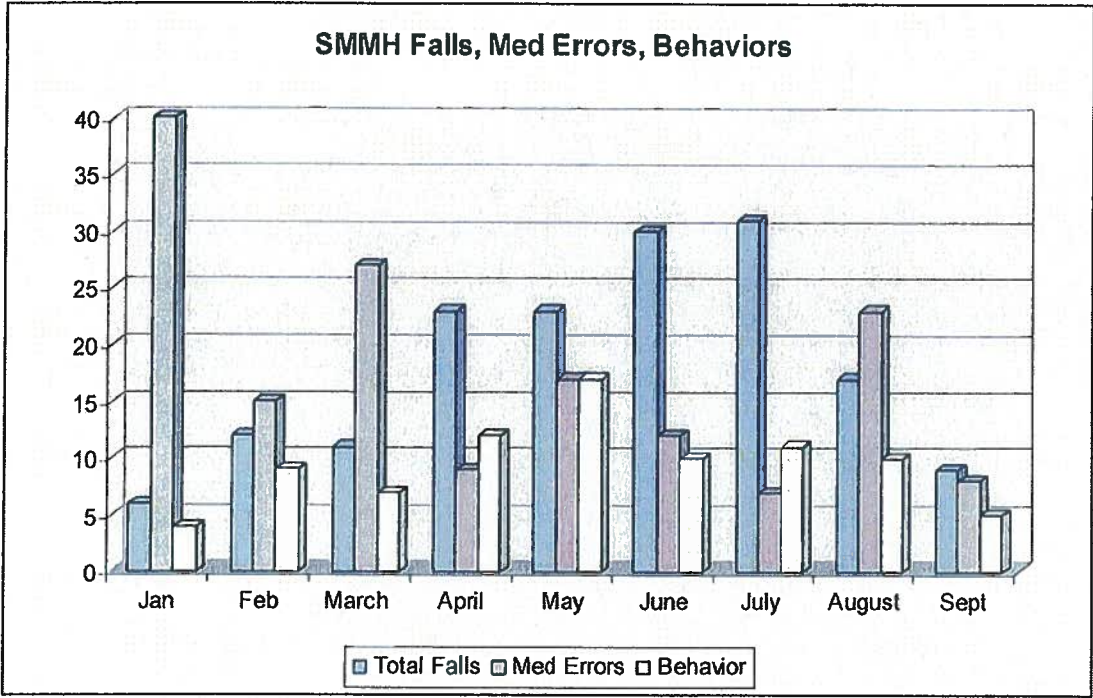
KVMH HCAHPS Low Scores:

How often nurse explained in a way you could understand	88%		86%	89%
Help getting the the bathroom/bedpan	84%		77%	85%
Explained what meds were for	88%		73%	91%

Harm Measures	1Q 2013	2Q 2013	Goal
Catheter Assoc. Urinary Tract Infections	0	0	0
Central Line Blood Stream Infections	0	0	0
Surgical Site Infections	1	1	0
Falls with Injury	1 lac	0	0

Readmissions			Goal
ALL cause Jan - April 2013	6.33		5.42

SMMH Frequent Events 2013



Samuel Mahelona Memorial Hospital Quality Scorecard 2012-2013

	Q3 2012		Q4 2012		Q1 2013		Q2 2013	
Outpatient 1-5: CMS Measures (Midas)	%	n	%	n	%	n	%	n
OP-1: Median Time to Fibrinolysis in the Emergency Department	N/A	0	30 min	1	40 min	1	N/A	0
OP-2: Fibrinolytic Therapy Received within 30 Minutes of ED Arrival in the Emergency Department	N/A	0	100	1	50	1	N/A	0
OP-3: Median Time to Transfer to Another Facility for Acute Coronary Intervention in the Emergency Dept.	170	1	143	1	N/A	0	N/A	0
OP-4: Aspirin at Arrival in the Emergency Department	100	2	100	4	100	4	100	3
OP-5: Median Time to ECG in the Emergency Department	14	2	12	4	18	4	23	3
OP-6: Timing of Antibiotic Prophylaxis (Prophylactic Antibiotic Initiated within One Hour Prior to Surgical Incision) in Surgery	N/A	0	N/A	0	N/A	0	N/A	0
OP-7: Prophylactic Antibiotic Selection for Surgical Patients in Surgery	N/A	0	N/A	0	N/A	0	N/A	0
Inpatient CMS Measures (Midas)	Q3 2012		Q4 2012		Q1 2013		Q2 2013	
	%	n	%	n	%	n	%	n
Pneumonia Perfect Care Score	N/A	0	100	1	100	1	100	2
Heart Failure Perfect Care	N/A	0	N/A	0	N/A	0	N/A	0
VTE Perfect Care	N/A	0	N/A	0	100	1	50	1
HBIPS (Inpatient Psych) Qualifying Cases	N/A		41		47		46	
Post Discharge Continuing Care Plan (psych)	N/A		65%		59%		70%	
Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS)	%	n	%	n	%	n	%	n
Nurse Communication	N/A	0	N/A	0	78	1	*	0
Physician Communication	N/A	0	N/A	0	78	1	*	0
Responsiveness of Hospital Staff	N/A	0	N/A	0	N/A	0	*	0
Cleanliness of Room/Bathroom	N/A	0	N/A	0	100	1	*	0
Quietness of Area Around Room at Night	N/A	0	N/A	0	67	1	*	0
Pain Management	N/A	0	N/A	0	67	1	*	0
Communication About Medicines	N/A	0	N/A	0	50	1	*	0
Discharge Information	N/A	0	N/A	0	50	1	*	0
Overall Rating of Hospital	N/A	0	N/A	0	67	1	*	0
Inpatient Psychiatric Unit					%		%	
Overall Rating of Hospital					88%	8	98%	32
Emergency Department					%		%	
Overall Rating of Emergency Department					97%	174	98%	134
ED visits					1466	12%	1640	8%

*no data

MAUI REGION
ANNUAL REPORT – Fiscal Year 2013

Financial

Unaudited figures show the Maui Region earned net operating revenue of approximately \$223.6 million dollars with corresponding operating expenses of \$243.4 million, before audit adjustments. The most significant missing adjustment is the allocation of other post-retirement benefits. The net loss from operations was \$ 19.8 million before non-operating revenues, corporate allocation and State Appropriations. Net profit after including all State appropriations and other non-operating expenses was \$21.3 million. Below is a breakdown by facilities in the Maui Region.

<u>Unaudited - (amounts in millions)</u>	<u>MMMC</u>	<u>Kula</u>	<u>Lanai</u>	<u>Maui Region</u>
Net Operating Revenue	\$ 205.3	\$ 15.1	\$ 3.2	\$ 223.6
Operating Expense	218.0	20.2	5.2	243.4
Operating Loss	(12.7)	(5.1)	(2.0)	(19.8)
Non-Operating Revenue, Corporate Allocate, State Appropriations	33.6	5.7	1.8	41.1
Net Profit (Loss)	\$ 20.90	\$ 0.60	\$ (0.20)	\$ 21.30

In FY13, the Maui Region made several investments in plant improvements and clinical equipment.

<u>Projects - Maui Memorial Medical Group</u>	<u>FY13</u> <u>Additions</u>
PHASE Expansion	4,350,893
Air conditioning renovation & improvements	702,560
Plumbing improvements	275,923
Laundry exhaust	427,428
Dialysis Unit	1,514,916
Expansion – Imaging, Lab, RX and Courtyard	516,936
MMMC EMR Project	1,491,978
Upgrade Patient Monitoring System	574,140
Total Additions (exceeding \$100k)	9,854,774
Less: Depreciation (net of retirements)	-3,634,539
Total net additions	6,220,235

<u>Projects - Kula Hospital</u>	
Long Term Care Bed Expansion	2,516,236
Nurse Call Bell System	400,537
Plumbing improvements	1,032,035
Total Additions (exceeding \$100k)	3,948,808
Less: Depreciation (net of retirements)	-180,868
Total net additions	3,767,940

MAUI REGION
ANNUAL REPORT – Fiscal Year 2013

Projects - Lanai Community Hospital

Building - Emergency Room Renovation	588,791
Total Additions (exceeding \$100k)	588,791
Less: Depreciation (net of retirements)	-4,515
Total net additions	584,276

Employees

Maui FTE – 1346

Kula FTE – 194

Lanai FTE – 34

Highlights

Maui Memorial Medical Center (MMMC)

New Physicians

Dr. Tracy Dorheim and Dr. Kimble Poon joined Maui Memorial Medical Center as part of the Maui Heart & Vascular program. Dr. Dorheim is a Cardiothoracic Surgeon and Dr. Poon is a Cardiologist specializing in Electrophysiology.

Other physicians joining the hospital to offer specialty clinics include: Dr. Douglas Ching, who is an Orthopedic Surgeon; Dr. Rory O'Connor a Gastroenterologist; and Dr. Ramin Altaf who is an Oncologist and Medical Director for the MMMC Oncology Clinic.

Quality

MMMC was named one of two hospitals in the State of Hawaii that received a net gain from the CMS Readmission Reduction and Value-Based Purchasing Programs and was ranked fourth in the State of Hawaii under the Value-Based Purchasing Program.

GWTG Gold Plus Awards

MMMC received the Get With The Guidelines® –Stroke Gold Plus Quality Achievement Award from the American Heart Association and the Gold Plus Award for Heart Failure. The award recognizes MMMC's commitment and success in implementing a higher standard of care by ensuring that stroke patients receive treatment according to nationally accepted guidelines.

Other Quality achievements:

- Earned 83.7 out of 100 possible Quality Points in the HMSA P4P Program equating to \$2.5million.
- Successfully passed a biennial Joint Commission Laboratory Survey.
- Successfully passed an Unannounced Office of Quality Monitoring – Joint Commission Hospital Survey.

MAUI REGION
ANNUAL REPORT – Fiscal Year 2013

Electronic Medical Records (EMR)

The MMMC EMR Project is scheduled to go live in March of 2014. It is currently in the infrastructure build-out and wiring phase.

RIMPAC

MMMC participated in the RIMPAC training exercise conducted statewide. The disaster response drill was jointly managed by Healthcare Association of Hawaii and Tripler Army Medical Center. This was the first time that U.S. hospitals have participated in RIMPAC and MMMC was the only neighbor island hospital to be a part of the drill. Video footage shot at MMMC of the drill was shown on local news stations.

Pet Therapy Program

The MMMC Pet Therapy Program expanded with the addition of more dogs who offer therapeutic services to patients and seniors in the hospital.

Level 3 Trauma Center

MMMC underwent an extensive evaluation of its trauma service that resulted in the hospital being awarded the designation of a Level 3 Trauma Center. The inspection was performed by the Trauma Centers Association of America and the Hawaii State Department of Health (DOH). This award was based on resources and services available, standards of care provided and a statistical review of trauma care and outcomes for a one-year period. In spite of injury severities that matched national averages, patient outcomes at MMMC were better than national averages in rate of survival and patients experienced lower than average length of stays. MMMC has the second highest volume of trauma patients in the state.

Nutrition Services

Significant changes were implemented over the past year enabling the department to make progress in all areas of foodservice. The purchase of registers and hiring of cashiers has resulted in improved convenience and food accessibility for guests and staff. Café sales increased 47% between February and June of 2013.

Kula Hospital

Cardiology Clinic

The MMMC Maui Heart & Vascular cardiology program partnered with Kula Hospital and Clinic to offer cardiology services with a bi-weekly clinic being offered to increase specialty care for Upcountry.

Pink Gloves Video Contest

Kula Hospital entered the Pink Glove Dance Competition sponsored by Medline for Breast Cancer Awareness Month. The competition invites hospitals from around the country to enter videos with the goal of raising awareness for breast cancer and related research.

**MAUI REGION
ANNUAL REPORT – Fiscal Year 2013**

Clinic Open House

Kula Hospital Clinic hosted an Open House on the hospital grounds to introduce Dr. Alice Chiou Meyer as the newest physician to the community.

***Lanai Community Hospital*
Renovations**

Lanai Community Hospital underwent major hospital renovations with a \$2.3 million dollar project that included renovations to the lab, diagnostics and waiting area. The emergency room was expanded to a three-bed department with separate glassed areas and nurses' station. Before the renovation, the emergency room was a single room with two beds.

Auxiliary Started

A group of community members and hospital staff started a hospital auxiliary program to benefit the patients, staff and Lanai community at large. The creation of the new auxiliary board includes representatives from both business and leadership members.

2013 Legislative Brief

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. The report is organized into five operational pillars of excellence: People, Quality, Service, Growth and Finance.

The East Hawaii Region includes Hilo Medical Center's (HMC) acute and long term care facilities, its nine outpatient clinics, critical access hospitals Hale Ho'ola Hamakua and Ka'u Hospital, and the Yukio Okutsu State Veterans Home.

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

The East Hawaii Region welcomed new Board Members – Dr. David Camacho, Kurt Corbin, Mike Middlesworth, Dennis Nutting, Joseph Skruch and Dr. John Uohara, and gratefully acknowledged the service of former Board Chair Robert Irvine, M.D., and Board members Brian Iwata, and Craig Shikuma, M.D.

East Hawaii welcomed approximately 20 new physicians to its community including a second full-time urologist, a hospice and palliative care specialist who is staffing the first stand-alone hospice facility on Hawaii Island, and an interventional neuroradiologist who will be able to remove clots from blood vessels and insert stents to repair blood vessels in the brain which has the potential to significantly reduce morbidity and mortality from strokes and other brain diseases. In addition, East Hawaii now has four ophthalmologists, some of whom have subspecialty expertise.

The East Hawaii Region invested in a professional survey of its employees and physicians. From the feedback received, employee satisfaction enhancements were accomplished such as weekly department huddles and management rounds, improved staffing on nearly every patient care unit, implementation of an employee compliment card system, engagement of unit based educators, increased house supervisor coverage, and the provision of Leadership Works management training for new managers.

For the second year in a row, HMC also participated in the University of Hawaii at Hilo's graduate nursing development program which resulted in hiring 21 members of our community.

Also worthy of mention were the following appointments:

2013 Legislative Brief

- Two board certified Emergency Physicians Joseph Lewis, M.D., and Douglas Davenport, M.D., joined the Ka'u Hospital staff
- Teana Kaho'ohanohano, MHPA, NHA, was hired as the new Long Term Care Administrator and Rehabilitation Services Director for Hilo Medical Center; Ms. Kaho'ohanohano is also currently serving as the Interim Administrator for Hale Ho'ola Hamakua

Quality

Awards and Recognition

Hilo Medical Center, Ka'u Hospital, and Hale Ho'ola Hamakua were recipients of numerous awards and recognition in FY 2013.

All of the East Hawaii Region's facilities successfully attested to the American Recovery and Reinvestment Act (ARRA) Meaningful Use Stage 1. As a result, the Region received \$2.5 million in incentive funds from Medicare. It anticipates attesting to Stage 2 in the first calendar quarter of 2014, and will be receiving Stage 1 Medicaid ARRA incentive funds during FY 2014.

The Region also achieved the Healthcare Information and Management Systems Society's (HIMSS) Analytics® *Electronic Medical Record Adoption Model*™ Stage 6 in February 2013. HHSC's East Hawaii Region is one of only two hospital systems in the State to achieve Stage 6. Its next goal is to achieve Stage 7 in Fall 2013, of which less than 1.9% of the hospitals in the United States have achieved. East Hawaii Region began its implementation of the MEDITECH electronic medical records system at Hilo Medical Center in May 2010 and continued implementation to all of its outpatient clinics and critical access hospitals.

Hilo Medical Center received the Press Ganey® *Top Improver Award*® for being in the Top 20 most improved hospitals Nationwide in patient satisfaction scores, and also in 2013 received the American Heart Association Gold Award for treatment of heart failure.

HMC's long term care facility received Providigm's *Quality Assurance & Performance Improvement Accredited Facility Award* and its *Embracing Quality Award for the Prevention of Hospital Readmissions*. It was also the recipient of the American Health Care Association's *2013 Three Tier Level Quality Initiative Recognition Program Award* for its achievement in safely reducing hospital readmissions, safely reducing the off-label use of antipsychotics, and increasing customer satisfaction.

The National Research Corporation, which conducts resident and family satisfaction through a process called My Innerview, selected Ka'u Hospital for an *Excellence in Action Award* for being in the top 10% of organizations for their high satisfaction

2013 Legislative Brief

scores. Ka'u also maintained its 5-star rating on the Centers for Medicare & Medicaid Services' Nursing Home Compare website.

Quality Improvements

In addition to the awards and recognition it received, Hilo Medical Center is participating in a number of projects and grants which are significantly improving the quality of health care and preventive care in East Hawaii.

The Telestroke Project, a project involving The Queens Medical Center (QMC) neurologists and participating rural hospitals including HMC, is funded through the State Department of Health. When HMC's neurologist is unavailable, it allows QMC neurologists to step in and provide tele-examination of stroke patients and consultations to HMC emergency physicians in order to determine whether the patient is a candidate for a potentially life saving medication which can cause dangerous side effects if not given to the appropriate patient. This program has seen success; patients experiencing stroke-related symptoms in the Emergency Department such as the inability to speak or to move, have left either cured or significantly improved as a result of consultations that occurred through tele-examination.

The Pharm2Pharm Project, a federally funded grant and joint venture between the University of Hawaii at Hilo and a number of organizations including HMC addresses the problem of elderly patient non-compliance in part due to the complexity of multiple medication regimens, medication cost, access, and a lack of understanding of the purpose of the various medications. Pharmacists see patients in the hospital to address these issues, and outpatient pharmacists contact patients after discharge to ensure compliance and to communicate with the patients' physicians when needed.

The Remote Monitoring Grant, a joint venture of an Oahu based nephrologist and a number of hospitals with the goal of providing remote monitoring equipment and nursing follow up to increase patient compliance and reduce hospital readmissions, is another endeavor in which HMC is participating. This project enhances an already ongoing program at HMC and is particularly useful to patients whose homes are geographically isolated.

The Fall Prevention Program, a joint venture between Hawaii Island hospitals and Emergency Medical Services (EMS) assists patients who are treated in the emergency department as a result of a fall. EMS staff offer to visit the patient's home to evaluate risk factors such as loose carpets, or bathrooms without grab bars. If the patient accepts assistance to correct these problems, social service agencies arrange for home improvements.

HMC improved the quality of care for its patients by instituting a successful hand washing program which saw care giver hand washing compliance at 85% or higher

2013 Legislative Brief

over the last 18 months. This was a marked improvement from our starting point of 40% at the beginning of the project.

HMC achieved consistent Core Measure compliance over the past year at or greater than 89%; recorded no catheter infections, ventilator associated pneumonia cases or central bloodstream infections over a 6 month period; instituted a peripherally inserted central catheter (PICC) team that places catheters within 24 hours; and succeeded in decreasing its Emergency Department's average wait times to 17 minutes despite a 9% increase in volume and 150 patient visits per day. The Emergency Department (ED) also managed to achieve patient satisfaction in the top third of EDs in the nation.

HMC provided its care givers with the latest tools to do their jobs by purchasing new IV pumps, bladder scanners, vital sign machines, hemodynamic monitors, an echocardiography system, new beds for its Medical Unit, and SimMan® 3D, the latest in simulation training equipment for improving clinical quality.

HMC improved its clinical quality thru redesign of hospital units/facilities. Surgical patients now have their own unit, the cardiovascular unit was expanded by 3 beds, and now all medical patients are housed in an expanded 46 bed Medical unit.

Last but not least, HMC improved what is known as 'The Patient Experience' by forming a Patient Experience Council, developing a service recovery program, using Patient Satisfaction Representatives for daily checks on patients, restarting obstetrics celebration meals, implementing a reward system for employees that demonstrate excellent customer service skills, recognizing its best patient providers through induction into the "100 Compliments" Club, improving seating in the ICU/OR waiting area and, in collaboration with Hilo Medical Center Foundation, renovating patient rooms on the Medical unit.

Service

Just recently, a new helicopter transfer service was established at HMC. Over water, day and night service to Oahu hospitals is now available and has cut transfer time for some patients by up to an hour.

Hilo Medical Center's long term care (LTC) facility is the first HHSC facility to offer Restorative Nursing Services to its patients. The long term care team has worked hard on increasing its Medicare Prospective Payment System (PPS) census. Collaborative efforts from Case Management, Utilization Review, and the LTC interdisciplinary team allowed for an increase in skilled patient case load, contributing to increased revenue.

HMC now also provides Rehab Services (Physical Therapy, Occupational Therapy, and Speech Therapy) 7 days a week; the expansion of service hours has allowed them to

2013 Legislative Brief

experience exponential growth under the management of its new Rehab Director and staff.

Growth

Addressing the Issue of Provider Shortages

In 2013 the East Hawaii Region identified an increased gap in its physician shortage over the next 5 years regarding access to care for its residents. This was identified by Hilo Medical Center updating its physician shortage data utilizing 2010 census information. The updated information will assist HMC with long range growth planning and has already revealed that significant shortages exist in Primary Care, Psychiatry, Orthopedic Surgery, and Cardiology.

In order to address the Primary Care shortage over the next 5 years, HMC put significant effort and time into its Family Medicine Residency Training Program, also known as the HHSC Primary Care Training Program (HHSC PCTP), which will begin training 4 family medicine residents in July 2014 and will add another 4 family residents in subsequent years for a 3 year period. A total of 16 family medicine residents are anticipated to train through the residency program by July 2016. The Program received \$1.8 million in funding from legislative efforts in FY 2013 in addition to \$250,000 from United Healthcare, \$100,000 from Department of Health Trauma Funds and supplemental funding from the HMC Foundation. HMC is very appreciative of the funding for this program and would like to thank the Legislature for the endowment.

Studies show that more than half of the residents who train in rural areas continue to practice medicine where they trained. This "Grow Your Own" model has been shown to produce long term success and sustainability, and has significantly reduced turn over and the burden of provider recruitment.

In addition to training family medicine residents the East Hawaii Region is also training Advance Practice Registered Nurses (APRN), clinical psychologists, pharmacists, and nurses in groups. This is done to better prepare them for team based medicine which allows more patients to be cared for than the current traditional model of a single physician caring for a patient. The Region believes that this is the direction in which primary care medicine is headed and is very pleased to be a pioneer in this transition.

Physician Compensation

HMC partnered with Navigant Consulting in FY 2013 to assist with revising its physician compensation model and developing a physician governance plan. The Region is moving from the base salary compensation with relative value units (RVU) paradigm to a tiered approach that includes base salary compensation, production, quality, and service incentives, on-call requirements, and administrative service time.

2013 Legislative Brief

Throughout FY 2013, Ka'u Hospital has been under major renovation using capital improvement program (CIP) funds awarded to improve and maintain the air quality in the hospital. This has necessitated replacement of the roof, doors and windows, plus installation of air conditioning and filtration. The project has proceeded in phases with each phase requiring part of the hospital be closed and affected persons relocated for several months at a time. Consequently, the volume of patients/residents served has decreased as compared to previous years.

Finance

Hilo Medical Center

Total Operating Revenue for FY 2013 was \$140M compared to a budget of \$137M, a 2% favorable variance. FY 2013 Total Operating Expense was \$163M versus a budget of \$157M, a 4% unfavorable variance. Operating Income (Loss) for FY 2013 was (\$22.9M) compared to a budget of (\$19.5M). After Corporate Overhead and other appropriations, the Net Income (Loss) was (\$5.1M) for FY 2013 versus a budget of (\$5.3M).

Hale Ho'ola Hamakua

Total Operating Revenue for FY 2013 was \$9.5M compared to a budget of \$10.8M, a 12% unfavorable variance. FY 2013 Total Operating Expense was \$14.6M versus a budget of \$13.8M, a 6% unfavorable variance. Operating Income (Loss) for FY 2013 was (\$5.0M) compared to a budget of (\$3.0M). After Corporate Overhead and other appropriations, the Net Income (Loss) was (\$3.3M) for FY 2013 versus a budget of (\$1.2M).

Ka'u Hospital

Total Operating Revenue for FY 2013 was \$5.4M compared to a budget of \$6.3M, a 15% unfavorable variance. FY 2013 Total Operating Expense was \$7.1M versus a budget of \$7.9M, a 9% favorable variance. Operating Income (Loss) for FY 2013 was (\$1.7M) compared to a budget of (\$1.5M). After Corporate Overhead and other appropriations, the Net Income (Loss) was (\$0.35M) for FY 2013 versus a budget of (\$0.33M).

**Hawaii Health System Corporation
West Hawaii Region
July 1, 2012 – June 30, 2013**

On behalf of the employees, physicians, volunteers, management and board of the HHSC West Hawaii Region (Kona Community Hospital and Kohala Hospital) we are pleased to submit this brief report highlighting our accomplishments of the last fiscal year.

Kona Community Hospital

Kona Community Hospital (KCH) is a 94-bed full-service acute care hospital with 24-hour emergency services, proudly serving the West Hawaii community. We are a public benefit health care facility accredited by the Joint Commission on Accreditation of Health Care Organizations.

The staff includes over 482 highly skilled employees and 100 medical staff practitioners, many have been with our hospital for over 20 years. We also are one of the largest employers in West Hawaii.

Kohala Hospital

Kohala Hospital is a 26-bed Critical Access Hospital, founded in 1917, that serves the population of North Kohala. Located in Kapaau, Kohala Hospital (KOH) employs 56 full-time, part-time and casual-hire employees. With 22 beds dedicated to Long Term Care, KOH provides emergency services, outpatient lab, radiology and EKG services, inpatient short-stay acute care and inpatient rehab services. There are emergency physicians on-call at all times, servicing more than 1600 emergency room patients per year.

AWARDS AND ACCOLADES

Kona Community Hospital was voted Best Hospital in West Hawaii in the 2013 West Hawaii Today "Best Of" poll. Kona Community and Kohala Hospitals each received the Award of Community Excellence from The Coalition for a Tobacco-Free Hawaii in recognition of their adoption of smoke and tobacco-free campus policies.

QUALITY

KCH is designated as a Level III Trauma Center, which increases efficiency in the treatment of traumatic injury and better equips Hawaii County to reduce death rates from trauma. The KCH Trauma Center has an average of 15 trauma activations per month.

At KCH, Hospital Acquired Infections (HAIs) continue to trend down across all infection types. Success is due to on-going attention to infection prevention measures by a hospital-wide multidisciplinary team combined with a collaborative effort with Healthcare Association of

Hawaii (HAH) to reduce infections. Of note, the KCH medical surgical unit has not had a central-line infection in seven months; and the ICU unit has not had a central-line infection in 16 months. Also, the medical surgical unit has not had a UTI infection in eight months.

Kohala Hospital received an overall 4.5 Star Quality Rating on Medicare's Nursing Home Compare.

PEOPLE

The Board of Directors of the West Hawaii Region welcomed new Board member, Reed Flickinger, formerly of with the West Hawaii Today newspaper.

There were no new Regional management team member appointments in this fiscal year.

Employee engagement activities were held throughout the year. These included: Town Hall meetings, employee of the month recognition program and the monthly Employee Birthday Lunch where all employees with birthdays in the current month are invited to have lunch with and meet the CEO. KCH continues to celebrate National Nurse and Hospital Weeks.

Exempt and excluded employees continue to have wage reductions in place through the end of the Fiscal Year end 6-30-13.

PHYSICIAN RETENTION & RECRUITMENT

Kona Community Hospital has approximately sixty-five physicians representing 27 specialties on its active medical staff. In FY 2013, we saw additions to the permanent medical staff in the fields of internal medicine, orthopedics and obstetrics.

In June 2013, Sound Physicians began providing comprehensive hospitalist services to KCH. Their approach to hospital medicine utilizes proven tools including a workflow and informatics platform and processes to drive improvements in inpatient quality and care outcomes, as well as financial performance. Sound Physicians will employ a team of six physicians and a dedicated hospitalist RN. All six physicians will be on board by early 2014.

Recruiting and retention of permanent physicians to our community remains a challenge. We continue to address this challenge with a progressive recruitment and retention plan in collaboration with our non-profit affiliate, Ali'i Health Center.

The recruitment process is 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.

Kohala hospital has 30 physicians; some who serve both Kona and Kohala.

PARTNERSHIPS

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

- Ali'i Health Center
- HHSC (Hawaii Health Systems Corporation)
- Hawaii Life Flight
- Kona Ambulatory Surgery Center
- Kona Community Hospital Auxiliary
- Kona Hospital Foundation
- Maui Memorial Medical Center's Maui Heart & Vascular

As we enter the New Year, KCH will be expanding our partnerships with two new programs. First, we are partnering with Maui Heart and Vascular to implement the American Heart Association's Mission Lifeline: Stemi and Cardiac resuscitation system in order to improve cardiac outcomes for West Hawaii residents.

In addition, KCH is participating in the Hawaii Stroke Network Project operated by The Queens Medical Center in order to improve the quality of care and outcomes for acute stroke patients. This program will provide 24/7/365 teleconsultation for acute stroke patients within a stroke system of care.

FACILITIES

At Kona Community Hospital, CIP funded projects and improvements are on-going. Phase I of seismic mitigation measures to ceiling tiles has been completed. Ready-to-go and in-process projects include: a sprinkler system pressure upgrade; A/C upgrades and emergency power generators, UPS battery and power surge line to our A/C; Emergency Department upgrades to admitting and triage area; new CT scanner with renovation to current CT scanner room; reroofing the Admitting, Emergency and Surgical Services departments. Replacement of our chiller plant is nearing completion.

At Kohala Hospital, renovations and upgrades have progressed. State CIP dollars have funded hospital-wide bathroom renovations and west-wing hallway and patient rooms wainscoting and closet installations. The radiology department has a new waiting area and new state-of-the-art radiology equipment. The new emergency access ramp has been completed. The Emergency Department renovation and relocation project was set to kick off at the beginning of F/Y 2014.

CLINICAL SERVICES & TECHNOLOGY

Kona Hospital Foundation continues to raise monies for new medical technology, expanded services and enhanced facilities for KCH. The Foundation successfully concluded the Adopt-A-Room and the Buy-A-Bed Projects. Their current capital campaign to purchase new equipment

for the on-campus cardiology clinic has funded a new EKG machine and a treadmill. They also funded the purchase of two new BiPAP machines for our respiratory therapy department, and three new Panda Baby Warmers for our women's services department. The Foundation has kicked off its newest campaign, which will raise funds to upgrade and purchase new operating room technology.

KCH is partnering with Maui Memorial Medical Center to operate the Maui Heart and Vascular Kona Clinic. The clinic is staffed weekly by a non-invasive cardiologist. The clinic has over 100 new patients, and averages 7-10 patients per clinic day. A thoracic surgeon provides once-a-month consulting and referral services to West Hawaii residents.

KCH has contracted with Hawaii Life Flight to secure a medically equipped, over-water helicopter that began operating on February 15, 2013. This helicopter is stationed at the Kona Airport and is operated exclusively for KCH. This partnership has reduced emergency transit times from the 4 hours it previously took to transport a patient to Oahu, to approximately one hour. Transport time to Maui is down to 35 minutes. Monthly, KCH has an average of 25 Hawaii Life Flight activations (helicopter and fixed wing).

Kona Community Hospital's Mobile Medical Van has been highly successful in the Ka'u District. HMSA is providing operating funds for a two year period. KCH is contributing medical expertise and staff to coordinate services. Services began at the Pahala Elementary School campus, but have expanded to serve the Ocean View community. Services focus on screening, testing, prevention education, immunizations and school physicals. The goal is to increase the services available to the Ka'u District. Children and adults needing special medical care can be monitored via online telehealth, which provides immediate access to specialists. Since January 2013, approximately 500 residents have been seen on the van for everything from school physicals to injuries, infections, and COPD exacerbation

The West Hawaii Region was the first region in the HHSC system to implement electronic medical records (EMRs). On February 1, 2013, KCH and KOH converted to EMR with a "Big Bang" go-live. Staffing teams from HHSC corporate, Maui and Kauai facilities as well as consultants from Siemens USA were present to ensure that the transformation for IT, clinical and financial was fully supported. The goal of EMR is improved quality of care, increased patient safety, reduce costs and improve economic health of our community. Primary challenges have included infrastructure upgrades, staffing and other resources. Additional concerns were system-wide unique care settings such as acute, critical access and long-term care.

REVENUE CYCLE IMPROVEMENT

In addition to our conversion to Electronic Medical Records, the primary focus of the Patient Financial Systems Department in FY 2013 to be enhancement of our in-house collections efforts and reduction of our credit balances to comply with Medicare guidelines. Although these

initiatives continue to have a positive impact on revenue, looking forward, we are projecting financial challenges due to ongoing sequestration and negotiated employee benefits. Volumes and revenue increased by 6% in FY 2013, and we had a significant increase in surgeries. However, KCH also had a 2% decrease in Medicare payments. For the Fiscal Year 2013, KCH operating income was \$2 million less \$8 million employee benefits for a total net operating loss of \$6 million.

The Kohala Hospital Revenue Cycle Team continues to focus on reducing challenges from QExA payors when updating authorizations for admission or continued stay in long term care. The Revenue Cycle Team addresses issues in pre-authorizations and the 1147 process both internally and with the payor company Quality Directors.

The West Hawaii Region continues to provide comprehensive community health care. We have implemented a wide range of strategies that are producing better patient outcomes, delivering new clinical services and creating 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 continue to innovate in order to provide exceptional patient care. Moving forward into 2014, we are focused on big projects that will match the evolving health care needs of West Hawaii.