

Kaiser Permanente's
Proposal for a
**Public-Private Partnership
with the Maui Region of Hawaii
Health Systems Corporation:**



MAUI REGION

A New Day in Hawaii Health Care

August 24, 2015



CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

August 24, 2015

Mr. Avery Chumbley, Chairperson and Members of the Maui Regional Healthcare
System Board of Directors
Maui Region, Hawaii Health Systems Corporation
221 Mahalani Street
Wailuku, Hawaii 96793

Dear Mr. Chumbley,

Kaiser Permanente Hawaii greatly appreciates the opportunity to submit the enclosed proposal to create a public-private partnership with the Maui Region of Hawaii Health Systems Corporation.

We're committed to the total health of the people of Maui County. We would be honored to have the privilege of collaborating with local leaders in health care, government, labor, and community organizations to enhance the high-quality, affordable care available to residents and visitors. We aim to achieve this goal by investing in the people, services, programs, facilities and technology that are essential to supporting Maui care on Maui, while significantly reducing the burden on the State to fund operating losses.

With more than 55,000 members and 46 years of experience on the Valley Isle, we understand the unique challenges and opportunities that exist for the continuum of care. We greatly appreciate the system improvements that have already been put into place in recent years on Maui and are determined to build on these strengths together to deliver on our aligned vision for Maui Memorial Medical Center, Kula Hospital, Lanai Community Hospital, and the greater community.

We welcome the opportunity to address any questions or concerns that might arise while reviewing our proposal. We look forward to the possibility of becoming your partner and contributing to an even stronger and more vibrant community for Maui County.

With warmest regards,

A handwritten signature in black ink that reads "Mary Ann Barnes". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Mary Ann Barnes, RN, MSN
President, Hawaii Region
Kaiser Foundation Hospitals & Health Plan

Table of Contents

Background and Project Summary	6
Management Qualifications	11
Management Plan for the Maui Region	24
I. Governance and Organizational Model	24
II. Services/Care Model	36
III. Physicians/Employees	59
IV. Financial/Capital/State Operating Support	72
Financial Stability	79
Compensation Plan	80
Exhibits	84
1. KP Hawaii Overview, presented to MRHS Board of Directors	
2. Support letter from the Coalition of Kaiser Permanente Unions	
3. KP's Ten Year Financial Forecast for Public-Private Partnership	
Signatures and Disclaimer	

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



Background and Project Summary

Describe the Proposer's understanding of the partnership and management agreement as well as the types of initiatives the Proposer may undertake.

Introduction

Kaiser Permanente Hawaii ("KP Hawaii") acknowledges the board and leadership of the Maui Region of Hawaii Health Systems Corporation ("MRHS"), the legislators, the Governor and his staff, and the Mayor of Maui for their foresight and dedication in undertaking this process to establish a public-private partnership. In making this proposal, Kaiser Permanente ("KP") will work diligently to address challenging cost and access issues in Maui County, and will commit to keeping all MRHS facilities open to the public and operating as community hospitals. We will continue contracting with third-party payors and work together with hospital staff and community providers. Our goal is the long-term sustainability of MRHS facilities.

We are proud to be considered a potential partner and will work collaboratively to ensure that the people of Maui County have access to high-quality, affordable health care.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Understanding of the Partnership and Management Agreement:

MRHS is an essential community resource and is comprised of Maui Memorial Medical Center (MMMC), Kula Hospital, and Lanai Community Hospital. It has a long legacy of growth, excellence and unwavering commitment to serving the unique needs of the community, and is a major economic force on the island of Maui.

MRHS has shown tremendous dedication to ensuring this legacy is maintained and strengthened through the successful implementation of landmark legislation, HB 1075. This legislation provides a path forward for a “first-of-its-kind” public-private partnership to advance MRHS’s mission and vision, consistent with the goals below:

- To benefit the Maui population by continuing MRHS’s commitment to: (i) delivering high-quality care for all patients across the care continuum; and (ii) providing local employment opportunities;
- To benefit neighbor islands and position MMMC as a regional referral center by advancing investment in certain service lines (i.e.; interventional stroke; cardiology);
- To improve upon the health delivery model to address and better meet the current and future population health issues and needs of its constituents;
- To benefit the State by establishing a successful template for additional public-private hospital partnerships that would ease the State’s heavy financial burden while ensuring health care delivery to underserved populations.

KP Hawaii Initiatives:

We recognize that MRHS is seeking a partnership that will result in significant opportunities across three key areas: Patient Care Services, State Operating Support, and Employees.

Enumerated below are the major initiatives and commitments contained within our proposal to help advance MRHS’s strategic priorities:

Opportunities as outlined in the proposal packet

Initiatives proposed by KP Hawaii

1. Patient Care Services

Expansion of primary care
and specialty services

- Demonstrate commitment to expanding primary care
- Active collaboration with community to identify primary care needs; expansion based on needs

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Opportunities as outlined in the proposal packet	Initiatives proposed by KP Hawaii
	<ul style="list-style-type: none"> Recruitment of specialty physicians based on identified needs, including gaps in call coverage, physician shortage areas, and community health needs, including behavioral health, cardiology, orthopaedics, urology, and neurology Complete MD on-call schedule to provide 24/7 coverage without gaps Development of behavioral health, orthopaedics, women's and children's, cardiac care, oncology and emergency services
Coordination of care across care continuum	<ul style="list-style-type: none"> Collaboration with all Maui County providers across continuum Strong partnership with Maui community agencies; desire to keep patients near their homes for care Improved utilization of Kula Hospital and Hale Makua for post-acute, long-term care Primary care as the foundation for coordination and preventive care
Reallocation of services among health care facilities in Hawaii to address outmigration and other issues	<ul style="list-style-type: none"> Increased care for Maui patients delivered on Maui through physician recruitment, on-call physician coverage, and improvements in quality of care Investments in care and infrastructure on Maui resulting in less reliance on Oahu hospitals for patients who live on Maui
Improvement of current services	<ul style="list-style-type: none"> Enhancement to current service offerings by increasing sub-specialty physician staffing and coverage, investing in a strong primary care delivery system, and the complete continuum of care
Improved access to rural communities	<ul style="list-style-type: none"> Integration of Kula Hospital and Lanai Community Hospital under single management team Use of KP's virtual/telehealth technology

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Opportunities as outlined in the proposal packet

Improved physician/administration alignment strategies to improve, among other things, clinical and financial performance

Improve quality metrics and patient satisfaction scores

Initiatives proposed by KP Hawaii

- Adoption of physician/administrator partnership structure (dyad) across clinical and financial initiatives throughout this proposal
- Promote strong collaboration with community partners
- Implementation of KP's electronic medical record, Epic (KP HealthConnect®)
- Evidence-based management and population health programs
- KP led training programs for physicians, nurses, and other providers

2. State Operating Support

Cap the operating support levels with a high likelihood of decreases over time

KP estimates reducing State operating subsidies by ~\$250M over ten years

- KP estimates reducing State operating subsidies by ~\$260M over ten years
- KP will reduce the burden of the State by jointly investing in service expansion, facility improvements, community benefit and state of the art clinical systems

3. Employees

Private market compensation

Improve employee satisfaction measures

- Competitive salaries and benefits provided by KP
- Implementation of KP's People Pulse Survey to evaluate workforce engagement
- Professional development opportunities for physicians and staff through KP's robust learning infrastructure
- Strong labor relations
- Workplace improvement programs that engage physician and employee participation

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

**Opportunities as outlined
in the proposal packet**

Re-assess staffing levels
vis-à-vis existing and future
services and for improved
job opportunities

**Initiatives
proposed by KP Hawaii**

- Improved staffing efficiencies for existing clinical services and administrative functions, preserving local jobs to the greatest extent possible
 - Providing new opportunities for existing staff as programs/services grow and Maui Memorial Medical Center is recognized as a regional referral center
-

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



Management Qualifications

Detail the experience and qualifications of the Proposer's leadership team including information regarding the experience and performance record of the Proposer.

KP History

KP has a deep history and experience with the local Maui community and the State of Hawaii, along with an influential presence on the overall U.S. health care system.

KP Hawaii is proud to have been part of the Hawaii community, providing high-quality, affordable health care in the islands, for 57 years. We have been a part of the fabric of Maui for 46 of those years, serving 55,000 local residents by providing care that is focused on health and well-being, and contributing to the community at large. Our success in caring for members, patients, and the community has earned us the reputation for being a leader in health care quality and population health. Our dedicated providers and staff strive to consistently do the right thing for patients, while focusing on continuous improvement and leveraging the unique benefits of our integrated care delivery model. We are prepared to address the health disparities and specific health needs of the entire community, including those of the vulnerable and underserved.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Kaiser Permanente was established in the late 1930s through a partnership formed by Henry J. Kaiser and Dr. Sidney Garfield to provide health care to workers and their families during the construction of the Los Angeles Aqueduct and the Grand Coulee Dam. Dr. Garfield was a strong proponent of then-novel ideas such as prepayment, prevention-based services, and group medical practice, which have remained core Kaiser Permanente principles of care. During World War II, this model was expanded to care for workers and their families at the Henry J. Kaiser shipyards in Oakland and in the Portland-Vancouver area of Oregon and Washington. Kaiser Permanente expanded to Hawaii in 1958, and has grown to become the largest private integrated health care delivery system in the U.S., caring for 10.1 million people in eight states and the District of Columbia. Kaiser Permanente has annual revenues of \$56.4 billion and assets of \$61.9 billion and is rated A+ by both Standard & Poors and Fitch.

KP has a 70-year history as an innovative provider of health care. We currently operate 38 hospitals co-located with medical offices, and an additional 618 medical offices and outpatient facilities in seven regions, including Hawaii. Our care is provided by more than 17,000 physicians and 177,000 employees (including 49,000 nurses).

KP believes in total health, and offers delivery systems that provide a full continuum of care. As a result, many of our members stay with KP for decades and across all life stages, receiving access to a diverse array of preventive care, disease management, geriatric management, and end-of-life programs.

Performance Awards

We are proud of the compassion, innovation, and professionalism our physicians and staff exemplify each day in successfully managing Moanalua Medical Center and our other local medical offices and clinics. Their dedication to caring for the community underscores our organizational values and desire to always do what is best for the people of Hawaii. We are excited about the opportunity to partner with leaders of government, business, labor, and community organizations in Maui County to further enhance the quality and coordination of health services offered to residents and visitors.

We have a long history of aspiring to excellence in health care both nationally and locally. While we believe that the individual care experience is the most important measure of our success, several independent organizations have acknowledged our work in achieving high-quality care for our patients.



In its latest report, U.S. News and World Report gave our Moanalua Medical Center its highest rating of **"high performing" in four out of five common care areas:** hip replacement, knee replacement, chronic obstructive pulmonary disease, and heart failure. The hospital ranked in the top 2 percent among 4,600 hospitals nationwide and is the only hospital in Hawaii to achieve this many high-performing scores for common care.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



Moanalua Medical Center is **one of only two hospitals in Hawaii that are regionally ranked in U.S. News and World Report's list of Best Hospitals in America**. Moanalua Medical Center was recognized for five high-performing specialties.



Our Moanalua Medical Center is the **first and only "baby-friendly" hospital in Hawaii**, receiving this distinction from the World Health Organization and UNICEF in recognition of our advocacy of the benefits of breastfeeding.



Moanalua Medical Center received the **Get With the Guidelines®—Heart Failure Gold Plus Quality Achievement Award**, and the **Stroke Gold Plus Quality Achievement Award** from the American Heart Association – the highest level of recognition for these services. This is the seventh year Moanalua Medical Center's cardiology department has been recognized by Get With the Guidelines, and the fifth year it has achieved the highest Gold Plus achievement.



Kaiser Permanente Hawaii's **Palliative Care Program received a perfect score based on 158 criteria** in its accreditation by The Joint Commission's (TJC) Advanced Certification Program for Palliative Care. Kaiser Permanente Hawaii was the first Kaiser Permanente facility in the nation to receive this certification.



KP Hawaii **ranked No. 1 in the nation for childhood immunizations, HPV immunizations among adolescent girls, COPD exacerbation treatment and LDL screening among cardiovascular patients**, according to NCQA Quality Compass® measures in Fall 2014. We are No. 1 in the state in 25 of 45 measures.



Moanalua Medical Center was recognized by The Joint Commission in October 2014 as **the only hospital in Hawaii to achieve Top Performer status on key quality measures**. Additionally, it was recognized for the fourth year in a row for the quality care it provides for heart attack, heart failure, pneumonia, surgical care, and stroke patients.



Moanalua Medical Center became the first hospital in the state to receive the Mission: Lifeline® Silver Plus Receiving Quality Achievement Award in 2015 for **demonstrating excellence in treating severe heart attack patients**. This recognition is the highest level of achievement possible in the first year of data measurement.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



A total of **174 Kaiser Permanente Hawaii physicians representing more than 45 specialties** were recently named among Hawaii's best doctors in one or both of two prestigious peer-nominated lists for quality and excellence: **2015-2016 Best Doctors in America®** and **2015 America's Top Doctors®**.



Moanalua Medical Center received a **Women's Choice Award in 2015 as one of America's Best Hospitals for Obstetrics**. This designation is determined by criteria that measure female patient satisfaction and clinical excellence.



Kaiser Permanente Hawaii is **ranked #1 in 27 HEDIS® measures**, including those for prenatal and postpartum care, breast cancer screening, and controlling high blood pressure.

Experience and Qualifications of Leadership Team

KP Hawaii is led by Mary Ann Barnes, RN, MSN and Geoffrey Sewell, MD – two highly experienced, values-driven leaders who are committed to providing high-quality, affordable health care across Maui County and the entire State of Hawaii. Together, Ms. Barnes and Dr. Sewell lead an interdisciplinary team of local physicians, hospital administrators, and other health care professionals who successfully oversee Kaiser Permanente's Hawaii Region operations.



Mary Ann Barnes, RN, MSN
President of Kaiser Foundation Hospitals and Health Plan, Hawaii Region Co-Chair,

National Hospital Executive Council

Barnes started in her current role in June 2014, and leads the second-largest health plan in Hawaii, serving 240,000+ members and employing more than 4,400 staff and clinicians for its 278-bed hospital and 22 clinics. She also chairs the Kaiser



Geoffrey S. Sewell, MD, FACP
President and Executive Medical Director, Hawaii Permanente Medical Group Chair, National

Permanente Executive Committee

Since 2007, Dr. Sewell has led Hawaii Permanente Medical Group – the state's largest group medical practice with 600 physicians and providers representing more than 60 different specialties. In 2015, Dr. Sewell also became the Chair

Permanente National Hospital Executive Council.

Previously, Barnes was senior vice president and executive director for Kaiser Permanente Hospitals and Health Plan in San Diego, including Kaiser Permanente's 414-bed acute care hospital and 24 medical offices. Prior to this role, Barnes served as senior vice president and area manager of Kaiser Permanente's Santa Clara Service Area, composed of the Santa Clara Medical Center and associated medical office campuses in Campbell, Mountain View and Milpitas, California. She led the opening of the new Kaiser Permanente Santa Clara Medical Center in August 2007.

Barnes joined Kaiser Permanente in 1974 as an ICU nurse in San Diego. She earned her Bachelor of Science degree in nursing from Arizona State University and her Master of Science degree in Administration from San Diego State University. She completed the Harvard Business School Executive Leadership Program and Stanford University's Executive Business Program.

Barnes serves on the boards of a number of community organizations, including the American Heart Association, Hawaii; Catholic Charities Hawaii; Age-friendly City initiative; and the Hawaii Business Roundtable.

of the National Permanente Executive Committee – an elected position that leads The Permanente Federation – an organization that represents the national interests of all Permanente Medical Groups practicing medicine at Kaiser Permanente facilities across the country.

Prior to his election as president and executive director of the medical group, Dr. Sewell served as a hospitalist at Moanalua Medical Center and later as Chief of Continuing Care and Chief of Hospital Specialties.

Dr. Sewell received his medical degree from the University of California, San Diego School of Medicine. He completed his residency and chief residency at Legacy Good Samaritan and Emanuel Hospitals in Portland, Oregon, where he was the Associate Program Director of Internal Medicine and Program Director of Transitional Residency Programs. In 1997, Dr. Sewell was named Medical Director of Legacy Health System, where he was responsible for a full range of ambulatory and chronic care services, including the Legacy Clinics.

Dr. Sewell is board certified in Internal Medicine and is a fellow of the American College of Physicians. He serves as a Board Member of the Hawaii Health Information Corporation.



David M. Ulin, MD
Physician-in-Chief (PIC)
of Kaiser
Permanente's
Maui Clinics and
Hospital-Based
Programs

Dr. Ulin joined HPMG in 2001 and leads all aspects of the Maui-based hospital and clinic programs for the medical group. Dr. Ulin has additional leadership roles within Kaiser Permanente and the medical group, including serving as a key influencer on the Primary Care and Behavioral Medicine Leadership Development teams. He is also a member of the Senior Care Leadership Group.

In recent years, Dr. Ulin has completed the Harvard Business School Executive Leadership Program as well as The Permanente Federation's Medicine and Management training.

Dr. Ulin earned his medical degree from the University of Tennessee Health Science Center College of Medicine, and completed his residency in Pediatrics at the University of Tennessee Medical Center-Chattanooga, where he served as chief resident.

Dr. Ulin is board certified in Pediatrics. He is a member of the American Academy of Pediatrics and is recognized on the 2015 Best Doctors in America® and America's Top Doctors® lists.



Sally Lee, RN, MSN
Vice President of
Clinic Operations

Prior to assuming her current position with HPMG in 2014, Lee held

positions at Hawaii Pacific University and Kuakini Medical Center, and served as the senior director of Clinic Operations for Medical and Surgical Specialties, Ventures, Population Care and Prevention, Ambulatory Nursing Practice, and Clinic Compliance at Kaiser Permanente Hawaii.

Lee earned her Bachelor of Science in Nursing and her Master of Science in Nursing (Administration) from the University of Hawaii at Manoa.



**Janna Muscare,
RN**

Vice President of
Quality, Safety
and Patient
Experience

As the VP of
Quality, Safety,
and Patient

Experience, Muscare provides strategic leadership to ensure high-quality member experiences and outcomes directing the development, communication and implementation of programs, policies and procedures to improve patient care in all areas of the care delivery system. She oversees the direction of clinical measurements and guidelines and ensures regulatory accreditation and compliance, as well as workplace safety and quality oversight.

Previously, Muscare served as the assistant medical center administrator at Kaiser Permanente's Los Angeles Medical Center, where she oversaw quality and patient safety since 2010. Prior to that role, she managed various patient care services for Kaiser Permanente's Southern California region.

Muscare has a Master's of Science in Administration from Central Michigan University and her Bachelor of Science in Nursing from Wayne State University.



**Karen I. Ching,
MD, PharmD**

Associate
Medical Director
of Quality and
Safety

Dr. Ching joined
HPMG in 2002.
She served as

the Chief of Pharmaceutical Services prior to being appointed AMD of Quality and Safety in 2012. In this role, Dr. Ching is accountable for regional initiatives that improve physician clinical quality across all specialties, departments, and facilities. She oversees progress towards regional quality targets (e.g., HEDIS, TJC), and patient safety goals.

Dr. Ching earned her medical degree from the University of Hawaii, John A. Burns School of Medicine. She completed her Internal Medicine residency and Nephrology fellowship at Oregon Health & Science University Hospital. Dr. Ching also has a Doctor of Pharmacy, which she received from the University of the Pacific in Stockton, California.

Dr. Ching is board certified in Nephrology and Internal Medicine. Dr. Ching is a member of the American Society of Nephrology, the National Kidney Foundation, Alpha Omega Alpha Honor Medical Society, and the Rho Chi Pharmacy Medical Society. She is recognized on the 2015 America's Top Doctors® list.



Rudy Marilla
Vice President
of Resource
Management/
Clinical
Operations
Support

Marilla is
responsible

for Continuing Care Services including hospital case management and home health services. He also is responsible for all services in Authorization and Referrals Management (ARM), DME, and provider contract and relations within the state.

Marilla came to Hawaii from the Kaiser Permanente San Diego Service Area, where he was the assistant administrator of Utilization Management, Continuing Care, Outside Medical and Performance Improvement since 2013. Marilla also served as director of Business Strategy and Performance Improvement from 2011 to 2013. Prior to San Diego, Marilla was a senior consultant in both strategic planning and utilization management at the Kaiser Permanente Southern California Regional Offices.

Marilla is a graduate of the Kellogg School of Management at Northwestern University, where he received his Master of Business Administration in Finance, Marketing, and Entrepreneurship. Marilla also holds a Master of Public Health in Health Services Management and a Bachelor of Science in Physiological Science from the University of California, Los Angeles.



Kelley B. Yim, MD
Associate
Medical Director
of Hospital
Specialties

Dr. Yim joined
HPMG in 1996.
As AMD of

Hospital Specialties, Dr. Yim oversees care delivery for continuing care, critical care, genetics, geriatrics, hospital medicine, pediatric specialties, and emergency medicine for the Hawaii Region.

Dr. Yim earned his medical degree from the University of Hawaii, John A. Burns School of Medicine and completed his Internal Medicine residency at Kaiser Permanente's Santa Clara Medical Center.

Dr. Yim is board certified in Internal Medicine. He is a member of the American College of Physicians and is recognized on the 2015 Best Doctors in America® list.



Mark Linscott

Executive Director, Strategic Planning & Deployment

Linscott joined KP in 1992. Since 2014, he has served as the executive director for Strategic Planning and Deployment. In this role, Linscott provides leadership, business and information technology acumen, and management for the region's strategic direction and ancillary services. His division is responsible for service delivery planning, process improvement, KP HealthConnect® Training & Support, Lab Services and Diagnostic Imaging. Mark has process oversight of the regional's capital management portfolio, and is a member of the capital funding committee.

Linscott has 20 years of experience in health care and integrating new technologies into operations. His leadership has enabled the region to achieve HIMSS Analytics Stage 7, which honors hospitals that share and use electronic patient data to improve process performance, quality of care, and patient safety.



Jean Melnikoff, SPHR

Vice President of Human Resources

Melnikoff joined Kaiser Permanente in 1988. She was appointed to her current role in February of 2014. As the senior Human Resources director for the Southern California Region from 2008 to 2014, Jean's accountabilities included oversight of HR directors for six Southern California Medical Centers, regional recruitment director, HR compliance investigations, disability management, and Regional Offices' HR services. Melnikoff has distinguished herself in working with labor as the Labor Management Partnership Co-Lead for several councils and committees.

From 1997 until 2008, Melnikoff was the HR director for the Orange County Medical Centers (Anaheim and Irvine) in Southern California.

Melnikoff has a Bachelor of Arts degree in Sociology from the University of California, Santa Barbara and Senior Professional in Human Resources (SPHR) certification.



Linda Puu, RN
Hospital
Administrator

Puu joined KP in 1997. In her current role as the hospital administrator at the Moanalua

Medical Center, Puu has executive oversight of Hospital Services at Kaiser Permanente's Moanalua Medical Center and responsibility for the strategic development, planning, and delivery of patient care services. In addition, she provides her clinical expertise to the construction and renovation project teams at the medical center to assure that patients, visitors, and staff are safe and comfortable.

A graduate of the University of Phoenix, Puu holds a Master of Science in Nursing. She served as the Chief Nurse Executive and brings over 27 years of clinical and leadership experience in Critical Care, Coronary Care, Telemetry, Respiratory and Pulmonary Services, and Perinatal Services.



Gary Kienbaum, RN, MSN
Interim Chief
Nursing Officer
at Moanalua
Medical Center

Kienbaum joined KP in 2002. Since 2013, Kienbaum

has been the director of perioperative services responsible for planning and directing activities from all phases of the member experience from admitting, to the operating room, to outpatient care. Prior to that, he's served in a variety of roles including manager of the hospital operations center, project manager of the electronic record deployment, and the business/IT manager for the perioperative services department. Kienbaum is the past chair of the Nurse Advisory Council, which is a problem-solving group that comes together to solve complex labor and management challenges.

Before joining KP, Kienbaum was the director of clinical operations at Castle Medical Center and he was also a nurse manager Straub Clinic and Hospital in Honolulu.

Kienbaum earned his Bachelor of Science degree from the University of Alaska and his Master's of Nursing Science from the University of Phoenix in Honolulu.



Keith K. Ogasawara, MD
Associate
Medical Director
and Professional
Chief of Staff,
Moanalua
Medical Center

Dr. Ogasawara joined HPMG in 2000. He is the HPMG leader accountable for Moanalua Medical Center's professional staff, helping to oversee successful attainment of regional quality, safety and service goals in partnership with Hospital Administration.

Dr. Ogasawara earned his medical degree from Georgetown University School of Medicine and completed his residency in Obstetrics and Gynecology at the University of Hawaii, John A. Burns School of Medicine. Following his residency, Dr. Ogasawara pursued a fellowship in Maternal and Fetal Medicine at the University of Southern California.

Dr. Ogasawara is board certified in Maternal-Fetal Medicine and Obstetrics and Gynecology. He is a Fellow of the Pacific Coast Obstetrical and Gynecological Society and a Fellow of the American Congress of Obstetricians and Gynecologists. Dr. Ogasawara also serves as an Associate Clinical Professor for Gynecology at the University of Hawaii, John A. Burns School of Medicine and a Clinical Instructor for the University of California, San Francisco School of Medicine. He is recognized on the 2015 Best Doctors in America® and America's Top Doctors® lists.



Tarquin K. Collis, MD, MS
Associate
Medical Director
(AMD) of Medical
Specialties; Chief
of Infectious
Disease

Dr. Collis oversees care delivery for all medical specialties at Kaiser Permanente Hawaii. In addition, he serves as the chief of infectious disease.

Dr. Collis received his medical degree from Weill Cornell Medical College and completed his residency in Internal Medicine at the Hospital of the University of Pennsylvania. He went on to complete a fellowship in Infectious Disease at the University of Washington and earned a master's degree in Epidemiology from UW's School of Public Health during fellowship.

Dr. Collis is board certified in Infectious Disease and Internal Medicine. He is recognized on the 2015 Best Doctors in America® and America's Top Doctors® lists.



Samir A. Patel, MD

Associate Medical Director of Primary Care Operations and Innovations

Dr. Patel joined HPMG in 2000. In his current role, Dr. Patel oversees regional primary care operations and participates in the development of population registries; tools that prompt physicians and care teams at the point of care; and programs that managers can use to track individual, team, clinic and regional performance. He focuses on improving local performance, aligned with performance metrics set by local operations and quality leaders. Dr. Patel is a regional resource and program liaison between KPHI and KP Care Management Institute (CMI).

Dr. Patel earned his medical degree from the University of Cincinnati College of Medicine and completed his residency in Family Medicine at the University of Arizona Medical Center.

Dr. Patel is board certified in Family Medicine and is a member of the American Academy of Family Physicians. He is also a Clinical Preceptor for the University of Hawaii Residency Program. Dr. Patel is recognized on the 2015 Best Doctors in America® and America's Top Doctors® lists.



Frank Richardson

Vice President and Regional Counsel, Legal and Government Relations

Richardson joined KP in 2002. In his current role, Frank Richardson oversees operations of both the Legal Department and the Government Relations Department in the region, and is a member of the leadership team of the organization's national legal department. Richardson's work focuses on regulatory and corporate compliance, health plan regulatory advice, litigation management, risk management, privacy, scope of practice guidance, regulatory advocacy, and general provider operations legal support. Frank leads local legislative and regulatory advocacy.

Before joining Kaiser Permanente, Richardson worked for the Honolulu law firm of Rush Moore Craven Sutton Morry & Beh. He obtained his law degree from Boston University School of Law, and his Bachelor of Arts degree from Harvard University.



Thomas Risse

Chief Financial Officer and Vice President of Business Operations

Risse joined KP in 2009. In his current role, Risse directs all aspects of the organization's financial operations, including supply chain and revenue cycle management, financial reporting, and analysis. His 19-year career has included positions with medical groups, hospital systems, and health plans.

Prior to joining KP, he held roles at Providence Health & Services in Washington and Children's Healthcare of California & Children's Hospital of Orange County in California.

Risse earned a Bachelor of Science degree in business administration and a Master of Business Administration from the University of Southern California in Los Angeles, California. He is a fellow and certified health care finance professional in the Healthcare Financial Management Association, and serves on the board of directors of the YMCA of Oahu.



Mark D. Santi, MD

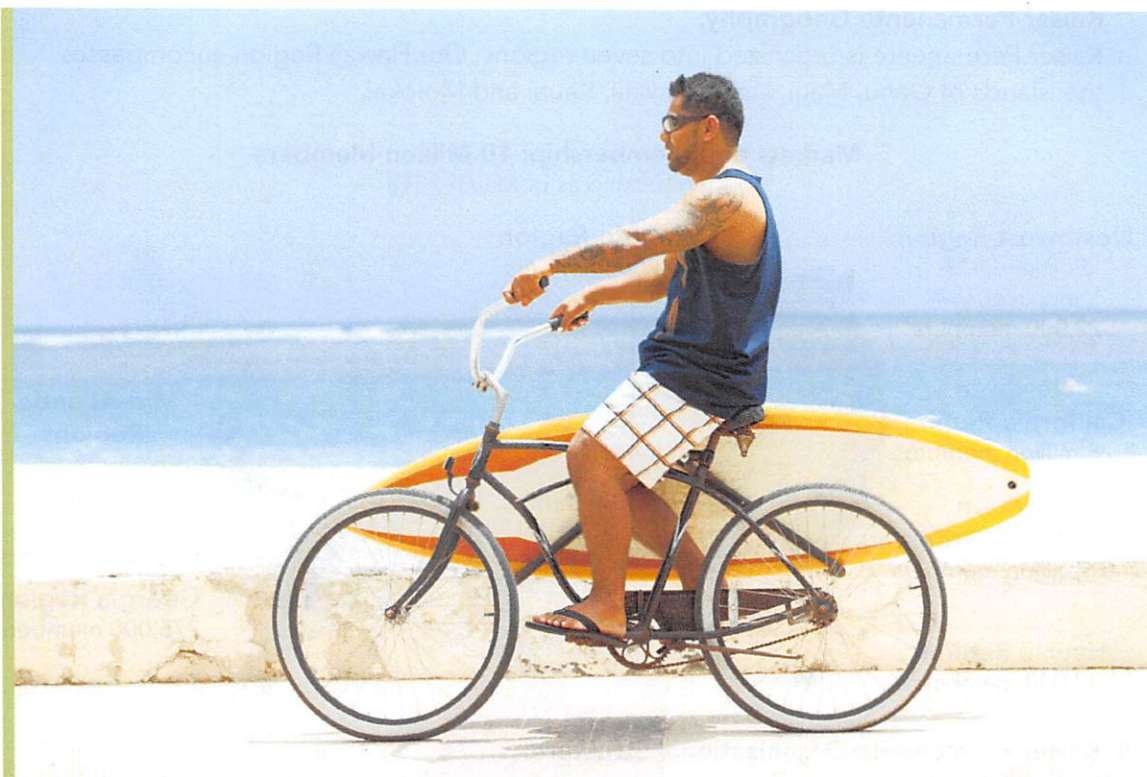
Associate Medical Director of Surgical Specialties

Dr. Santi joined HPMG in 1994 as an orthopaedic surgeon, specializing in foot, ankle and knee reconstruction. He served as chief of the Department of Orthopaedics before being appointed AMD of Surgical Specialties. In this role, Dr. Santi oversees care delivery for anesthesiology, cardiothoracic surgery, general surgery, bariatric surgery, neurosurgery, ophthalmology, optometry, orthopaedic surgery, podiatry, sports medicine, otolaryngology, plastic surgery, urology, and vascular surgery. In addition, Dr. Santi serves as HPMG's physician leader for facility construction and projects for Moanalua Medical Center and Mapunapuna Medical Office.

Dr. Santi earned his medical degree from the University of California, San Diego School of Medicine and completed his residency in Orthopaedic Surgery at the University of Hawaii, John A. Burns School of Medicine. Following his residency, Dr. Santi completed his fellowship in lower extremity (foot and ankle) reconstruction at the University of California, San Diego Medical Center.

Dr. Santi is board certified in Orthopaedic Surgery and is a member of the Hawaii Orthopaedic Association and the American Academy of Orthopaedic Surgeons. He also serves as an Assistant Clinical Professor at the University of Hawaii, John A. Burns School of Medicine, and as an Orthopaedic Team Physician for the University of Hawaii.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



Management Plan for the Maui Region

Provide information on the Proposer's plans for the following:

I. Governance and Organizational Model

a. Description of organizational governance and management structure

Highlights

- Kaiser Permanente ("KP") is an integrated health care delivery system. Its organizations include: Kaiser Foundation Health Plans, Inc., Kaiser Foundation Hospitals, and Permanente Medical Groups
- Kaiser Permanente's Hawaii Region (KP Hawaii) has a physician/administrator (dyad) leadership management structure, led by the Kaiser Foundation Health Plan and Hospitals President (Mary Ann Barnes) and the President and Executive Medical Director of Hawaii Permanente Medical Group (Geoff Sewell, MD)

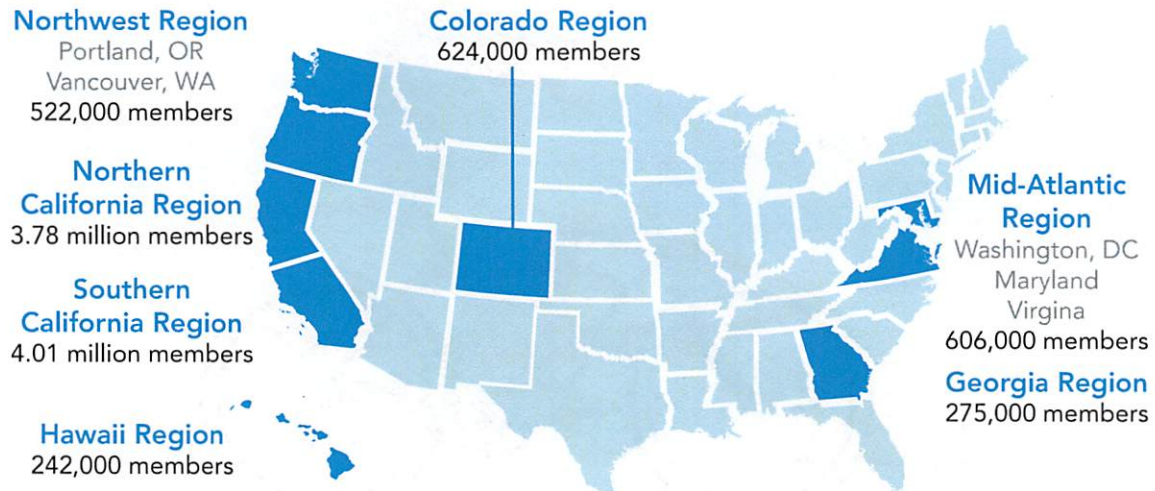
CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Kaiser Permanente Geography:

Kaiser Permanente is organized into seven regions. Our Hawaii Region encompasses the islands of Oahu, Maui, Lanai, Hawaii, Kauai and Molokai.

Markets and Membership: 10 Million Members

Membership as of March 2015

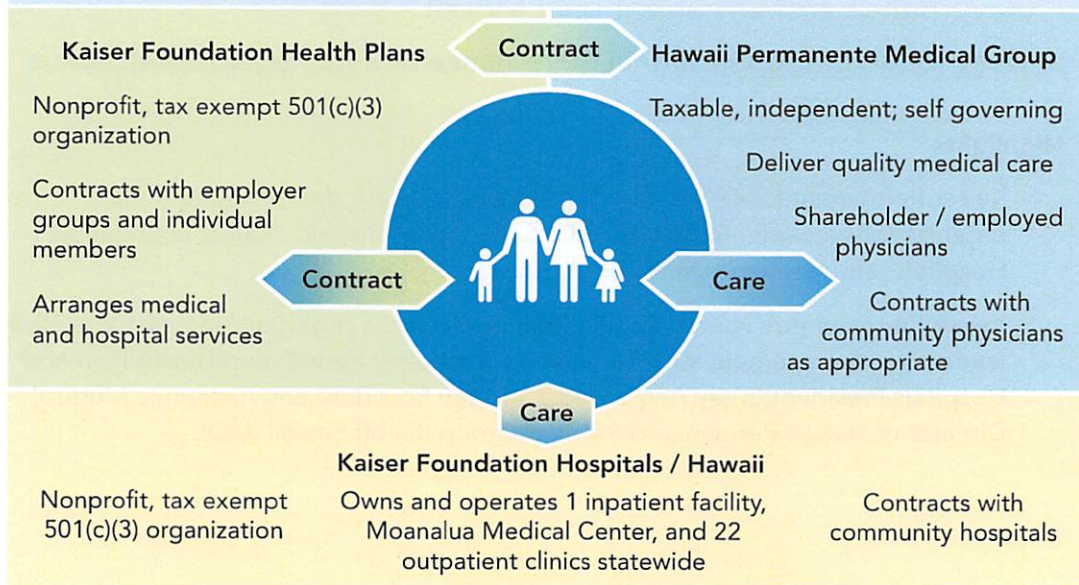


Kaiser Permanente Organizational Structure:

In the Hawaii region, Kaiser Foundation Health Plans ("KFHP") contract with Kaiser Foundation Hospitals ("KFH") and the Hawaii Permanente Medical Group ("HPMG") for the care of our members.

Kaiser Permanente's Integrated Care Model

Kaiser Permanente's integrated care model promotes collective accountability and coordination of patient care. This results in health care experiences and outcomes that set quality, efficiency, and affordability standards.



CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Kaiser Permanente Hawaii ("KP Hawaii") - Kaiser Permanente Hawaii is an integrated health care delivery system. Its organizations include KFHP, KFH and HPMG

Kaiser Foundation Health Plan, Inc. ("KFHP") - KFHP is a tax exempt 501(c)(3) not-for-profit corporation that operates health care benefit plans and provides or arranges (primarily through KFH and HPMG) for the provision of health care services for its members in Hawaii. KFHP is licensed by the State of Hawaii as an HMO to provide prepaid health care services, which includes both commercial and government products, primarily Medicare and Medicaid.

KFHP's licensed service area includes Maui County, where KFHP operates a full range of professional and ambulatory services at six Maui County locations (Kihei, Lahaina, Maui Lani, Maui Lani Elua, Wailuku, and Behavioral Health Services at Wells Street). KFHP operates 22 outpatient clinics statewide with a full range of professional and ambulatory health care services, including primary and specialty care services, home health, two outpatient dialysis centers in Wailuku and Lahaina, physical therapy, and sports medicine. KFHP predominately conducts its business in Hawaii through KFH and HPMG; both are described below. KFHP is governed nationally by a national board of directors, a CEO and Chairman of the Board (Bernard Tyson), and a regional President in each Region.

Kaiser Foundation Hospitals ("KFH") - KFH is a tax-exempt 501(c)(3) not-for-profit corporation that owns, operates, and contracts hospital, skilled nursing, dialysis, home health and other facility services throughout Hawaii. KFH owns and operates its 285 bed acute care hospital on Oahu (Moanalua Medical Center), originally built in 1985, which is licensed by the State of Hawaii.

Mary Ann Barnes, RN, MSN is the Hawaii President for KFHP and KFH.

Hawaii Permanente Medical Group ("HPMG") - Founded in 1960, HPMG is a Hawaii professional corporation with over 600 staff and protem physicians and providers, representing over 60 specialties. HPMG provides or arranges for professional and related medical care for KFHP members through a mutually exclusive contractual arrangement with KFHP. HPMG also contracts with community physicians and practitioners to provide additional professional services to members and meet HPMG's contractual commitment to KFHP. HPMG currently contracts with physicians/providers in Maui and throughout Hawaii covering a broad range of specialties and subspecialties. HPMG is governed by a nine-member voting board of directors.

Geoffrey S. Sewell, MD, FACP is the President and Executive Medical Director for HPMG.

Our management approach relies upon a dyad leadership structure that pairs a physician executive leader with a management executive. This dyad structure begins at the top and is replicated throughout the various levels of the organization. Kaiser

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Permanente believes the dyad structure promotes teamwork and alignment on culture, strategy, goals, and execution.

Leadership Team



Mary Anne Barnes, RN, MSN
President of Kaiser Foundation Hospitals
and Health Plan, Hawaii Region



Geoffrey S. Sewell, MD, FACP
President and Executive Medical Director,
Hawaii Permanente Medical Group (HPMG)



Mark Linscott
Executive Director,
Strategic Planning &
Deployment



Janna Muscare, RN
Vice President of Quality,
Safety and Patient
Experience



**Karen I. Ching, MD,
PharmD**
Associate Medical
Director of Quality
and Safety



David M. Ulin, MD
Physician-in-Chief (PIC) of
Kaiser Permanente's Maui
Clinics and Hospital-
Based Programs



Jean Melnikoff
Vice President of Human
Resources



Rudy Marilla
Vice President of Resource
Management/Clinical
Operations Support



Kelley B. Yim, MD
Associate Medical
Director of Hospital
Specialties



Sally Lee, RN, MSN
Vice President of
Clinic Operations



Linda Puu, RN
Hospital Administrator,
Moanalua Medical
Center



Gary Kienbaum, RN, MSN
Interim Chief Nursing
Officer at Moanalua
Medical Center



Keith K. Ogasawara, MD
Associate Medical Director
and Professional
Chief of Staff



Tarquin K. Collis, MD, MS
Associate Medical
Director (AMD) of Medical
Specialties; Chief of
Infectious Disease



Frank Richardson
Vice President and Regional
Counsel, Legal and
Government Relations



Thomas Risse
Chief Financial Officer and
Vice President of Business
Operations



Samir A. Patel, MD
Associate Medical Director
of Primary Care Operations
and Innovations



Mark D. Santi, MD
Associate Medical Director
of Surgical Specialties

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

b. Where would Maui fit in this governance structure?

Highlights

- MRHS would be managed and operated by a newly established company which would be a subsidiary to Kaiser Foundation Hospitals
 - KP Hawaii proposes the NewCo have a nine member Board with fiduciary responsibility
 - Board chaired by the Hawaii Region President
 - Strong complement of local representatives, including a minimum of five members who are Maui residents, three of whom shall be appointed by the Execution Authority

In the proposed public-private partnership, we commit to maintaining the Maui regional facilities as not-for-profit community-based organizations open to all patients throughout the term of the lease.

We believe it is essential to preserve the engagement and voice of community stakeholders in the governance of the Maui Region. As a result, we are proposing a shared governance model that incorporates representation from the leaders and providers of Maui and the leadership of KP Hawaii. This approach will serve and strengthen our commitment to delivering high-quality health care for the people of Maui on Maui. At the same time, we must achieve the value and efficiency created from our scale to drive a reduction in the state subsidy needed to operate the hospitals.

Proposed Governance Model:

We propose to create a new Hawaii nonprofit company with the sole purpose of operating the three MRHS facilities. This new company ("NewCo") would be a Hawaii non-profit limited liability company (LLC). Kaiser Foundation Hospitals would be the company's sole member (owner). NewCo would be nonprofit and tax exempt in the eyes of the Internal Revenue Service (no filings or approvals would be needed). NewCo would obtain the requisite licenses from the State of Hawaii to operate these three facilities. As a part of NewCo, MRHS would remain a distinct entity within the KP Hawaii Region, separately governed.

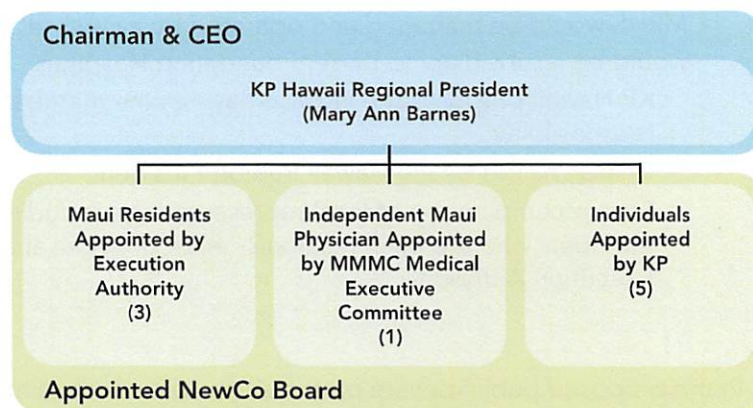
NewCo would be a "manager-managed LLC", and we propose the creation of a nine member board. A minimum of five managers of NewCo would be residents of the Maui community. The board of NewCo would be composed of three Maui residents appointed by the Execution Authority, one independent Maui physician appointed by the Medical Executive Committee of MMMC, and five members appointed by KP. The board would have fiduciary responsibilities over the operations of the Maui hospitals, subject to the terms of a lease for the facilities that would be executed with MRHS. The operating agreement of NewCo would reserve certain authority to KFH as its sole

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

member. The KFH Hawaii President will serve as Chairman and CEO of NewCo's board. All members of NewCo's board would be required to serve without salary in their capacity as board members.

We propose to work closely with the Governor, the Board of Hawaii Health Systems Corporation ("HHSC") and the Maui Regional Board and other local community organizations, business, labor and civic groups to identify potential members of the NewCo

board, focusing on candidates with the knowledge and skill sets necessary to ensure the ongoing success of the hospital system on Maui.



Board Authority:

Based on our initial review and subject to the final form of definitive agreements including the form of lease, KFH would propose that the board of NewCo exercise the authority to oversee the management of the day-to-day operations of the Maui hospitals. KFH would have certain reserved authority to approve recommendations from the Maui board on significant business decisions, including:

- The addition of assets to the leased property of the Maui Region, all physical or capital improvements, replacement and disposal of obsolete or worn assets
- Ownership of any other tangible assets that are acquired by and owned after acquired assets
- Control over any subsidiaries or controlled affiliates
- Approval over any material changes to participation in Medicare and Medicaid programs
- Oversight over community benefit and indigent care and charity care policies
- The right to appoint the CEO
- The right to recommend capital/operating budgets (subject to the approval of the Hawaii State Director of Finance and appropriation of the legislature as well as the approval of KFH) and strategic plans (subject to the approval of KFH)
- The right to seek capital and operating support from the State of Hawaii provided for under the Transition Law and the Definitive agreements in order to upgrade facilities and equipment needed to provide high-quality care and enhance patient

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

CORRECTION

On pages 29 and 30 of the Proposal, the section entitled, "Board Authority," includes eleven bulleted items. The text states that the eleven bulleted items are powers reserved to the sole member of NewCo, Kaiser Foundation Hospitals. This was a drafting error. A correcting and clarifying email was sent on September 10, 2015, that stated, in part, the following:

"Our intent has been to develop a model in which substantially all authority would lie with the NewCo Maui Board which includes the bullet pointed list on page 29 of the RFP. With regard to reserved powers for the KFH Board, these would be limited to things such as incurrence of debt beyond an established threshold or things that would have a direct impact on KFH nationally".

experience in Hawaii

- Decisions regarding granting medical staff privileges, approving amendments to the medical staff bylaws and all other medical staff and hospital matters and activities required for state licensure or by The Joint Commission and participation under Medicare and Medicaid programs
- Establishment of an ongoing quality improvement program that reflects the complexity of the hospital organization and services
- Other appropriate authority to be determined subject to the terms of the lease and to KFH reserved authority

c. What level of centralization or standardization do you employ throughout your organization?

Highlights

- Kaiser Permanente has a blend of centralized and local services for most functions (detailed by business area below), leveraging the scale of the organization while enabling a local community focus
- We are committed to local employment and keeping jobs in Maui County to the greatest extent possible, balancing the joint desire of KP, MRHS and the State to improve financial performance through realizing administrative efficiencies and clinical excellence

To maximize efficiency, minimize costs, and maintain a unified strategic vision, Kaiser Permanente centralizes certain key services, including: group purchasing of equipment, supplies and pharmaceuticals, treasury functions, payroll processing, information technology, and revenue cycle management. This allows us to take advantage of economies of scale and purchasing discounts, and avoid replicating expensive infrastructure services and administrative overhead.

The list below addresses specific requested areas of services, including their level of centralization / standardization:

Area of Business	Level of Centralization / Standardization
Reimbursement	Standardized practices are in place for the complete patient business services and revenue cycle functions. Training programs are provided for patient business services staff. The billing and back end collection functions are centralized in the Hawaii region. The remaining patient business services functions are decentralized.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Area of Business	Level of Centralization / Standardization
Health Plan Negotiations	There are standard procedures, templates, and centralization for provider and payor contracts within a contract management group (separate groups for HP/Hospital and Professional services). We have existing participating agreements with two payors (HMSA and HMAA) for emergency service that do apply to MMMC, and our contract management group will negotiate agreements with other commercial payers as required. HPMG also partners to administer provider contracts via electronic signature with affiliate providers and service networks to provide care.
Strategic Planning	We have a robust year-round national and regional strategic planning process built on one, five, and ten year horizons. The process begins with a local market assessment of the trends in health care quality, affordability, population growth, capacity, and emerging technologies. In Hawaii, our process is built on an island by island assessment, where we take into consideration the local influences of population diversity and ethnicity. The local plan is developed by the Hawaii regional executive team. The plan is integrated with KP's other regions at the national level to develop a unified strategic plan. The Hawaii region has a strategic planning and implementation department to support the strategic planning process.
EMR/IT Platform	KP HealthConnect® uses Epic's platform and provides real-time access to the medical record at all KP Hawaii locations. KP HealthConnect® was designed to enhance core business functions, (e.g. enable integrated and accurate billing; promote patient safety with comprehensive, legible records; eliminate duplicate lab/radiology/other test; support practice, including population care management, through evidence-based medicine and provide connectivity to affiliate providers/services). Further, KP HealthConnect® provides reliable patient safety protocols, (e.g. drug-drug interaction at ordering and at dispensing process, enables medical evidence of care via smart sets for physicians/practitioners, and standardizes research and public health surveillance). Moreover, KP HealthConnect® supports an enterprise data warehouse and common metrics that enable identification and dissemination of operational best practices/clinical guidelines quickly. Most importantly, it provides our members, patients and families with secure, online and mobile access to their patient information as well as easy access to our services, including secure messaging with doctors, appointment scheduling, lab results, and prescription refill ordering.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Area of Business	Level of Centralization / Standardization
GPO/ Procurement	To facilitate efficiencies and leverage the buying power of a large national health care delivery organization, we utilize a national Kaiser Permanente function through the Group Purchasing Organization ("GPO") Med Assets that negotiates large national pharmacy and supply chain contracts. Contracts not covered under the national contracting process are centralized within our Hawaii regional supply chain management group. The regional contracting process follows standard procedures that maximize efficiencies.
Practitioner Credentialing	<p>The credentialing and re-credentialing of practitioners who provide health care services are subject to standardized and centralized processes that are executed locally to help assure the consistency, accuracy, confidentiality of credentialing applications and related information; and compliance with local medical staff bylaws with respect to those practitioners who exercise hospital privileges. Such practitioners include, but are not limited to: physicians, podiatrists, dentists, advance practice nurses and physician assistants.</p> <p>When changes to the credentialing process are required, the local Credentialing & Privileging ("C&P") Committee proposes policy amendments to the Hawaii Quality Committee and the Medical Executive Committee (MEC). The C&P Committee monitors compliance with credentialing policies and procedures throughout the Hawaii region and takes all necessary steps to communicate non-compliance with the policy to appropriate individuals and management, including the local compliance department.</p>
Regulatory Compliance	<p>The KP Hawaii regional compliance department is led by the regional compliance officer and includes a director of compliance operations, a privacy and security officer, a hospital compliance officer, a care delivery compliance specialist, a research and IRB administrator, and several analysts and consultants. Compliance work is standardized in how investigations are conducted, corrective actions implemented, annual compliance training is administered and tracked, as well as approval and implementation of policies and procedures. In addition, KP as an organization has a centralized hotline system for employees to report compliance issues. Cases, investigations, audits, and corrective actions, are tracked in a central system. The regional compliance department is supported by a national compliance office.</p>

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Area of Business	Level of Centralization / Standardization
Care Based on Best Science	To provide reliable, safe, timely, efficient, effective, patient/family-centered quality care that meets or exceeds national benchmarks, Kaiser Permanente uses evidence-based medicine in creating clinical standards and integrated care pathways. With centralized evidence-based resources – including one of the world’s most extensive virtual clinical libraries and an industry-leading electronic medical record – and the active engagement of local physicians, we are able to research, compile, update, and share data to improve outcomes in quality and safety across Kaiser Permanente regions. By leveraging these national resources and collective expertise, our Hawaii members benefit from these best practices. For example, inter-regional specialty chiefs in orthopaedics will regularly come together to exchange learnings that optimize outcomes for common procedures such as total hip replacement.
Patient-Centered Care	We strongly believe in putting the patient at the center of care and that care must be delivered in a collaborative manner – collaborative among primary care providers and specialists, and collaborative with patients and families in the spirit of shared decision-making. Because of this, we regularly measure patient satisfaction and conduct provider peer evaluations and use this as part of our provider evaluation and quality improvement process.
Capital/ Operating Budgets	Budgeting begins at the department level in Hawaii following careful financial planning and forecasting. The budget process is guided by the Strategic Plan so that resources are available to execute on the plan’s objectives. Regional budgets are approved and consolidated at the Kaiser Permanente national program level.
Legal and Government Relations	All legal services and government relations functions are provided and managed by our local legal and government relations department, with support available from the national legal and government relations offices, as necessary.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Area of Business	Level of Centralization / Standardization
Locally-Developed Grand Rounds	<p>In order to provide the latest medical information to our front-line clinical staff and to share specialized knowledge with primary care providers and between specialty and surgical departments, HPMG has created a unique Grand Rounds program. This program features regular lectures on cutting-edge medicine and often includes the distribution of specific written practice guidelines and other tools to ensure the application of new practice standards. Along with Grand Rounds, we use clinical department quality meetings, electronic medical record best practice alerts, real-time HEDIS patient information, and local subject matter experts to support our providers in delivering high-quality care to our patients and members.</p>
Research	<p>Our organization invests significantly in research and innovation partnerships, leading to technological and clinical discoveries that influence medical practice. Kaiser Permanente receives more research funding from the National Institutes of Health than any other institution in the U.S. Consequently, Kaiser Permanente physicians, including many who practice in Hawaii, contribute to nearly 1,000 research articles published annually in prestigious, peer-reviewed journals including the Permanente Journal. Every two years, HPMG hosts a Research and Innovation Symposium attended by our providers and partners to highlight ongoing research efforts and facilitate new initiatives.</p> <p>Through the Kaiser Permanente Center for Health Research Hawaii, more than 170 clinical trials and research projects are currently underway in the islands, providing Kaiser Permanente members in Hawaii access to potentially life-extending cancer drugs only available through these trials.</p>
Pharmacy/Mail Order Pharmacy	<p>Nationally, KP provides pharmaceutical supply chain, drug formulary management, and benefit design to successfully manage drug and dispensing costs.</p> <p>Our pharmacy systems and processes are standardized to:</p> <ul style="list-style-type: none"> ▪ Promote increased quality, safety and affordability ▪ Ensure safe medication use from discharge to home ▪ Monitor use and control of high risk drugs ▪ Support effective population management of chronic diseases ▪ Offer increased access to pharmacies ▪ Provide the convenience of our mail order pharmacy service

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

d. How are local facilities involved in decision-making?

Local facilities (hospitals and medical offices) each have assigned administrators who have operational and financial oversight for the facility with a relationship to Regional leadership. These facility-based leaders are accountable for development and execution of operating and capital budgets that meet the needs of the facility and the local community. Furthermore, local facilities have oversight for quality, service and affordability initiatives that address local needs. Local leadership is also responsible for promoting people practices that engage the workforce and continually improve employee and physician satisfaction. There are resources to assist the leaders and providers at local facilities. Local facilities may call upon the experience and infrastructure of any of KP's regions throughout the country or at the program (national) office to assist in local operations and decision making.

If MRHS enters into a partnership with KP, we will expect that the leaders of NewCo would be engaged in these same local oversight activities and would also participate in the Regional strategic planning process. It is the job of local leaders to understand their communities and to design and deliver high-quality services in a cost effective manner to meet those needs. KP provides resources and support to local leaders, always with respect and recognition that they are the experts who best know the needs of the community.



II. Services/Care Model

a. Vision for health care on Maui

Highlights

- Our shared vision for Maui includes an affordable, high-quality, integrated care delivery system refined to meet the needs of the entire Maui community
- We will collaborate with government, business, and other community stakeholders to integrate care across the continuum with a focus on preventive, patient-focused care
- We will be active leaders in promoting the health, wellness, and well-being of Maui County

As proponents of total health, we believe in a strong, vibrant Maui community with access to a sustainable, affordable, and high-quality system of care delivery for all of its residents. Built on a platform of partnership and innovation, we envision a system of Maui providers, facilities, and resources coming together to care for island residents and visitors.

It's been our experience that providers along every stop of the care continuum – from primary to specialty to post-acute care – must collaborate effectively, so that patients achieve the best potential health outcomes in the most appropriate setting. This goes well beyond optimizing emergency, specialty, and inpatient services at the hospitals. Success requires engaging with wellness and outreach agencies; evaluating and strengthening the primary care and behavioral health services infrastructure; enhancing services in rehabilitation centers, home- and long-term care settings (including hospice and palliative medicine) as well as assisted living and skilled nursing facilities.

Additionally, we seek to support a culture of care on Maui that emphasizes prevention, population health management, strong and compassionate patient-provider relationships, and enhanced clinical collaboration that encourages the sharing of knowledge and best practices. We will strive to inspire confidence in medical services on Maui among those who choose to seek clinical care off-island, by exploring

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

and applying applicable KP quality improvement initiatives, while at the same time innovating with Maui County organizational partners to create new solutions to Maui's unique care needs.

We understand that achieving this vision will require tremendous investment, engagement, partnerships, and coordination with the entire community, especially care providers. We believe our extensive experience with various programs across the care continuum – from adopting Patient-Centered Medical Home standards, to our ongoing efforts to train social workers and nursing staff in post-acute settings – prepares us well for this challenge.

b. Strategy to reduce outmigration of cases off Maui, i.e., to have Maui patients who seek health services on Oahu seek and receive those services in Maui County?

Highlights

- We commit to reduce outmigration through recruitment of key specialty physicians and growth of targeted services
- KP Hawaii will leverage its physician relationships and recruitment capabilities with MRHS's hospital expertise

We are committed to reducing outmigration by leveraging the expertise of our highly specialized, diverse and comprehensive medical group, collaborating with community physicians, investing in dedicated specialty and subspecialty care, including 24/7 call coverage, and acquiring the technology required to support these program enhancements. This commitment would extend to supporting and building upon the core-strength services of the hospital – particularly across cardiac care, orthopaedics, oncology, and women and children's services, which account for a significant portion of outmigration today.

With the collaboration envisioned in this partnership, we have identified a variety of clinical services for which the combination of volumes and expertise shared between KP Hawaii and MRHS would generate significantly improved clinical services and patient outcomes. Examples of such services include oncology and orthopaedics. In orthopaedics, there may be a significant opportunity to expand the availability of total joint replacement services on Maui through development of a Total Joint Replacement program and services. In oncology, further investment in coordination of infusion services, facilities, equipment, and clinical expertise, may have significant impacts on quality and efficiency.

Any plan to reduce outmigration must take into account the need for a full continuum of Behavioral Health Services, both Mental Health and Substance Abuse. KP Hawaii

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

understands how essential it is to address behavioral health, as it underlies much of what drives the utilization of medical services, and affects the patient, the family, and the community at large. Furthermore, family support and education initiatives are critical to positive behavioral health care outcomes, especially for keiki, and we want to design a local system that promotes appropriate participation of families in each patient's care.

In our experience, patient needs are best met when they have ready access to ambulatory, acute, transitional, and post-acute behavioral health services. It is our goal to address this need in collaboration with the public and private providers of Maui County, and to lend our expertise and resources to creating a solution that dramatically improves the delivery of behavioral health on Maui.

The KP Hawaii care experience programs are designed to place each patient at the center of his or her own care. We are delighted when our patients report that they feel at home in a KP hospital or continuum program. We believe self-directed outmigration will reduce as the Maui community understands the world class and compassionate care available to them at MMMC, Kula Hospital, and Lanai Community Hospital.

Our efforts to reduce outmigration will be evident and quickly realized. Currently, over 2,400 MMMC patients outmigrate from Maui every year. It is our intention to build the capabilities at MMMC that will allow us to significantly reverse this outmigration flow. We are confident that the solutions we introduce to allow KP Hawaii patients to remain at MMMC will generate a similar retention pattern for all payors.

c. Approach to Evidenced Based Clinical Pathways, broadly describing the types of strategies and techniques applied to address the transition from a community-based physician approach to medicine to an evidence-based approach

Highlights

- KP Hawaii brings deep experience in both developing and implementing evidence-based clinical pathways
- KP Hawaii will imbed evidence-based clinical pathways in a collaborative, community-based hospital environment, providing support to community physicians

Kaiser Permanente's experience and approach to Evidence-Based Medicine (EBM):

To provide reliable, safe, timely, effective, and patient/family-centered quality care that meets or exceeds national benchmarks, Kaiser Permanente uses evidence-based medicine in creating clinical standards and integrated care pathways. With centralized evidence-based resources – including one of the world's most extensive virtual clinical libraries and an industry-leading electronic medical record – we are able to research,

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

compile, update, and share data to improve outcomes in quality and safety across Kaiser Permanente regions. By leveraging these national resources and collective expertise, our local providers are able to collaborate broadly with peers. Our Hawaii members benefit from these best practices as information is exchanged and knowledge is gained.

Our clinical pathways and protocols are built by providers. Together, local clinicians convene with regional or nationwide colleagues, and align on integrated care pathways based on scientific results. We find that this process of provider participation promotes subsequent adherence to the standards. Our information systems are then designed to reflect the evidenced-based guidelines and facilitate optimal clinical decision-making. We ensure that our providers and clinical teams stay up-to-date on the most recent developments in EBM through a rich network of nationally connected resources, including the Permanente Care Management Institute and the national Quality and Patient Safety Leadership structure. This is reinforced through Grand Rounds, various clinical committees and performance improvement projects, and access to continuing medical education.

Plan for embedding evidence-based clinical pathways across MRHS:

We will encourage community physician participation in the development of clinical pathways. The approach for implementing evidence-based practices must take into account the evidence as well as the support for these practices. To succeed, we will call upon proven change management principles, and we will engage providers early and often in the course of developing and implementing EBM practices.

A management model that we believe promotes high-quality outcomes with evidence-based practice standards is the dyad partnership of physician and administrative leaders. Our dyad leadership structure will be in place to further support participation of community-based physicians' in the development and adoption of Evidence-Based Pathways. This dyad is central to our clinical and operational success and will be integral to developing the culture and leadership infrastructure that we seek to offer throughout the system on Maui. We will enable community physicians to implement EBM through the strong dyad relationships that physicians and administrative leaders share, while measuring the success of EBM implementation through process performance metrics, data analytics, case review and ultimately the evaluation of patient outcomes.

KP Hawaii has a tested and successful model for developing and implementing new evidence-based clinical pathways.

The development steps include:

- Specifying the care population and the problem
- Reviewing the literature that demonstrates the evidence

CONFIDENTIAL AND PROPRIETARY: This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- Validating the content and relativity to the problem
- Engaging key stakeholders
- Diagramming a process for key interventions
- Describing in detail key interventions including definition, rationale, and references
- Translating into measures to show progress towards improvement
- Utilizing the Institute for Health Improvement (IHI) framework for pilot and system-wide implementation, as well as evaluation

Implementing evidence-based clinical pathways succeeds when we:

- Illustrate the significance of the need to follow the clinical pathway
- Demonstrate or display the improvement in the quality outcome
- Create and modify existing work to simplify and make it easy to do the “right thing”
- Closely monitor and give real-time, on-going feedback on the results
- Ensure that incentives are aligned and that incentives are provided in real-time, achievable, regular intervals
- Provide support staff and systems that make using clinical pathways the path of choice, minimizing the hassle factor
- Support an active peer review process chaired by physician leaders and involving broad groups of physician specialists

It will be vital to engage with all providers to create a culture and spirit of community within the Maui hospitals, so that there are many opportunities for participation, dialogue, and transparency around results of the clinical pathway.

d. Strategy related to call coverage for specialty services

Highlights

- KP Hawaii will ensure comprehensive call coverage through:
 - Experience and knowledge of existing call coverage dynamics
 - Commitment to continue paying for call coverage
 - Ability to recruit specialty physicians
 - Use of tele/virtual health, allowing Oahu specialists to provide real-time support and care, linking all islands together

KP Hawaii is committed to providing robust 24/7 specialty call coverage at MMMC to meet the urgent needs of all Maui patients. We will work with community physicians,

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

existing KP Hawaii resources on Maui and Oahu at our Moanalua facility, and will recruit additional physicians to Maui to fill specialty call coverage gaps, as needed. KP Hawaii is committed to ensuring that appropriate physician resources are available to meet the needs of the entire community.

KP Hawaii is already established in the Maui community, and currently provides both specialty and primary care call coverage at MMMC. Our physicians have a long history of working collaboratively with MMMC and fellow community physicians to assess and address issues related to call coverage for specialty services. We understand the history and local dynamics that create many of the challenges associated with call coverage. While there are no easy answers or quick fixes, we have the values, commitment, track-record, and the experience to engage and address these issues from both a short-term and long-term perspective.

We will have an ongoing process to assess the need for specialty resources on Maui, both to serve the overall health care needs of the population and to ensure that the necessary specialty physicians are readily available to care for patients at the hospital. Some of the areas with potential gaps that we will work to address include behavioral health, orthopaedics, urology, cardiology, and neurology.

Our focus is steadily fixed on quality and safety, and we will leverage multiple strategies and resources to fill specialty gaps on Maui, including:

- Continuing to pay for call coverage and continuing to work with all local physicians to meet the needs for coverage
- Recruiting additional specialty physicians to the island. KP Hawaii will invest in the recruitment of key specialty physicians to help meet the needs of the population of Maui as well as to fill gaps in specialty care coverage. The newly recruited physicians may enter private practice or choose employment, depending on the situation and individual physician preference
- Continuing to make the valuable services of the existing MMMC-employed physicians available to serve the needs of the community
- Utilizing the breadth of our specialty expertise to ensure an appropriate expansion of safe, high-quality clinical services
- Leveraging technology and the use of virtual visits and consultations where possible and appropriate to supplement the availability of high-quality primary and specialty services available to the hospital and to patients. Examples include tele-dermatology, geriatric behavioral health, and virtual stroke management

There is a strong and direct link between physician staffing, call coverage, quality of care, and outmigration that cannot be overstated. Successfully fixing call coverage is essential to elevate the quality of care and in particular, to reduce outmigration.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Keeping the physicians of the medical staff engaged and actively invested in ensuring that MMMC continues to be a vital part of health care on Maui is an important factor that will impact the availability and diversity of specialty services over the long-term.

e. Plan to improve access to primary care in the community

Highlights

- KP Hawaii would develop a detailed and multi-faceted plan to improve primary care access in the community, including physician recruitment strategies, community clinic collaboration, virtual care technology, relationships with all community physicians and visiting physicians, use of mid-level providers, and community-based health screenings
- Encouraging the community to work together to provide 24/7 coverage, regardless of whether the physician is in sole practice, group practice, or employed.

Increased access to primary care is a clear and compelling need, with a shortage of 24 primary care physicians on Maui (2015 *University of Hawaii report on Physician Workforce*). While bringing more primary care physicians to the island is part of the answer, improving access to primary care requires a multi-faceted approach using many different types of resources, including a variety of health care providers, physician extenders, behavioral health services, and collaboration-based community initiatives. Kaiser Permanente strongly advocates for the role of primary care access in achieving total health and we are committed to supporting Maui in improving access and service for the community. We also recognize the need to address primary care across the whole county, including the underserved areas of Lahaina, Hana, Lanai, and up-country Maui.

The plan for improving primary care capacity and efficiency includes multiple strategies:

- Recruit primary care physicians to the island to support community needs and leverage physician shortage area designations to secure supplemental funding
- Engage and collaborate with community resources, including community health clinics, and other not-for-profit community providers
- Capitalize on our experience and expertise in non-traditional and technology-based care delivery vehicles that can provide "Care Anywhere", including telehealth and 24/7 nurse advice, video visits, micro-clinics, worksite clinics, and clinics in retail settings
- Engage with all primary care physicians in the community
- Expansion of timely access to specialty care for primary care physicians in the community
- Utilize resources at Kula Hospital to improve up-country services

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- Leverage our residency programs and resources to bring internal medicine residents to the island
- Support practices implementing the Patient-Centered Primary Care Medical Home model, which can improve the efficiency and effectiveness of existing primary care practices
- Integrate behavioral health providers into the primary care clinic setting to promote access by the patient, reduce stigma, and allow triage by the primary care provider
- Maximize the use of allied health professionals and physician extenders, including nurse practitioners, certified nurse midwives, and physician assistants
- Support and expand behavioral health resources at MMMC, and throughout Maui County
- Create Urgent Care availability
- Promote outreach to specific patient populations for cancer screening and chronic disease management
- Implement IHI model in caring for high-risk individuals that focuses on social determinants and community-based care

f. Do you anticipate expanding or contracting medical services in Maui County? If so, which services

Highlights

- KP Hawaii plans to expand services, including: behavioral health, orthopaedics, women's and children's, cardiac care, oncology, emergency and urgent care services

Meeting the strategic needs of the hospital, ensuring safe call coverage, addressing out-migration, keeping Maui care on Maui, improving population health, and supporting the hospital's ability to continue to deliver high-quality accessible health care to all residents of Maui will require an expansion of services.

KP will continue to support and enhance the core services of the hospital, as well as provide additional services to further strengthen care. Core and expanded services we intend to support and grow will include:

- **Behavioral Health:** additional resources, expanded continuum, and support for adolescent behavioral health
- **Orthopaedics:** keeping more services on Maui and developing a total joint replacement program

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- **Women's and Children's Services:** developing a women's center of excellence, ensuring that the hospital is "baby-friendly", and consideration of a shared OB nocturnist program in collaboration with community physicians
- **Cardiac Care:** continuing to build and develop on-island cardiac care services, including both chronic and acute services
- **Oncology:** develop a unified approach to infusion services
- **Emergency Room:** establishing a "fast-track" in the emergency room to increase efficiency and improve patient experience
- **Urgent Care:** developing urgent care services and settings
- **Clinical Decision Unit:** developing a location for patients benefiting from continued observation and care while determining optimal disposition

We also seek to work collaboratively with experts in Maui County to identify appropriate strategies and solutions to address critical public health concerns including: diabetes prevention and management, asthma, pediatric obesity, chemical dependency, cancer prevention, and conditions of aging.

g. Approach to the Continuum of Care for Maui

Today's medical environment calls for treatment and programs that are capable of caring for patients across multiple levels and venues. The KP model is designed to efficiently address patient needs across the continuum of ambulatory, acute, long-term, and home or "home-like" care. KP Hawaii fully utilizes an integrated continuum of services to: *1) prevent acute problems from happening or worsening; 2) create and expand less costly, more convenient, and clinically appropriate alternatives to emergency department and inpatient care; and 3) improve the function of the care system itself.* This integration benefits our patients' ability to maintain health or address ongoing or complex needs, supports the provider in effective use of resources, and benefits the payor trying to control costs.

The KP Hawaii continuum offers a comprehensive array of services aimed at matching the patient's needs with the level of care, and providing care based on that need. The foundation of this continuum is a strong primary care system, supported by specialty practices, acute, post-acute, home health, and transitions of care services to ensure patients receive compassionate, well-coordinated care across multiple venues. The mechanisms that integrate the continuum are management and structure, care coordination, integrated information systems, collaboration, and aligned accountability.

i. Philosophy around Continuum of Care

Highlights

- We believe in creating appropriate patient touch-points with the health care system throughout their lives, providing appropriate levels of care, at the right venues, at the right times
- We focus on access to primary care and community agencies as the foundation for providing service across the continuum
- We leverage expertise and resources (e.g., KP HealthConnect®) for screening and early detection to prevent downstream diagnoses and treatment

KP puts significant effort and attention into maximizing efficiencies along the care continuum to ensure patients receive high-quality medical attention and other critical services in the appropriate setting. Our philosophy is centered on patient-driven goals and individualized care plans delivered by teams of skilled, compassionate providers, who are connected through a shared collaborative culture and technological infrastructure.

Our commitment to making this health care delivery system the best it can be includes our pursuit of the IHI Triple Aim to continually transform the patient experience of care while also focusing on population health management and reducing costs and inefficiencies. Key to this work is a rich and well-supported primary care program that looks for care gaps and prevents acute health problems from happening in the first place. We know that with a well-developed electronic medical record, automated, personalized checklists, provider alerts, and telephone outreach, it is possible to dramatically increase screening rates and thus earlier disease detection and intervention for colorectal cancer, breast cancer, and other diagnoses.

When acute inpatient care is necessary, we strive to fully engage the patient and his family/personal caregivers by involving them early in the discharge planning process, explaining next-step options for post-acute medical and social care, and achieving seamless and safe transitions from hospital to home. Services provided in the home respect the culture and language of the home setting, and the capabilities of family members. Care coordinators work with patients and families to improve their satisfaction and care experience, and ensure the treatment team is aware of a patient's progress and needs. Continuing care physicians and nurse practitioners regularly visit nursing facilities to oversee and coordinate care. KP methodologies built on integrated care conferences, information technology, and continuum coordination promote easily arranged linkages among the patient's providers, regardless of where in the continuum the patient receives care. Coordination across the continuum is fundamental to KP's philosophy and at the foundation of how we eliminate redundancy and excess cost.

CONFIDENTIAL AND PROPRIETARY: This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

We believe a successful continuum of care is one that minimizes institutionalization while maximizing independent community living. In order to accomplish this, we use social workers and nurses in community settings to care for more medically complex patients. We are expanding the use of video and telemedicine technology to deliver medical care in the home and make a greater array of specialty care accessible on every island.

In Maui County, we envision all local physicians/providers and the hospitals working together across the care continuum to serve the community's health care needs.

ii. Is a single management team responsible for all facilities across the Care Continuum?

Highlights

- KP Hawaii would utilize a single management team for the MRHS facilities, along with a community-based consortium comprised of representatives from all entities providing care across Maui County
- KP Hawaii management and the consortium would create shared goals and strategic priorities to address misaligned financial incentives, gaps in care and coverage, and opportunities to leverage common IT systems and knowledge sharing

A single management team will be responsible for all KP Hawaii owned or operated program components and facilities across the care continuum. The KP Hawaii dyad structure will ensure that both clinical and administrative leadership are aligned and effective in managing those resources and programs.

At the same time, KP would seek partnerships in Maui County that would better integrate care for Maui residents. Fragmentation in the different settings across the continuum of care may create safety issues and contribute to medical errors, sub-optimal outcomes, and an overall poor experience for patients and caregivers. Fragmentation introduces waste into the system, adding cost without adding value. The ideal structure is one in which the participants, regardless of ownership or organizational representation, come together to support a model that best serves the patients, and work collaboratively to continuously improve processes and results. For this to work well, there would need to be open and transparent communication across all providers in the continuum and a willingness to work closely through system issues over time.

KP Hawaii leadership welcomes the opportunity to serve as a convener of care continuum experts and providers using the IHI's collaboration model, which has been very successful in bringing community participants together to improve the quality and value of health care. We envision using this approach to address issues across the care

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

continuum on Maui, including identifying ideal care delivery strategies and incentives; tackling care and service gaps and improvement opportunities; and unifying population health efforts. We believe when providers, community organizations, and facilities across the care continuum are working toward shared goals, guided by common values and purpose, that patients and families will experience the best coordination, quality, and consistency possible. Our fundamental objective is to make enhancements to the care system, and as a result, improve the health of the whole community.

iii. Do you have a strategy to reduce the wait-list at Maui Memorial?

Highlights

- KP Hawaii to pursue partnership with SNF/ICF facilities (Hale Makua and Kula Hospital)
- KP Hawaii to strengthen partnerships with home health agencies, case management agencies, and community-based organizations
- KP Hawaii to develop and partner with care homes, foster care homes, and adult residential homes for assisted living for the aging population
- KP Hawaii to press forward on population health management and primary care management to mitigate contributing factors to wait-listing

Waitlisted patients pose a significant challenge to patients, families, and the State of Hawaii. The Hawaii Health Information Corporation (HHIC) has documented the financial burden being borne by health systems and hospitals across the State to be in the billions of dollars. KP Hawaii understands the problem from the perspective of both a health plan and a provider. Situations that result in patients being unable to be discharged and placed in more appropriate care settings include:

- Challenging behavioral health conditions
- Chronic pain syndromes and complex psychosocial issues
- Advanced respiratory issues involving mechanical ventilation or BiPAP
- Complex wound or medication management
- Conflicts within family dynamics
- Difficult financial situations

Improving the waitlist situation will require a multifaceted approach that addresses both the clinical and psychosocial barriers to discharge. KP Hawaii is confident that we can reduce wait lists at MMMC using our proven strategies. **Last year, we reduced the wait list at Moanalua Medical Center from 30 to 4 patients.**

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

The challenge on Maui is difficult because of the limited availability of long-term care options, with only two long-term care SNF/ICF facilities on the island: Hale Makua and Kula Hospital. KP Hawaii has experienced these same challenges when developing discharge and transition plans for its acute patients hospitalized at MMMC.

We will seek to apply novel and innovative strategies to reduce the waitlist on Maui. Current plans include:

- Bringing together existing SNF/ICF facilities (Hale Makua and Kula Hospital) to understand the current challenges in providing access to beds, and jointly developing strategies to overcome those challenges. Ideally, we will want to create capacity and competency to care for a full range of post-acute hospital patients, to include sub-acute through intermediate care. Continuing care specialists from KP Hawaii have been actively discussing opportunities with Hale Makua already, and have identified specific areas for partnership – involving staff training, equipment, and alternative financial models. We envision broader use of Kula Hospital to create an integrated network of care delivery. We will consider adding additional physicians to support a higher complexity patient at Hale Makua
- Strengthening our partnerships with home health agencies, case management agencies and community-based organizations to expand the opportunity for patients who desire to return home, and for our kupuna to age in place. KP has been an organization strongly supportive of innovative care delivery designs, and we will openly foster collaborative efforts to help patients achieve their desire to remain at home
- Developing and maintaining a network of providers who offer “home-like” settings such as care homes, foster care homes, and adult residential homes for those patients for whom returning home is not an appropriate transition option. Additionally, we believe it imperative to have enough available assisted living facilities, adult day health, hospice and adult day care to support home-based living

In addition, we recognize that there is an opportunity to better identify and manage clinically and socially complex patients prior to hospitalization to reduce the time spent on the waitlist or avoid it altogether. KP has long emphasized population health initiatives; health maintenance and preventive care; and end-of-life care management as essential areas to target for system improvements.

iv. What is your approach, including general plans and broader strategies to working with Kula Hospital

Highlights

- KP Hawaii will emphasize Kula Hospital's critical access role
- KP Hawaii to use Kula Hospital to enhance transitions and systems integration between home health agencies on Maui (inclusive of KP Home Health)
- KP Hawaii to build capabilities in Kula Hospital to accommodate complex patients to help waitlist issues
- KP Hawaii to add additional services at Kula Hospital including: urgent and emergency care, gero-psych integrated behavioral health unit, and chemical dependency center

Kula Hospital plays a critical role in the provision of post-acute care for Maui County, and up-country acute and emergency care. Guided by Maui County stakeholder input, including the providers and staff at Kula Hospital, KP Hawaii intends to build capabilities at Kula Hospital to admit more complex patients, with the goal of addressing some of the waitlist concerns at MMMC. In the spirit of collaboration and innovation, Maui County may be able to leverage the skills of physicians practicing at Kula Hospital to improve coverage at other institutions such as Hale Makua.

Hospice care and end-of-life programs remain underutilized in Hawaii, despite their inherent links to the values and importance we all place on ohana and care at home. Kula Hospital is well-suited to host general inpatient hospice and respite care. Those served by Kula Hospital would benefit from improved transitions to outside or home-based hospice interventions and patient/community education initiatives. We also believe there are several opportunities to enhance transitions and system integration between home health agencies on Maui, including Kaiser Permanente Home Health.

Additional services that may be further developed at Kula Hospital include enhanced urgent and emergency care. KP envisions Kula-based programs to improve access to primary care and cancer screenings as well as address other disparate needs in the Native Hawaiian community such as patient support services for diabetes, hypertension, and cardiac disease.

v. *What is your approach, including general plans and broader strategies to working with any existing LTC and SNF facility or facilities in Maui, including and in particular Hale Makua?*

Highlights

- KP Hawaii to assess Hale Makua and Kula Hospital desire and vision for additional capacity and competencies for ideal post-acute/SNF/LTC landscape
- KP Hawaii to help identify unique competencies of both Hale Makua and Kula Hospital necessary to fill the continuum required in the post-acute setting
- KP Hawaii to work in partnership with Hale Makua to expand home health offerings

KP Hawaii recognizes that SNF and post-acute residential capacity is insufficient to meet the current demand without improving efficiencies or adding resources. Given the limited availability of post-acute beds, KP Hawaii considers both Hale Makua and Kula Hospital to be critical resources in Maui County, and is committed to collaborating on plans that would enhance the capacities at each facility to receive and manage patients appropriate for post-acute care. We will work with both facilities to:

- Assess current capacity and care, as well as their respective vision and desire for additional capacity and competencies. The ideal post-acute/SNF/LTC landscape would provide opportunity for all potential needs, again filling the spectrum from sub-acute needs through ICF
- Identify core competencies specific to each that could fill the continuum required in the post-acute setting. We will support training needs to develop new competencies

Realizing that LTC is generally not the desired final destination for most patients, we seek to work with both Hale Makua and Kula Hospital, as well as community providers and other agencies, to support transition to care at home, or other “home-like” settings, as appropriate. Our patient-centered care philosophy carries throughout the continuum, as does the prioritization of prevention. We will work with both facilities to establish programs that can reduce hospital readmissions, and improve the likelihood that Maui County patients are able to safely return to their homes.

Though the LTC arm of the continuum of care is similar at both Kula Hospital and Hale Makua, there are unique characteristics of both facilities that establish their identities and provide valuable facets of care and support. Specific to Kula Hospital, we recognize that it is a critical access hospital. Its ED and clinic contribute much needed services to the up-country population of Maui, and we will support ways to maximize these services. In addition, we will work with Kula Hospital to identify opportunities for growth in other areas of care, potentially adult day care and day health, chemical dependency treatment, and behavioral health, among others.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Specific to Hale Makua, we will continue to work in partnership to expand home health offerings that allow for care at home. In addition, we will look to collaborate with Hale Makua on initiatives that broaden the provision of community-based care, be it in the care home arena, case management, or other areas.

h. What is your approach, including general plans and broader strategies and visions, to the various third party payor relationships and unassigned and uninsured patients in Maui?

Highlights

- KP Hawaii to continue contracting with all third party payors with a shift towards value-based incentives

KP Hawaii recognizes how important it is that MMMC, Kula Hospital, and Lanai Community Hospital remain available to all patients, regardless of the patient's insurance coverage. If selected for this public-private partnership, KP Hawaii would immediately enter into negotiations with all of the major third party payors to make sure that contracts are in place when we assume an operating role. We will also commit to ensuring that the rates charged to competing payors would be comparable to rates charged to Kaiser Foundation Health Plan. We also recognize the exciting developments in value-based payment programs on Maui. We will seek to support "ACO"-like arrangements that include the broader medical community on Maui.

KP Hawaii has enrollment resources that can help connect uninsured residents with county, state and federal programs, including the insurance exchange. We can facilitate assignment of Maui's unassigned patients with providers appropriate to the patient's health plan. KP Hawaii served over 7,100 Quest members and 3,300 uninsured patients on Maui in 2014. We are committed to providing high-quality, affordable care to our community and will continue our dedication to charitable care and coverage.

Hawaii's largest health plans (KP Hawaii and HMSA) are both not-for-profit organizations with a commitment to funding community benefit programs. These funding sources can be solicited to help support health care access for Maui's underfunded health care infrastructure and underserved residents.

Lastly, Maui's rural status and isolation allow the hospitals to seek critical access reimbursement for certain services, especially mental health and social services. Rural status designation is important to allowing residents to seek health care locally across Maui County, and to supporting the financial sustainability of vital services.

i. How would you improve population health in Maui County?

Highlights

- We will coordinate efforts between integrated medical care and community resources to prioritize health needs and streamline results
- We will invest in the people, programs, capabilities, and infrastructure needed to address population health including proprietary decision support technology and Community Health Needs Assessment
- We will promote physician leadership, primary care access, and patient activation
- We will develop a coalition with local health care providers and support health information exchange
- We will work with the Mayor, government agencies, civic leaders, and community partners to identify and implement improvements

We view the health of the population as dependent on a wide range of factors, including access to medical care, social and environmental influences, genetics, family health, and individual behavior. The strengths and gaps in the current Maui medical system are well described in the 2013 Maui County Community Health Needs Assessment. KP leadership has studied this document thoroughly, and appreciates the insights that it offers as we contemplate leading a collaborative redesign of care on Maui. It is clear to us that achieving total health for Maui County's residents requires coordinated efforts of medical care and community resources (e.g., health agencies, community based organizations, civic groups, schools, social service providers, housing programs, members of the judicial and legal system).

Generally, our approach to improving population health includes:

- Defining the population
- Identifying care gaps
- Stratifying risks
- Identifying internal and external resources
- Managing care
- Measuring outcomes

This approach is supported by investments in the people, programs, capabilities, and infrastructure that enable industry-leading population health research and management. For example, we have developed a real-time decision-support application that is integrated with the EMR. This capability helps to improve patient safety, quality, and reduces gaps in care by providing access to comprehensive patient information.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Additionally, on a national scale, KP provides care teams with access to over 2,500 clinical guidelines, best practices, and protocols to support high-quality, population-based care delivery and decision-making. With the implementation of our EMR at MMMC, these capabilities will be available on Maui.

KP Hawaii is proud to employ a talented and skilled workforce of clinical and administrative staff with expertise, resources, and tools we believe can help to improve population health in Maui County. Community Health Needs Assessments have identified the most pressing health issues that would be the focus of our efforts working with Maui community providers. This includes the following issues facing local residents:

- Diabetes
- Cancer
- Heart disease and stroke
- Mental health
- Immunization and infectious diseases
- Injuries prevention and safety in the workplace and other settings
- Disabilities
- Family planning difficulties

Placing primary care physicians at the focal point of care delivery, promoting strong physician leadership, and fostering greater personal responsibility for health are all critical approaches to achieving improvement in the health of the Maui County population. To enhance access to primary care and improve the health of the population, KP Hawaii will invite all of Maui County's physicians, health care providers, State agencies, local government, and community and cultural organizations to form an effective coalition that promotes the patient-centered medical home. Additionally, KP Hawaii will leverage its IT/Epic platform to support health information exchanges to ensure that relevant patient data is available to providers at the point of care.

KP Hawaii is fortunate to have a strong affiliation with the Kaiser Permanente Center for Health Research, which conducts ground-breaking research in many areas, including chronic disease prevention and epidemiology (diabetes and heart disease), as well as women's and adolescent health, including nutritional and genetic factors. KP Hawaii also affiliates with the University of Hawaii to advance clinical research.

Ultimately, we will measure our success as an organization by how well we understand and address the many determinants that contribute to population health. Our partnership will promote a culture of health that extends above and beyond the provision of care, reaching the people of Maui County where they work and play.

CONFIDENTIAL AND PROPRIETARY: This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

j. Commitment to supporting services with deficits

We are committed to maintaining MMMC as a full-service hospital including emergency services, women's and children's services and other services that are traditionally viewed as unprofitable. As previously stated, we will expand, not reduce services. KP Hawaii will focus first on the needs of the community, and will invest in MRHS programs, so that they grow and strengthen. We focus on the whole patient and his/her needs. Our holistic approach succeeds because it is built on integration and delivers promising outcomes; we make sure providers have the resources necessary to give appropriate care. Decisions about services are patient-centered, and are based on recognition of the systemic nature of care delivery, which includes the upstream and downstream impacts of service availability.

As a responsible steward of both Kaiser Permanente and state resources, financial implications must, by necessity, be taken into account when supporting services with deficits. It is our intent to improve call coverage, increase access to primary care, reduce outmigration, and provide comprehensive care for patients across the continuum without discontinuing unprofitable services. Our commitment is to invest resources to close service gaps and support core services. We contain costs not by eliminating services, but by improving quality, reducing delays, and coordinating care, all of which are hallmarks of effective management.

k. Commitment to maintain care and services on Maui, vs. centralized at Proposer's Oahu facilities

Roughly one-third of Maui's outmigration of health care services is to KP Hawaii's Moanalua Medical Center. KP Hawaii is committed to bringing the specialty expertise to Maui in order to keep its members on the island when they need hospital services. This will require investing in services and hiring new physicians. Patients do best when they are cared for in their own environment, supported by their families and friends. We do not intend to centralize services currently provided by MRHS at the KP Oahu facilities.

Maintaining and continually improving the quality of care, access, care experience, and service for the entire community will be an important priority in this partnership.

Please refer to the sections on outmigration and maintaining deficit services that also express KP Hawaii's commitment to ensuring MMMC remains a full-service hospital.

I. Alignment with or commitment to community goals and objectives

Highlights

- KP Hawaii commits to delivering on community goals and objectives by:
 - Establishing board of NewCo with local membership
 - Devoting resources to address community-specific health issues (e.g., outmigration, call coverage, wait-listing)
 - Bringing expertise to improve population health, EBM, and care across the continuum
 - Convening community resources, facilitating conversations to achieve common goals
 - Identifying and eliminating health disparities
- In addition to care delivery, KP Hawaii also commits to promoting total health and broader community goals through charitable contributions, the establishment of local partnerships, and the promotion of overall healthy living

KP Hawaii is committed to achieving the community's goals and objectives while honoring the legacy, identity, and culture of health that MRHS has worked to establish in Maui County. The foundation of this alignment begins with the proposed NewCo governance structure, which includes representation from the Maui community to ensure a local voice, authority, and strategic direction.

Additionally, while ensuring that all MRHS facilities will remain open to the public, we plan to devote resources to resolve many of the unique delivery system issues confronting the community today such as outmigration, lack of call coverage for specialty services, and waitlisted patients. Our interest lies in working with Maui County to address the concerns articulated in the 2013 Maui County Community Health Needs Assessment, so that the health disparities and health needs of all population groups will be improved (see population health response for more details).

While we cannot overstate how closely our mission and vision for Maui County aligns with the care needs of the community, we also understand that the health of Maui County extends beyond the provision of care. For residents to enjoy total health, we need to encourage and support healthy communities. To that end, KP has directed our charitable contributions toward efforts that touch the lives of many of Maui County's residents.

Through partnerships with community groups, schools, and government organizations, we work to improve access to health care, influence public policy, and develop programs that promote healthy living. Some examples include:

- **Thriving Schools:** a comprehensive effort to create a culture of health and wellness for students, staff and teachers in K-12 schools

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- **Thriving Schools Fire Up Your Feet (FUYF):** promotes physical activity in 9 elementary schools to combat childhood obesity
- **Educational Theater Program (ETP):** in six elementary schools and growing
- **Playworks:** evidence-based curriculum featuring daily recess and activity programs, youth leadership initiatives, after-school programs, developmental sports leagues, and educator training programs on the importance of play
- **Primary Care Initiative (PCI):** initiative supports the development of primary care and behavioral health integration for children and youth in Hawaii
- **Farmers Markets acceptance of electronic benefits transfer (EBT):** to provide access to fresh, local, healthy food for those who use financial assistance to purchase groceries
- **Keiki Oral Health Initiative:** in partnership with UH Maui College, promoting oral health of children in partnership with providers, community organizations, institutional partners, parents, and volunteers. In 2012 KP efforts were recognized by Mayor Arakawa via a proclamation
- **School Garden Sustainability Program with Grow Some Good:** promoting school garden planning, education, and implementation.
- **Project Vision:** providing statewide mobile vision, hearing, and BMI screenings (Maui, Oahu, Hawaii Island, and Kauai counties)
- **Kihei Youth Center:** sponsorship of 2014 Maui Children and Youth Day
- **American Heart Association:** title sponsor of the 2015 Maui Heart Walk
- **Maui Economic Development Board:** sponsor of the MEDB Ke Alahele Education Fund dinner
- **Kurt Suzuki Family Foundation:** major league sponsor of a Taste of Hawaii 2015
- **American Cancer Society:** sponsor of several Relay for Life events

In addition to these existing programs, as part of a proposed public-private partnership, KP Hawaii would suggest investments in future programs including:

- **Expansion of oral health initiative** to include elderly/seniors (recently assessed to be a high-need group)
- **Grant/partnership with the Maui Economic Opportunity (MEO)** to provide health-supported social services including transportation and food support for low-income populations
- **Community farmers market** support programs - incentives for low-income and elderly

m. What is your strategy to provide improved physician access (both hospital and nonhospital) to both Kaiser and non-Kaiser populations (including uninsured)?

Our plans for MMMC include bringing new physician resources to Maui County to complement the existing high-quality network of providers, increasing access to care and filling gaps in coverage. As an existing provider on Maui with a long and collaborative relationship with MMMC, KP Hawaii is very aware of current access and resource issues. We have identified specific specialty areas for which additional access and coverage are necessary, including primary care, behavioral health, cardiology, orthopaedics, urology, and neurology. We plan to begin addressing these needs by reaching out to community physicians who are not participating in MMMC specialty care call coverage to gauge their interest in joining our collaborative efforts to benefit all the residents of Maui.

Any new physicians recruited to complement the existing provider network, will serve all patients on Maui, regardless of payor. In addition to providing needed coverage in the inpatient setting, these new physician resources will provide outpatient care to community patients in ambulatory care clinics settings. We will work with all payors who provide coverage on Maui to ensure that these physicians have the ability to see patients with all types of insurance. **KP is just one of many payors providing health insurance coverage to Maui residents, and we will honor the desire for choice in the selection of a carrier.**

We are dedicated to providing high-quality, affordable care to the local community and will continue our strong commitment to charitable care and coverage. KP Hawaii took care of more than 7,100 Quest members and 3,300 uninsured patients on Maui in 2014. In continuing to serve the needs of the uninsured, our services will include connecting uninsured residents with county, state and federal programs, including the insurance exchange. We can facilitate assignment of Maui's unassigned patients with providers appropriately matched to the patient's health plan. We look forward to working with physicians and other providers in Maui County to achieve this important goal.

n. How does your organization make this a fully utilized "community" hospital that will serve any other competing insurance population well? Please be specific

In the many years we have worked with MMMC, we have experienced an inclusive spirit that we would continue to support as management partners, ensuring a fully utilized community hospital that serves all patients - regardless of insurance. **MMMC exists and must continue to serve the needs of everyone – including the 160,000 residents of Maui County, and its visitors. KP would be one of many payors providing insurance coverage to patients of MMMC. When it comes to care delivery, decisions about patient care are based on clinical needs, not on the patient's insurance plan, and**

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

MMMC will not in any way differentiate the care and services provided based on the insurance status of a patient. MMMC would not be a sustainable hospital if KP Hawaii were in any way to restrict or otherwise discriminate patients based on their insurance carrier. We intend to contract with all interested third party payors.

o. In the conversion of the Maui EMR to your system, how long do you anticipate that it would take for Maui to leave the HHSC systems?

In order to adequately plan and execute on a successful conversion, we would leave the HHSC systems in place for a year. KP successfully implemented 38 hospitals on KP HealthConnect® between 2005 and 2014. The implementations were all completed within the expected time frame, and without interruption to service, or patient safety issues. Patient safety and staff readiness were given the utmost priority throughout the design and planning process, cutover day, and post implementation transitions. There is a comprehensive history of experience, documentation, workflow design elements, change management practices, communication vehicles, and other support mechanisms upon which to draw that will help to expedite a successful conversion process while addressing the unique needs of Maui County.



III. Physicians/Employees

a. What is your strategy related to physician engagement and recruitment?

Highlights

- KP Hawaii has a robust physician engagement and recruitment strategy, based on cultivating a culture that encourages team-based work, collaboration, and excellence
- KP Hawaii has a rigorous process for screening physicians based on qualifications, background, work history, and organizational fit
- KP Hawaii has an excellent track record for successfully recruiting physicians (nearly 50 primary care and specialty physicians and 90 locums since 2011)

Our mission to provide high-quality, affordable care and to improve the health of the communities in which we serve, greatly informs our people strategy. To achieve this mission, we strive to make our facilities the best place to work and receive care. This means being a place where people can do great things, while finding joy in their work alongside others who want the same. We seek to ensure that all physicians contribute to our uniquely collaborative community that looks out for, and encourages one another to achieve their full potential. As a result of the Hawaiian Islands being insulated, the fabric of the health care system must embrace all local physicians. KP Hawaii intends to actively encourage all physicians' participation in providing high-quality, coordinated care to our community.

Additionally, KP Hawaii has a robust physician recruitment capability. Since 2011, we have recruited 48 staff physicians to Maui -- 22 primary care providers and 26 specialty care providers. Additionally, during that time, we supported the community with 88 temporary physicians who provided essential services, including filling gaps in the MMMC physician on-call schedule while we recruited new physicians. Many of the physicians filling temporary roles were subsequently hired by KP Hawaii in a Maui staff position. To stay ahead of the community's need, we are adding a dedicated recruiter for Maui and Hawaii Island.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Our provider recruitment program seeks to attract and retain qualified, highly motivated and compassionate medical practitioners. Approximately 25% of our physicians attended medical school or residency at The University of Hawaii, John A. Burns School of Medicine. KP also understands the importance of linguistic and cultural competency and is committed to creating a diverse workforce that matches those it serves.

Use or disclosure of this section ('b') is subject to the restrictions noted in the footer of this Proposal

**b. Do you anticipate providing any clinical education on Maui?
(I.e., leadership, ethics, documentation, risk, and compliance)**

Highlights

- KP Hawaii is well positioned through its existing programs and infrastructure to expand and tailor clinical educational offerings to Maui providers with the overarching goal of providing excellence in clinical quality and service
 - Accredited continuing medical education
 - Professional development programs with workshops, lectures, and other activities that aid in engagement and professional growth

KP emphasizes life-long learning by offering a significant variety of clinical education programs to Maui-based physicians and care providers. As a result, we are well-positioned to expand these educational offerings with the ability to tailor programs to evolving needs.

Currently, we provide a continuing medical education program that holds a six-year accreditation with Commendation Status (the highest attainable status granted by the Hawaii Medical Association). Our medical education programs are designed with specific goals in mind to ensure that we:

- Promote consistent, evidence-based, compassionate care
- Address knowledge and process gaps in clinical care through focused and directed education
- Align with and support regional quality and safety initiatives to improve health outcomes
- Provide forums in which physicians and providers can share knowledge, best practices, and ideas for research and innovations
- Bolster communication, cooperation and coordination between primary care and specialty services

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- Support both clinical and non-clinical educational needs and requirements of physicians and providers; and incorporate research, where possible, to provide the best care delivery for our patients

In addition, we offer professional development opportunities for physicians, such as those summarized below:

Patient Care & Medical Knowledge

- Grand Rounds: Designed to provide a knowledge-sharing forum for evidence-based recommendations that improve clinical standards of practice. A video library of Grand Rounds presentations are available with corresponding monographs and practice tools
- Other Rounds Presentations: In addition, several other Rounds presentations are available for primary care and specialty audiences including:
 - Internal Medicine Rounds (Broadcast to physicians and providers on Maui)
 - Pediatric Clinical Rounds
 - Ob-Gyn Rounds
- Various conferences and journal clubs, Tumor Board, Surgery Conference, Pathology Conference, Multidisciplinary Breast Conference, Neonatal M&M Conference, and other programs sponsored internally or by interregional partners
- Biennial Research and Innovation Symposium: This popular research-oriented event typically draws more than 400 participants (including our physicians and providers on Maui). Participants view oral and poster presentations made by colleagues and their research partners. In addition, an innovation gallery showcases technological advances and proposed practice innovations that may be piloted or implemented system-wide
- Hands-on workshops (e.g., Suture Skills)
- ACLS/ BLS

Interpersonal and Communication Skills

- Communication Skills Programs: These programs provide participants with the opportunity to refine clinician-patient and clinician-clinician communication skills through various simulations featuring trained actors and actresses. Patient simulation encounters are videotaped and reviewed to track progress and provide additional insights
- Mastering the Art of Communication: An Introduction to the Four Habits Communications Model
- Communicating Unanticipated Adverse Outcomes
- Communication Skills Intensive (CSI) – residential program

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- Communications Skills Intensive Refresher
- Cost Conversations
- Conversations at the End of Life
- Empathic Pain Conversations Program: Equips physicians with tools and methods to support effective communication with patients taking opioid medications for chronic pain conditions.
- Mastering Presentations Skills Workshop

Practice-Based Learning and Improvement

- We provide opportunities to design care delivery improvements to optimize quality and workflows, with support from consultants. For example, our Regional Opioid Initiative helps to address Maui's growing concerns with increased opioid utilization through a pilot initiative that refines care for patients with chronic pain
- Electronic Medical Record use optimization workshops
- Dragon Medical Training: Physicians and providers benefit from advanced training in this speech recognition program, which allows users to quickly update patients' electronic medical records using oral dictation
- Evidence-Based Medicine Training
- Access to real-time patient- and panel-specific data to optimize quality of care for patients

System-Based Practice

- Inter-professional teams to develop processes to enhance patient safety and improve quality of care

Professionalism & Leadership

- Executive Leadership Program (ELP): A rigorous national program that trains participants to excel in the health care industry
- Executive Skills Intensive (ESI): A communications intensive coaching program that facilitates better communication between executives and their teams
- Leadership Works: An eight-session leadership development program
- Medicine and Management: A nine-session inter-regional management development program
- Chiefs' Foundations: Development modules delivered through regional chief forums
- Appointments as chairs to lead initiatives, committees and projects
- Invitations to attend various leadership conferences

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

c. What criteria do you use in determining whether to hire a physician as an employee, or as a consultant, or “user” of the facility?

Highlights

- KP Hawaii bases hiring decisions on clinical services needed, the demand for those services, and the desire to deliver high-quality care
- Physicians may exercise preference regarding employment or a contracted arrangement
- We need all providers to work together to meet the health care needs of the Maui community. This will include working together with Oahu when appropriate

KP Hawaii will maintain MRHS's hospitals as community facilities that are open to all patients and physicians. Our plan to meet the physician resource needs of Maui County will require engaging and partnering with physicians who practice in a variety of groups and settings. This will include building upon our close collaboration with private practice community physicians, leveraging our physician resources, and continuing to employ physicians to grow core services at the hospital.

In operating MRHS's hospitals, KP Hawaii will work to ensure that we can provide the highest quality of care and service possible. Through our continuous peer-review process, we focus on quality of care, service, and collaboration. There are many independent physicians on Maui, and in the Maui Medical Group, who deliver quality medical care to patients. KP Hawaii has often hired these physicians as consultants or temporary physicians to meet a specific need, and we value their support. New physicians may elect an employment relationship or community practice, depending on their preference. We have no desire to disrupt a provider network that includes these essential, independent, private-practice providers. We believe there is room for all, and commit to an inclusive medical staff organization.

d. What is your strategy to address call coverage for specialty services as a physician issue?

KP Hawaii is fortunate to have extensive experience working with MMMC and is keenly aware of the clinical and lifestyle-related challenges that gaps in call coverage present for physicians on Maui. By bringing additional physician resources to the islands as well as employing other strategies detailed in section II d we will aim to decrease the impact on physicians and make call coverage responsibilities more manageable.

As previously described, our strategies for addressing needs and gaps in call coverage will include recruiting new physicians to Maui, leveraging KP Hawaii provider resources on Maui and Oahu, and working collaboratively with the community of physicians on Maui to strengthen these mutually beneficial relationships.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

We will continue to pay physicians for call. We understand that covering call can be very disruptive to private-practice community physicians. We feel strongly that community physicians need to be compensated for providing call coverage in order to ensure a vibrant, successful clinical practice. We don't need more physicians leaving Maui because they cannot make the economics of their practice work successfully. If we need to employ physicians for call coverage, their call coverage responsibilities would be part of their overall workload and compensation.

e. Please provide us with any information you may have regarding Employee Satisfaction/engagement. How is employee satisfaction measured?

Highlights

- Employee engagement is measured through an annual survey tool called People Pulse, across the areas of Commitment, Line of Sight, Enablement, and Integrity
- People Pulse results indicate that KP Hawaii has a highly engaged workforce with scores continuing to increase over the years
- Physicians participate in annual Quality of Worklife survey

KP recognizes that our people are the key to achieving our mission. Everyone at KP plays a vital role in the care delivery process, no matter his or her job description. It is essential that we keep our workforce satisfied and engaged. To attract and retain top performers, we offer employees of KP ongoing training and professional development opportunities, extensive resources, competitive compensation, and a collaborative and inspirational culture that continually strives for excellence.

We measure our employees' engagement through a survey tool we call People Pulse. This survey is administered annually to assess employees' opinions of the work environment. We use a consistent set of questions across all of KP to assess four main factors: Commitment, Line of Sight, Enablement, and Integrity. We consider these factors to be essential in making KP the best place to work. KP Hawaii physicians participate in an annual Quality of Worklife survey. Areas of need are addressed to create a more satisfying work experience. An essential dimension of our survey allows us to understand to what degree we have a culture that supports "speaking up", which is critical in improving patient and employee safety.

As a key step in improving employee engagement, we share results of People Pulse with our teams at the work unit level. This is a demonstration of our commitment to transparency and improvement. Employees are included in the development of action plans to address improvement opportunities. Our labor partners are also vital partners in this work.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Our results show that our workforce in Hawaii continues to be highly committed and proud to work for the organization. Over recent years, these scores have continued to increase, demonstrating the local workforce is highly engaged and supportive of our mission, vision, and overarching values. Employees report that they have a very good understanding of our goals, and confidence in the long-term business success of the organization. This high level of commitment and engagement is a key strength for KP and something we will bring to the employees of MMMC, Kula Hospital, and Lanai Community Hospital.

f. Please provide us with information regarding your labor relations history, and a description of those issues you anticipate with change to private labor model in MRHS, and your plan and strategy to address those anticipated issues

Highlight

- KP has a unique history of strong labor relationships dating back to the organization's creation in the 1940s and the Waikiki Hospital in 1958
- Today, nearly 62% of the KP Hawaii workforce is represented by one of three unions: UNITE HERE! (1,911 employees), The Hawaii Nurses' Association (795 registered nurses) and ILWU Local 142 (94 radiological technologists)
- KP's National Labor Management Partnership Agreement includes 28 local unions, representing 100,000 KP workers, including the Hawaii Nurses Association

From the very beginnings of the Kaiser Permanente Medical Care Program in the 1940s, labor unions have been part of KP's culture and philosophy. Unions supported the then-controversial prepaid health care program over stiff opposition from the fee-for-service medical establishment. In the mid-1950s, co-founder Henry J. Kaiser forged strong relationships with labor during construction of the Hawaiian Village hotel. As a result, when Kaiser built and staffed the Waikiki Hospital in 1958, bringing his vision of total health to Hawaii, unions helped us grow.

Today, not surprisingly, nearly 62% of the KP Hawaii workforce is represented by one of three unions:

- UNITE HERE! Local 5 Hawaii represents the largest bargaining unit of 1,911 employees or 44% of the workforce. This bargaining unit comprises employees in dietary, housekeeping, maintenance, drivers, unlicensed patient care, Licensed Practical Nurses, unregistered and unlicensed technicians, certain clerical employees, patient accounting, and insurance representatives. Its contract has expired, and we continue to negotiate a new agreement in good faith
- The Hawaii Nurses' Association represents 795 Registered Nurses and Nurse Practitioners, about 18% of the KP Hawaii workforce. In 2008, HNA joined

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

the Coalition of Kaiser Permanente Unions and adopted the National Labor Management Partnership Agreement. The Partnership is a unique arrangement designed to build on common interests and shared goals in order to improve the quality of health care, make KP a better place to work, enhance KP's competitive performance, provide employees with income security, and expand KP's membership. The National Agreement was recently renegotiated and, following ratification, will be effective October 1, 2015 – September 30, 2018

- ILWU Local 142 represents 94 radiological technologists or 2% of the workforce. Their current collective bargaining agreement runs through March 30, 2016

We recognize that the transition to a private sector labor model will have challenges. We held community and employee forums in recent weeks that were open to the public, and included employee participation. Based on our experiences working with labor, and informed by what we heard at the forums, we anticipate needing to address the following issues, as well as others:

- Impact on seniority
- Concerns about job retention
- Selection of health plans
- Conversion of accrued benefits
- Changes to retirement benefits
- Wages
- Training programs
- Union representation

Key to our approach in working with labor and establishing mutual future goals will be establishing a relationship built on respect and identifying our common interests. We respect the role that the current unions have played and the hard work that they have had during the difficult times leading up to the transition. We will be committed to engaging with the union leaders as we work through the changes ahead. It will also be important that we prepare the managers for leading in this time of change, increase leadership visibility and access, and communicate in a way that will engage staff at every level.

g. Do you plan on increasing or reducing Maui's staff levels? What are the broad parameters that guide your assessment of staff levels?

Highlights

- We are committed to preserving as many positions on Maui as possible, and minimizing staffing reductions
- We anticipate there may be staffing decreases in some areas, while growth in services will provide new professional opportunities for existing staff
- We plan to minimize the impact on employed nursing staff, with most foreseen clinical staffing efficiencies realized through reduction in overtime and travelling nurse hours
- We believe there are opportunities for administrative efficiencies, which may lead to a small level of staffing reductions

We recognize the need to improve efficiencies at the Maui hospitals and reduce the reliance on State funding. To assess these opportunities, we carefully analyzed MMMC's current patient volumes and facility structure. While we expect staff changes in certain areas, our plans to expand the services provided at MMMC will create new opportunities for existing staff.

Clinical Staffing: By applying KP Hawaii standards (measured by hours per patient day) to the existing demand, and by reducing the use of overtime, we estimate we can achieve \$2-\$5 million in annual efficiencies over time while maintaining the highest quality of care. We believe we can achieve this through management of overtime and travelling nurse staff rather than by reducing the core Maui nursing staff.

Administrative Efficiencies: In addition, our analysis estimates a potential opportunity to achieve \$2-\$5 million of additional staffing efficiencies by combining the Maui administrative staff with KP Hawaii's existing administrative staff and eliminating redundancies. Some preliminary plans for specific functional areas include:

- **Finance:** We will have a local finance team (1 or 2 staff) covering the Maui hospitals to handle cash collections and work with the hospital management team. Treasury, debt, and cash management are centralized at the national Program Office for all regions, but all other functions (Accounting, Billing, Budgeting, Capital Planning, Purchasing, etc.) would be done by centralized regional teams
- **Information Systems:** The KP Hawaii IT department will support and partner with on-site field services at the Maui County facilities, including MMMC. Moreover, we have 24/7 support from local staff, program office staff, and vendors for maintaining our clinical and business systems to enable quality care and services to patients, physicians and administration. We will leverage existing infrastructure (IT investment) and take advantage of the KP infrastructure where appropriate to support operations on Maui. Also, we will work with community physicians/

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

practitioners to enable access to KP HealthConnect® over the transitional year

- **Credentialing:** Credentialing support will be provided by KP Hawaii
- **Compliance:** The KP Hawaii Regional Compliance department will coordinate with NewCo, its Board, and the leadership of Maui hospitals to provide comprehensive compliance training and management

KP's mission is to deliver high-quality, affordable health care to its members and the communities we serve. Providing high-quality care at an affordable price requires a strong commitment to expense management and a process for evaluating cost reduction initiatives. Over the past two years, KP has reduced its cost structure by more than \$3 billion. We achieved this by engaging our entire workforce in a process improvement effort to find innovative ways to reduce our expenses without sacrificing our high-quality care or service.

We will bring all of these programs and all of this research to Maui in an effort to increase efficiencies with minimal impact to staffing levels.

h. There appears to be a shortage of both specialists and primary care physicians on Maui; please provide thoughts and high level strategies to address this issue

i. In addition, please provide your short and long-term approaches to mitigating these shortages

Reports from the Hawaii Physician Workforce Assessment Project have described a physician shortage and other health care difficulties faced by the State of Hawaii, including Maui County, for many years. These challenges are influenced by both national and local dynamics, including the increasing demand for health services as a result of an aging population and the rise of chronic health conditions. Medicine has become a less appealing career choice for many bright young students, in part due to anticipated medical school debt, and many talented physicians are choosing retirement over extending their years in clinical practice.

As noted in past reports to the legislature, there are no easy or quick solutions to the shortage, and multiple factors must be addressed that target both the supply of physicians as well as the way in which physicians are used as part of the health care delivery system. In both the near-term and the long-term our framework for addressing the physician shortage and related challenges is part of our current strategy and will include the following approaches:

- **Maintaining and cultivating relationships with community physicians:** The shortage of physicians highlights the importance of the MRHS hospitals continuing to have a close and collaborative relationship with all of the physicians on Maui. Meeting the needs of the community will require maximizing the availability of

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

physicians and other types of providers in the community, including encouraging them to remain active despite retirement eligibility. The MRHS hospitals will need to continue to support the existing relationships with community physicians and medical groups to foster an environment that engages physicians to be part of a “whole island” system of care.

- **Recruiting new physicians to Maui:** KP Hawaii will immediately begin recruitment initiatives to bring more skilled physicians to Maui. We have a highly skilled and effective physician and provider recruiting department, which will provide increased attention to Maui by hiring a recruiter dedicated to Maui and Hawaii Island. These will be new physicians (employed or in private practice in the community, depending on individual preferences) who will serve the needs of all patients on Maui.
- **Enhancing the delivery system and integrating care:** KP Hawaii has extensive experience and expertise in providing systems and infrastructure that maximize the efficiency and effectiveness of clinical resources and minimize the “hassle” factor for physicians. Through our commitment to team-based care, the patient-centered medical home, the use of physician extenders, our robust EMR, and other administrative support programs for physicians, we are able to maximize the clinical resources available for the good of patients. KP Hawaii will bring this expertise and focus to Maui to better serve all patients. We will also focus on supporting a hospital and physician culture that celebrates collegiality, shared sense of purpose, and commitment to excellence.
- **Leveraging other KP Hawaii resources as needed:** KP Hawaii will be able to bring physician resources to Maui from Oahu as needed to fill in gaps in specialty coverage. This will include needed specialty experts who can provide itinerant clinical services to residents of Maui. KP Hawaii already uses this model to serve our members and can leverage these resources to provide needed physician services on Maui to serve a larger patient population.
- **Supporting residencies and clinical education programs:** KP Hawaii is proud to support the medical education of emerging physicians through residency programs both in Hawaii and California. We plan to rotate some of these residents through facilities on Maui to supplement the availability of physicians, particularly in primary care. We will also explore opportunities to work with the University of Hawaii, John A. Burns School of Medicine and other medical schools to bring additional residents to Maui to address patient needs. In addition, we will leverage our relationship with Pacific University’s Physician Assistant Studies Program as a source of clinical providers for placement on Maui.
- **Engage the community:** we know that the MRHS hospitals will need to continue to be an active leader in the community, including engaging local students and encouraging them to pursue careers in healthcare, as well as involving the community in the recruitment and retention of physicians.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

i. How does your organization promote & support “competing” physicians in the same facility?

In our view, we are not “competing” with other physicians, but rather collaborating in meeting our professional obligations to care for patients. We believe that one of the keys to maintaining a successful MMMC will be ensuring a strong, collaborative, quality-driven culture that allows physicians from different medical groups and the hospital to practice together while serving the needs and preferences of their patients. Our goal is to provide enough specialty services to ensure 24/7 MMMC call coverage that is fairly compensated and fairly distributed among physicians – regardless of whether they are employed by HPMG, a different medical group, or are in private practice.

We welcome participation of all community physicians in the governance and operations of the MMMC medical staff. Because Maui has a shortage of primary care and specialty physicians, meeting the needs of all residents and visitors will require the services of all available physicians. However, if there are not enough physicians to provide 24/7 call coverage, we will need to recruit physicians to Maui to ensure appropriate care levels are maintained.

Our strategies for addressing a healthy physician environment will be dependent on the collaboration and engagement of community physicians and providers. MMMC will continue to operate as a full-service community hospital serving the needs of all residents and requiring the services, engagement, and leadership of as many physicians in the community as possible. The medical staff will continue to be open to all qualified physicians regardless of medical group or other affiliation. Community physicians will continue to be part of the medical staff leadership structure and will continue to be instrumental in ensuring that MMMC is a high-quality, patient-centered hospital.

KP Hawaii will not distinguish between patients and physicians in the hospital based on insurance or medical group affiliation. All members of the medical staff will have access to enhanced tools and resources available to serve the needs of patients, including the electronic medical records system, clinical staff support, and medical and professional education.

j. What is Kaiser’s approach to ensure continuous call coverage in the various specialties? How would Kaiser ensure such coverage in both the short-transition and long-term?

i. What is your position on pay for call at MMMC?

KP Hawaii is committed to providing robust 24/7 specialty call coverage at MMMC to meet the urgent needs of all Maui patients as it already does at Moanalua Medical Center. KP Hawaii will work with community physicians, existing KP Hawaii resources on

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Maui, and will recruit additional needed physicians to Maui, new specialty physicians over the course of the next 1-2 years. Some of the areas with potential gaps that we will address include behavioral health, orthopaedics, urology, cardiology, and neurology.

We will have an ongoing process to assess the need for specialty resources on Maui to ensure that there are the necessary specialty physicians readily available to serve the needs of patients at the hospital. KP is already an established provider in the Maui community, and currently commits to both specialty and primary care call coverage at MMMC. Our physicians have a long history of working collaboratively with MMMC and community physicians to assess and address issues related to call coverage for specialty services. KP has a deep understanding of the history and local dynamics that create many of the challenges associated with call coverage. KP Hawaii is committed to ensuring that appropriate physician resources are available to meet the needs of the community and to provide needed call coverage to ensure that MMMC is a safe, high-quality hospital.

We will continue to pay physicians for call. We understand that covering call can be very disruptive to private practice community physicians. We feel strongly that community physicians need to be compensated for providing call coverage in order to ensure a vibrant, successful clinical practice. We don't need more physicians leaving Maui because they cannot make the economics of their practice work successfully. If we need to employ physicians for call coverage, their call coverage responsibilities would be part of their overall workload and compensation.

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] MMMC is the only full services hospital on Maui and accepts all patients regardless of their health insurance coverage. If KP Hawaii were the successful bidder, as the only full service hospital in Maui County, we will continue to accept patients regardless of the patient's health insurance plan. Additionally, non-KP Hawaii physicians would continue to be community physicians with privileges at the hospital. Furthermore, **KP Hawaii, as the operator of NewCo, will charge Kaiser's health plan the same rates charged to competing plans to ensure fair pricing and contracting on the island of Maui.** KP Hawaii's goal is to create the highest-quality, most efficient and affordable delivery system for Maui as possible.



IV. Financial/Capital/State Operating Support

a. What metrics do you use to evaluate a hospital's performance and value to the System?

We routinely evaluate a wide variety of quality, service, financial productivity, utilization, care experience and other measures. Where possible, measurement is done at the unit or department level, so that monitoring and change can happen at the point of service. Data is compared and aggregated to provide insights into how peers, or like units, perform. Managing the data this way promotes the sharing of experiences and best practices, and builds pride in the workforce.

Through on-going and consistent measurement of our performance, and improvement initiatives related to the measures, we are able to establish stretch performance expectations, and monitor and trend our results. We value engaging our people in the process of measuring performance and redesigning workflows and systems to improve results.

Sample List of KP Dashboard Metrics:

Quality

Mortality Ratio
TJC Composite
ED Throughput
30 Day Readmission Rate
CMS Never events

Service

Hospital Consumer Assessment of
Healthcare Providers (HCAHPS)

Financial

Cost/Patient Day
Cost/Discharge
Actual vs. Budget Expense Variance
Over time %
Sick time %

Productivity

Productivity % (departmental and overall hospital)
Productive FTE's / Patient Day.

Utilization

Average Daily Census (ADC)
Average Length of Stay (ALOS)
Case Mix Index (CMI)
Wait List Days
One Day Length of Stays
Medicare Days/1,000

People

Workplace Safety
Employee engagement/PeoplePulse
Attendance

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

b. How do you approach Capital Expenditures, including but not limited to your management policies and broader visions and values in planning therefor?

Highlights

- KP's capital expenditures approach is guided by our mission to provide high-quality, affordable care
- Capital needs assessments are created locally with requested expenditures finalized in a collaborative manner
- 82% of our capital spend is dedicated to region-specific investments
- 18% of our capital spend is dedicated to shared service capabilities, including: IT infrastructure including financial systems, online health records, telehealth capabilities, claims and revenue systems, and integrated pharmacy and laboratory services

Vision and values guide our investment decisions. KP's capital spending approach reflects our mission to provide high-quality, affordable health care services, and to improve the health of our members and the communities we serve. This is accomplished through strategic capital deployment for investments in technology, equipment, and facilities to support the specific health care needs of each regional community. Our process for strategic investments begins with a ten year plan that is updated on an annual basis. This enables us to plan for both short-term and long-term capital investments. Local physician and administrative leaders, grounded in the findings of the local Community Health Needs Assessment as well as operational opportunities, collaborate to identify and prioritize anticipated capital needs. Historically KP has spent 22% of its capital budget on maintenance and equipment replacement and 60% on new facilities, additional services and geographic expansion. We assign a Facility Condition Index (FCI) score to all of our facilities and monitor the condition of our assets regularly.

As a fully integrated health care system, we strive to balance capital priorities among clinical, service expansion, facilities, and IT and support functions. In evaluating our regional investments, there are four key components that guide decision-making:

- **Culture of service** – assessing how we can best improve the effectiveness and efficiency of facilities and equipment in support of the KP mission
- **Functionality** – understanding how efficiently the design and configuration of the built environment supports the operational mission
- **Reliability** – measuring the availability and effectiveness of the physical plant infrastructure and building systems with the industry standard Facility Condition Index

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- **Legislative, Regulatory, & Code Requirements** – KP continually monitors local, state, and federal legislation to stay apprised of proposed and new laws and regulations impacting health facilities

Capital needs analysis at the local facilities level is further supported by KP's suite of enterprise tools and expertise to ensure each facility is able to operate at the highest level of quality and service. We commit to bring these resources to Maui to support local expertise in our efforts to integrate new services and capabilities into existing operations through appropriate strategic capital investments.

c. Commitment to reinvest in equipment, facilities, and expansion of services

Highlights

- KP Hawaii intends to invest extensively in MRHS employees, programs, and facilities to have the necessary resources to consistently deliver accessible, high-quality and compassionate care to the people of Maui, on Maui
- KP Hawaii will make on-island investments in the continuum of care and ambulatory settings that will deliver savings to the State and achieve the priorities of MRHS under a partnership with KP

The investments we plan to make on Maui will translate into future savings to the State and bring a full continuum of care to MRHS. We are committed to a local needs assessment and planning process that identifies and prioritizes clinical, service, and capital requirements to ensure MRHS hospitals are a vital and sustainable part of the Maui health system. Simply stated, we believe care for the people of Maui should be provided on Maui. Achieving that goal will require substantial investment to create a complete, high-quality continuum of care for the entire community.

Services Expansion. Our Partnership will deliver revenue growth for the Maui hospitals. We will achieve this by reducing out-migration and increasing census by expanding physician staffing, implementing 24/7 call coverage, enhancing inpatient care, providing a more robust continuum of care resources, growing service lines, and continuing to improve revenue cycle. As outlined in section 2 f, we plan to expand behavioral health, orthopaedics, women's and children's, cardiac care, oncology and emergency services. We are confident that other providers and health plans will recognize the enhanced service levels and encourage their patients to receive care on Maui.

Reinvestment in Facilities. KP Hawaii proposes a capital investment of \$110 million through 2025. The \$110 million projected capital requirement is based on an annual estimated need of \$11 million that will be funded through shared contributions with the State's projected contribution of \$60 million. We will also provide a working capital facility in the form of a revolving line of credit in an amount of \$30 million to handle the

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Partnership's needs to manage working capital and/or bridge timing gaps and support the use of cash flow as a primary source of funding.

The capital plan as proposed is based on the assumption that existing commitments will be honored and funded by the State for projects that are: (a) currently in process, or (b) approved appropriations for 2015-2017. Specifically, we assume that additional capital required for construction in process will be honored and funded and that the annual capital allocation will include any appropriations for approved projects through 2017.

Community Benefit commitments. At KP, we are committed to being a leader in total health, which we define as a state of complete physical, mental, and social well-being for our members, our workforce and their families and the communities we serve. We strive to achieve this by providing high-quality, affordable care and preventive services in addition to promoting clinical, educational, environmental and social actions that improve the health of all people. When the KP Board of Directors created the Community Benefit Committee ten years ago, they did so to institutionalize KP's mission of making a measurable impact on the health of our population. The strategy includes improving access to high-quality health care for underserved populations, creating healthy environments in all the communities we serve and contributing to health knowledge on a national and global scale.

Over the past ten years, our community benefit program has grown and deepened. As summarized above, our support for underserved people and communities each year now exceeds \$2 billion systemwide across numerous initiatives and programs. In the Hawaii region our community benefit programs have delivered over \$350 million of services over the past ten years. Going forward we will continue our historical commitment to Hawaii and expect to expand that commitment to fund those areas mutually agreed-upon by KP and the office of the Governor and that continue to meet the needs of this community. We will also continue to adhere to the policies for bad debt and charity care at the hospitals.

As we look back on our deep legacy of providing high-quality, affordable health care while improving the health of our patients, our workforce, and their families, and the communities we serve, we have created a foundation for health. We look forward to taking this journey into the future hand-in-hand with the leaders of Maui's public-private partnership as we work to eliminate disparities and inequity, and create a culture of total health in Hawaii and in all the communities we serve.

Community Investments

\$2.2B
Invested in Community

\$214.9M
Grants and Donations

\$42.6M
Community Health Initiatives

\$35.8M
Safety-Net Clinics, Hospitals,
and Health Departments

\$39M
Community Benefit-Funded
Medical Research

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Investments in state of the art clinical and business platform. We will support an upfront investment in EMR and facilities infrastructure. To enable both growth and high-quality clinical care, NewCo will fund the implementation of KP HealthConnect®, a state-of-the-art, fully integrated EMR and IT platform. We are committed to installing KP HealthConnect® in all three Maui facilities and will provide access to the private physician community. KP HealthConnect® is well recognized as the industry leading platform, and KP's unique customization on the Epic platform brings enhanced tools and capabilities that drive clinical excellence, as well as high engagement by our workforce, members and patients.

Use or disclosure of these sections ('d and e') is subject to the restrictions noted in the footer of this Proposal

d. State your requested initial operating support, and your methodology for arriving thereat.

Our initial operating support request for the twelve month period post-closing will deliver significant savings to the State and set MRHS on a path to self-sufficiency with continuously lower subsidy needs each year. For the initial twelve month period we expect to request operating support of \$33 million based on a targeted margin of 2%. We are proposing the State fund the operating subsidy in quarterly payments with the initial quarterly amount paid at closing.

Our proposed initial operating support payment would be based on the first year budget, as developed prior to closing and approved as part of the definitive agreements. Quarterly funding would then occur based upon the approved budget. After the end of the initial year, there would be a reconciliation process under which any excess above the 2% margin would be repaid in full to the State and any deficiency would be payable by the State. In no event would this reconciliation result in the State paying an amount in excess of the legislative cap of \$38 million. Under this arrangement the State will realize all of the upside benefits after the 2% margin but will have no downside risk beyond the cap amount provided.

In subsequent years, KP would submit each year's operating subsidy requests consistent with the Legislation and as further detailed in any definitive agreements based upon an operating margin target ("Target"). In the event the new operating company outperforms its budget and exceeds this Target we are proposing a success sharing program with the State. The success sharing methodology would be based on a sliding scale driven by the absolute dollar amounts of operating support supplied by the State each year as shown below. In no case will the success sharing payment be greater than the funded subsidy.

Gain Share Years 2-5

Budgeted State Operating Subsidy (\$)	Gain Share % Paid to State
Over \$20 million	50%
\$15 - \$20 million	40%
\$10 - \$15 million	25%
Up to \$10 million	10%

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

KP's commitment to the success sharing program is contingent on the appropriation of the full amount of KP's requested subsidy each year.

e. Describe how the structural changes that will result from this partnership will allow the State to reduce its operating support, stating the criteria and timeline therefor over time

KP Hawaii anticipates managing and operating MRHS in an efficient manner that creates substantial savings while simultaneously protecting comprehensive high-quality, affordable care for the Maui community. KP Hawaii expects to achieve this goal at MRHS through growth, care transformation, and expense management. KP's proposal for operating support will reflect these estimated savings in the form of a targeted reduction of State operating support as well as gain sharing as described in our response to (d) above.

Reduced Operating Support. In formulating this proposal KP Hawaii has carefully considered how to provide meaningful financial relief to the State while balancing the needs of many stakeholders including the community of Maui, the employees, local employers, the State and County, and of course the patients MRHS serves. We have put forth a carefully balanced plan that will achieve approximately \$260M in savings for the State over the ten year period before consideration of any upside gain sharing paid.

\$260M+ Savings for the State in Operating Over Ten Years



We expect the operating subsidy to be substantially reduced within the first five years and we are forecasting NewCo will operate subsidy-free by 2024. KP's projections, which are included in the "Compensation Plan" section of this proposal, reflect substantial improvements in key operating expense measures including labor efficiency, supply expense, drug costs, and purchased services along with synergies through national purchasing and vendor relationships.

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

In addition, KP proposes strategic growth and investment initiatives including clinical expansion, service and program investments, facilities investments, and unparalleled investments in IT platform as well. The operating subsidy reductions and the State's savings are created by revenue growth and expense reduction, but also result from KP's willingness to accept a low margin requirement in NewCo. In recognizing the importance of this public-private partnership, we are prepared to accept a margin target below current KP targets and below the average profitability of community hospitals. At the same time, it is important to note that we will strive to achieve actual performance that exceeds our budget target thereby providing for upside gain sharing and limited downside operating risk. Gain sharing amounts would be transferred to the State at the conclusion of each year of operations in the form of an excess lease payment. KP proposes this arrangement be in place through 2021.

Improved Revenue:

New services and market pricing [REDACTED]

Improved collections [REDACTED]

Reduced Expenses:

Staffing efficiencies [REDACTED]

Purchasing efficiencies [REDACTED]

Movement of waitlist patients to long term care facility [REDACTED]

Other Improvements:

Addition of specialties not currently on the island

Introduction of Epic and KP HealthConnect® (paid by NewCo)

Transaction structured to leave the State with excess cash at closing and provide funds to support existing debt and HHSC operating Leases. Our public-private partnership proposal is carefully constructed to consider the existing cash resources available within the Maui Region to complete the transaction. The legislation defines the structure of the partnership and addresses each of the retained areas of liabilities. Our proposal is structured to transfer minimal surplus working capital of \$18 million, which includes the existing usable supplies and inventories, plus \$10 million cash. This will leave the State with approximately \$70 million of cash and receivables, as well as third party payments of an additional \$2.2 million. These funds will enable the State to meet funding requirements for retained current liabilities, employee-related payouts and transaction costs. In addition, we are proposing to provide ongoing lease payments to the State in an amount equal to the annual cost of servicing the existing \$18.6 million in outstanding debt. Finally NewCo will assume any relevant operating leases related to the three hospitals excluding lease obligations for the Siemens EMR. During a transition period of 12 months or longer, NewCo will expect to pay HHSC for IT costs of the existing system to provide for a smooth transition and also serve to mitigate termination costs of the Siemens system.

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



Use or disclosure of this section ('Financial Stability') is subject to the restrictions noted in the footer of this Proposal

Financial Stability

In response to your request for financial stability documentation, KP has submitted soft and hard copies of the following:

1. Our audited financials for the prior three years, including: Balance Sheets, Income Statements and Statements of Cash Flows (financial notes are included throughout)
2. Credit reports from Fitch and Standard & Poor's

[REDACTED]

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



Use or disclosure of this section ('Compensation Plan') is subject to the restrictions noted in the footer of this Proposal

Compensation Plan

Submit the compensation plan and structure for the partnership/management arrangement.

In developing our proposal for this "first of its kind" public-private partnership, KP focused on a structure that advances MRHS's mission and vision, consistent with the aforementioned goals to:

- Benefit the Maui population by continuing MRHS's commitment to: (i) delivering high-quality care for all patients across the care continuum; and (ii) providing local employment opportunities
- Benefit neighbor islands and position MMMC as a regional referral center by advancing investment in certain services
- Improve upon the health delivery model to address and better meet the current and future population health issues and needs of its constituents

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- Benefit the State by establishing a successful template for additional public-private partnerships that would ease the State's heavy financial burden while ensuring health care delivery to underserved populations

KP's proposed partnership structure and compensation plan include features that drive MRHS toward financial self-sufficiency by focusing on revenue growth, care transformation, and expense management. KP's proposed structure includes the following terms:

- Initial State operating subsidy based on a 2% operating margin; first year reconciliation process returns 100% of operating gains above 2% margin to the State
- Operating Subsidy payments to be made quarterly in advance, beginning at closing; projected future year operating subsidy payments based on a low minimum margin of 2%
- Definition of permissible "good cause" termination shall include a failure of the State to pay required capital or operating subsidy for twelve months
- Success sharing opportunity for the State of favorable performance to budgeted subsidy (after 2% minimum margin) in years 2017-2021 on a sliding scale
- Lease payments in an amount to cover annual debt service on the Series 2012A and Series 2012B bond issues as well as USDA direct loan
- KP will assume the operating leases or make additional payments to HHSC to cover operating lease expense (excluding Siemens EMR)
- State to transfer minimal amount of working capital (\$8 million of inventories, supplies, and \$10 million in cash) to NewCo at closing enabling the State to retain \$70 million in cash and receivables as a ready source of funds to meet any closing liabilities and transaction-related expenses. The State will retain all remaining assets and liabilities, known and unknown, for events prior to closing
- Additional \$30 million revolving line of credit for working capital needs that would be drawn down as needed and repaid by NewCo cash flow. This allows NewCo to retain more modest liquidity levels without impacting operations or overall credit strength and has an immediate impact on the State
- Estimated total of \$110 million of capital investment over ten years, which includes approximately \$60 million of capital support from the State
- \$20 million investment by NewCo in KP's advanced information technology
- Funding for transitional IT services from HHSC for information technology support through 2017

Based on our noted assumptions, we expect operating support savings of over \$260 million over the 10 year forecast period, a rapid decline in annual subsidy amounts expected to reach zero by 2024 and modest capital support of \$60 million over 10 years.

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

- Additional terms to be negotiated as part of the definitive agreement

The proposed structure is based on extensive analysis of all available resources, including KP's existing knowledge of the market, MRHS preliminary financial and operating due diligence, site visits, and MRHS's management meetings. Based on the information in hand, a ten-year forecast model was developed to demonstrate the near and longer-term impact of various partnership initiatives. KP believes the structure and compensation plan proposed here best meet the goals of the various stakeholders while simultaneously creating long-term financial self-sufficiency for the new successor entity to MRHS. While we have tried to listen to and anticipate the needs of the State, MRHS, and our community, we remain flexible and open to discussing deal points if desired by the State, HHSC, or MRHS. The following forecasts provide additional detail on the proposed structure and illustrate its financial impact.

Ten Year Forecast

The proposed structure would create an estimated \$5 million of immediate savings in State operating support in 2016 (compared to the 2014 legislative cap) with continued decline in subsidy through 2025. Reduction of operating support is achieved through increased revenue growth and expense management as illustrated in the below summary forecast.

MRHS - Preliminary Forecast (\$000s)			
	2016	2020	2025
Revenue	\$245,088	\$245,213	\$341,826
Expense	273,607	290,113	331,339
Operating Income	(28,519)	(5,900)	10,487
Requested Subsidy	\$33,420	\$11,585	\$0
<i>Margin after Subsidy</i>	2%	2%	3%

Key assumptions included in the forecast are as follows:

Revenue

- Increased volume driven by service line expansion, accomplished through investments in physician recruitment, KP Hawaii infrastructure efficiencies, and reduced outmigration to KP's Moanalua Medical Center and other facilities outside of Maui
- NewCo will enter into new third party payor contracts at closing which will replace existing agreements that are not assignable under the form of transaction
- Participation in existing DSH programs will continue for all three facilities, or NewCo will receive sustainability payments at comparable levels

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.

Expense

- NewCo will offer employment to all the direct employees of MMMC, Kula Hospital and Lanai under new collective bargaining agreements entered into with the existing unions at closing
- The collective bargaining agreements and any non-union employees will enjoy a comprehensive benefit package
- Supplies, drugs, and inventory will benefit from national KP contracts creating nearly [REDACTED] in annual savings
- Other Payments
 - Assumption of MRHS operating leases or payments made by NewCo in amounts equal to the annual costs to HHSC (excluding Siemens EMR) for which the State is retaining the contract, and any termination costs
 - Annual rent payments to support \$18.6 million in long-term debt obligations in an amount equal to annual debt service through the maturity of the bonds in 2044; \$1 per year thereafter
 - \$1.9 million transition services agreement with HHSC to provide IT services through 2017

Use or disclosure of data contained on this sheet is subject to the restriction in the footer of this Proposal.

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



Exhibits

1. KP Hawaii Overview, presented to MRHS Board of Directors
2. Support letter from the Coalition of Kaiser Permanente Unions

[REDACTED]

CONFIDENTIAL AND PROPRIETARY. This Proposal includes proprietary and confidential data that shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal.



Exhibit

1. KP Hawaii Overview, presented to MRHS Board of Directors

The word "Aloha" is written in a cursive script in the sand. The sand is a light tan color with some darker, wet-looking patches around the letters, suggesting it was recently written. The background is a close-up of the sand surface.

Kaiser Permanente

Overview for Maui Region of Hawaii Health Systems Board

Mary Ann Barnes, R.N., President, Kaiser Health Plan and Hospitals

Geoffrey Sewell, M.D., President and Executive Medical Director, HPMG

Executive Summary

- We are committed to providing care to the people of Maui on Maui
- We respect and honor the legacy, identity, and culture of Maui Memorial Medical Center
- We want the hospitals to keep operating as community hospitals
- We will have an open medical staff, working with all credentialed and privileged physicians and providers to deliver world-class care on Maui
- We are dedicated to working together to improve the health of Maui 's communities and to delivering high-quality health care
- We can bring the resources and capabilities of Kaiser Permanente to our partnership on Maui

National Program Kaiser Permanente

Kaiser Permanente's Purpose

Mission

To provide high-quality, affordable health care services and to improve the health of our members and the communities we serve.

Vision

To be a leader in Total Health by making lives better.

Strategy

To be a leader in providing high-quality, affordable health care through our integrated care delivery system, focused on advanced technology and Total Health.



Physician Sidney R. Garfield, MD (left) partnered with Henry J. Kaiser to build one of the most acclaimed and successful health care organizations in America.

KAISER PERMANENTE HISTORY

Kaiser Permanente has been providing high-quality, integrated, prepaid care for almost 70 years

1933

Dr. Sidney Garfield establishes a prepayment health plan for workers building an aqueduct in the California desert

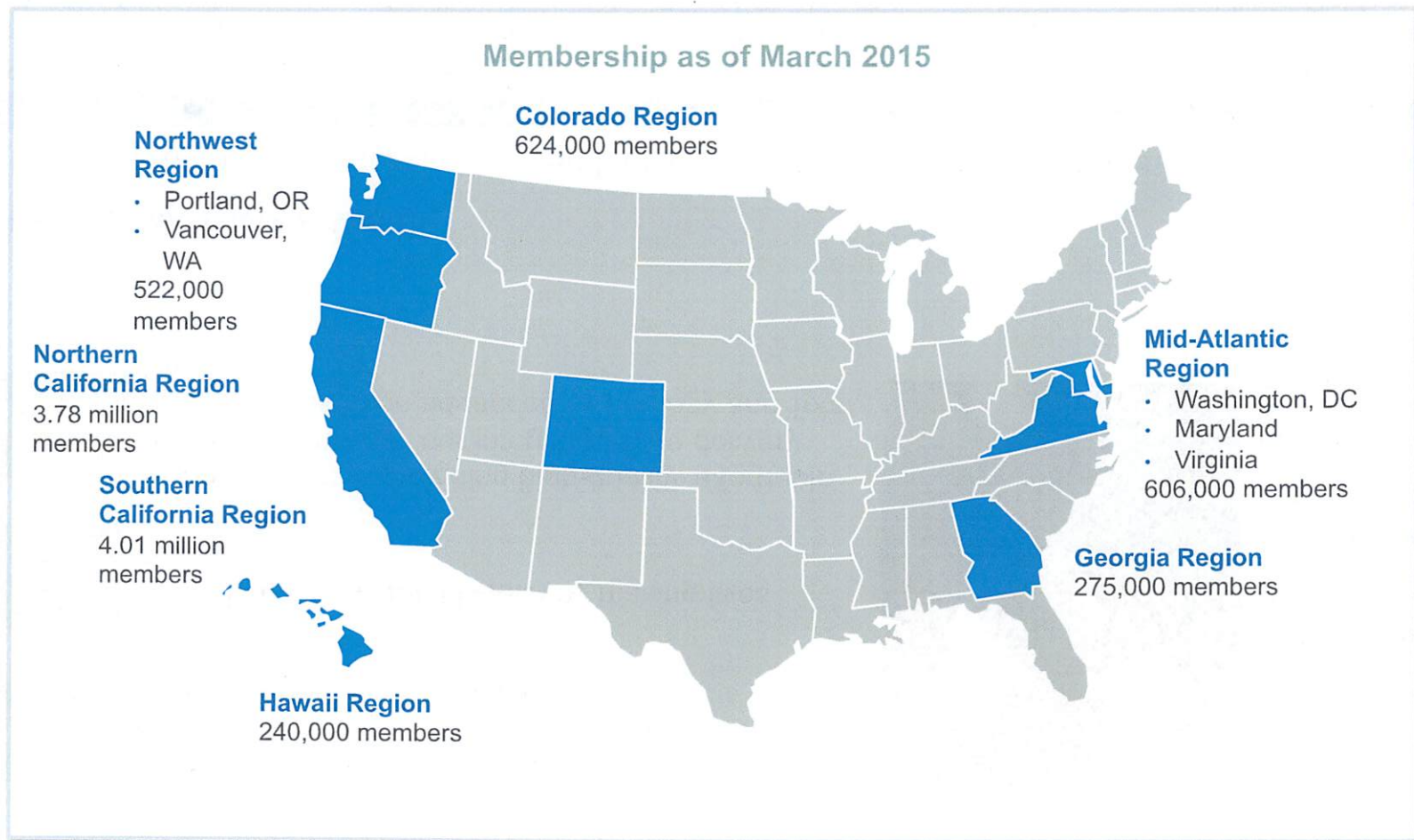
1938-45

Henry Kaiser persuades Dr. Garfield to set up a prepaid group practice plan for workers and their families, first at the Grand Coulee Dam construction site, then during World War II at Kaiser shipyards in California and Washington

1945

Kaiser health plans are opened to the public in California, Oregon, and Washington

Markets and Membership: 10 Million Members



KP Today: By the Numbers



More than **17,000** physicians and **177,000** employees (including **49,000** nurses)



38 hospitals
(co-located with medical offices)

618 medical offices and other outpatient facilities

70 years of providing care



\$56B in revenue

\$2.2B in operating income

Over **1,300** articles published and **4,000** ongoing health research studies



National Permanente Executive Committee

Chair Geoffrey Sewell, MD, FACP

National Hospital Executive Council

Chair Mary Ann Barnes, RN

Making Lives Better - 2014



98,000

Babies
Delivered



225,000

Inpatient
Surgeries



40M

Doctor's
Office
Visits



74M

Prescriptions
Filled



1M

Mammograms



KAISER PERMANENTE.

Our Labor Management Partnership

Labor unions have been **part of our DNA** since the beginning, including in Hawaii

Our partnership with the **Coalition of Kaiser Permanente Unions** now includes 28 unions

We've negotiated **five National Agreements** through common-interests bargaining

Committed to quality and service goals, workforce training and development, employee wellness, joint marketing, performance-sharing incentives and more

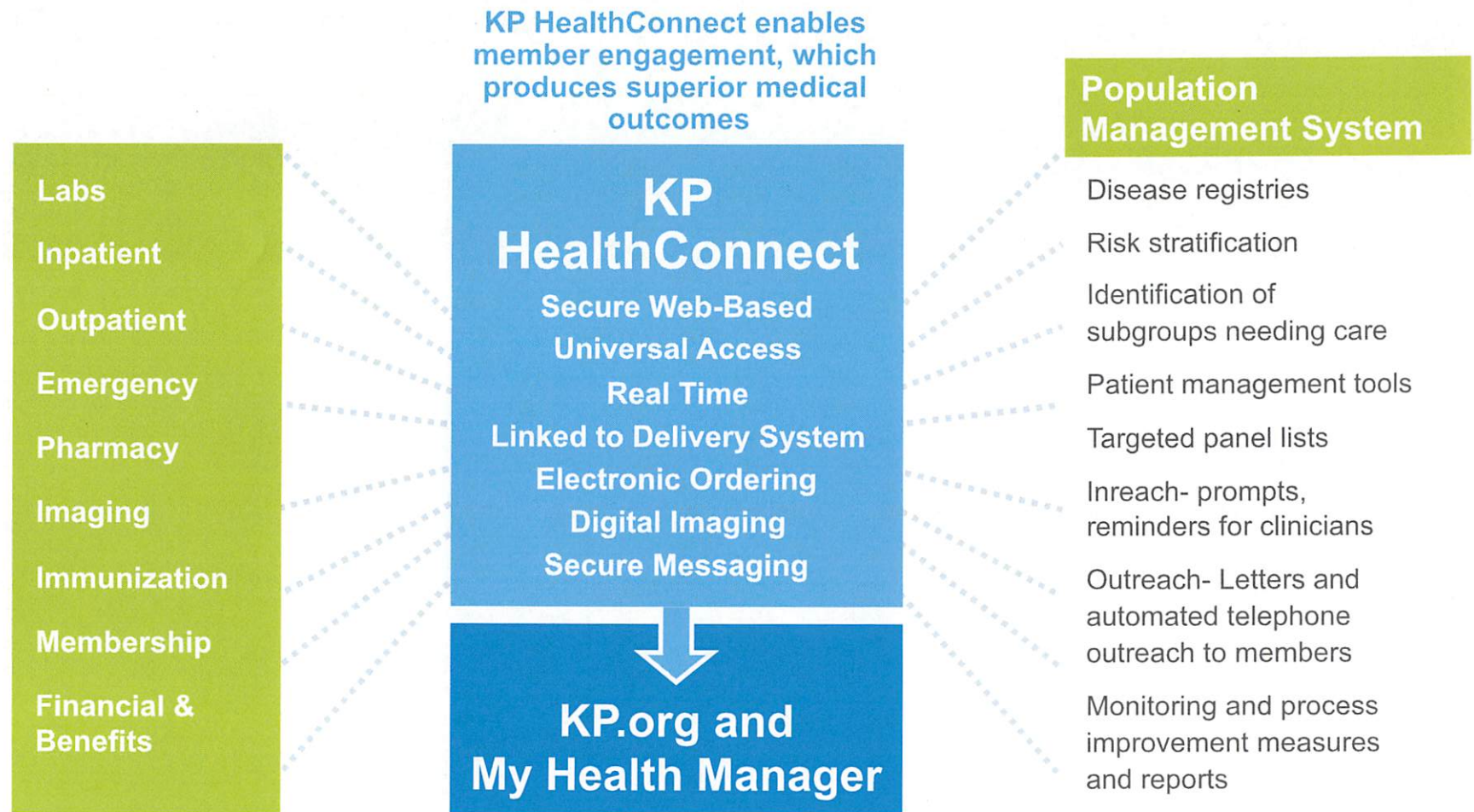
Unit-Based Team approach to problem solving



World-class model 21st Century Health Care

Integrated Clinical Information Systems

At KP, patient care is highly coordinated through our multispecialty physician group practice and supported by state-of-the-art technology.



Kp.org: Convenient and Easy Access to Care

In-person appointments – *4M scheduled online*

Phone appointments – *33M+ annually*

Same-day appointments

Email consults for non-urgent matters – *22M annually*

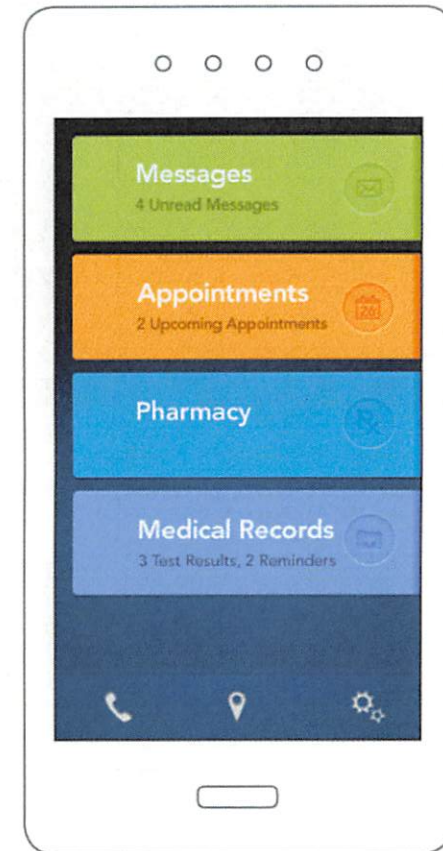
24/7 nurse advice line

Urgent and emergency care covered worldwide

Physicians in all medical specialties available 24/7

Most services available under one roof

My Health Manager — *online portal to lab test results, X-rays, prescription refills, secure messaging, health info*



Hawaii Region Kaiser Permanente

Serving the People of Hawaii for More than 55 years



When **Henry J. Kaiser introduced his health plan in Hawaii in 1958**, prepayment of medical services and a focus on preventive care were radical concepts. Under the leadership of Kaiser and Dr. Philip T. Chu, and with the support of labor unions, **Kaiser Permanente grew.**



Since then, we have **grown with our island community**, striving to meet each generation's evolving needs, and committing to deliver quality care and service.

We **work together in dyads** across Kaiser Permanente to serve the people of Hawaii.



In December 1995, Kaiser Permanente Hawaii was the **first health care provider in the state to earn a full three-year accreditation from the National Committee for Quality Assurance.**



Kaiser Permanente Hawaii has continued to receive full three-year accreditations – with **“Excellent” ratings for Commercial, Medicare, and Medicaid.**

What's more important is how our members feel about us. **2014 satisfaction survey results are at an all-time high.**



Hawaii Permanente Medical Group (HPMG)



- The state's largest, most experienced multi-specialty medical group practice
- More than 700 providers and 60+ specialties
- 174 of Hawaii's "Top Doctors"
- Committed to provide the highest quality of care and service
- Building lifetime relationships with patients, members, peers and the community
- Champions of health in Hawaii
- Work in partnership with Health Plan and Hospitals

Our People

KĀKOU

CARING FOR HAWAII

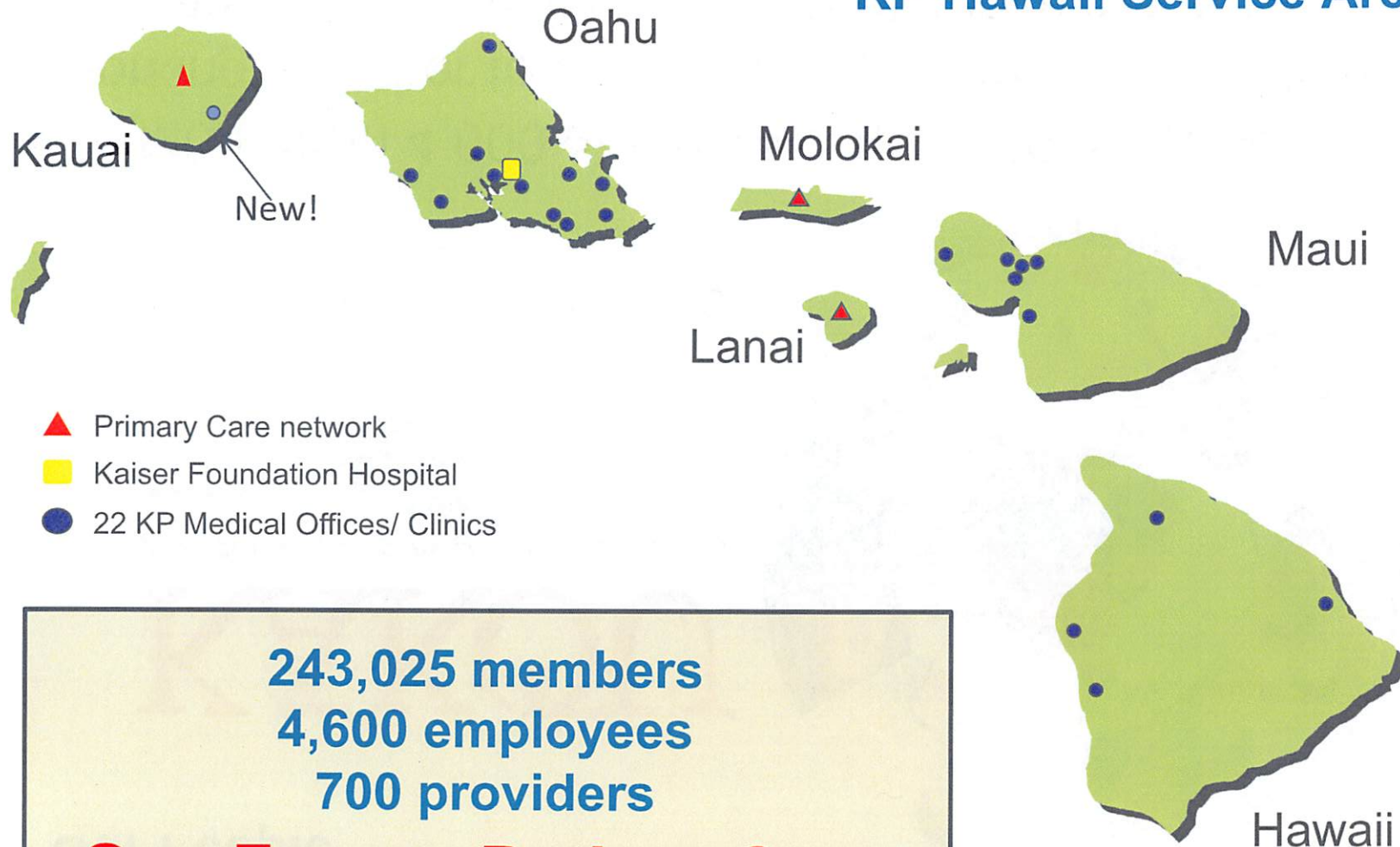


KĀKOU: ALL OF US, TOGETHER



More than 4,600 employees and 700 providers working together to provide compassionate, excellent care and a consistently exceptional experience

About us
KP Hawaii Service Area



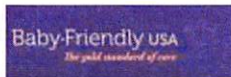
Hospital Quality Recognition



Our Palliative Care Program received a perfect score based on 158 criteria in its accreditation by The Joint Commission's (TJC) Advanced Certification



Our hospital was awarded with three-year certification for meeting nationally recognized standards for quality cancer care, exceeding maximum levels in several categories



The first and only "baby-friendly" hospital in Hawaii to receive this distinction from the World Health Organization and UNICEF, in recognition of our advocacy of the benefits of breastfeeding



We received the Get With the Guidelines®—Heart Failure Gold Plus Quality Achievement Award, the highest level of recognition for treating heart failure patients, for the seventh year in a row



Kaiser Permanente Hawaii is ranked #1 in 27 HEDIS® (Healthcare Effectiveness Data and Information Set) measures, including those for prenatal and postpartum care, breast cancer screening, and controlling high blood pressure



WOMEN'S CHOICE AWARD®
THE VOICE OF WOMEN

Recognized as one of America's Best Hospitals for Obstetrics, based on patient satisfaction and clinical excellence



Best Doctors®
THE REINVENTION OF RIGHT™

The 2015-2016 Best Doctors in America® List for Hawaii named 112 Kaiser Permanente physicians among the state's top medical professionals. Best Doctors has one of the toughest peer-review processes in the nation and identifies the most respected physicians in more than 45 specialties, as chosen by leading doctors in their own fields



Recognized by The Joint Commission in 2014 as the only hospital in Hawaii to achieve Top Performer status on key quality measures. Moanalua was recognized for the fourth year in a row for the quality care it provides for heart attack, heart failure, pneumonia, surgical care and stroke patients



Among the nation's elite in annual "Best Hospitals" rankings, Moanalua was designated as high performing in 4 out of 5 common care procedures – better than any other hospital in the state

Reaching into the Community

Our Community Benefit program partners with community groups, schools, and government organizations to improve access to health care, influence public policy, and develop programs that promote healthy living

- Leveraged more than \$100M in public funding through strategic grant making, partnerships and policy efforts to help communities across Hawaii

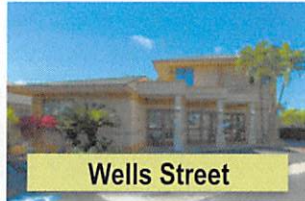


Serving Maui Kaiser Permanente

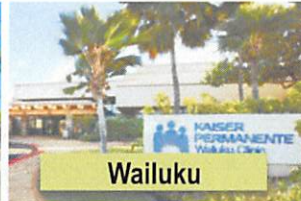
Serving the Maui Community



Lahaina



Wells Street



Wailuku



Maui Lani Elua



Maui Lani



Kihei

- We have convenient locations next to Maui Memorial and already **serve more than 55,000 people** on the island at six medical clinics.
- In 2013, we opened Maui Lani Elua, providing specialty rehabilitation services including neurology, occupational health services, occupational therapy, physiatry, and physical therapy.
- In 2015, we opened our second Rainbow Dialysis Center in Lahaina. The first Center opened in 2012 in Wailuku.
- Our members on Lanai and Molokai receive care from contracted providers.
- We provide care to uninsured patients across Maui.
- Maui is home to more than 450 Kaiser Permanente employees and physicians. They are **dedicated to enhancing the quality of life and health on Maui.**

How KP Works in Maui Today



We provide **primary and specialty care** at six clinics on Maui.

We have an **urgent care clinic** that provides after-hours services until 9 pm.

Patients provide valuable input through our **Patient- and Family-Centered Care** program.



Our **hospitalist** physicians care for our members, our specialists participate in **call coverage** for the entire community, and we now provide **inpatient pediatric services** for all Maui keiki.

We fly **specialists to Maui** from Oahu.

We coordinate care **across the continuum**; CME and Grand Rounds are **open to all physicians**.



Care is coordinated among Maui, Big Island, and Oahu physicians through **advanced telemedicine and technology**

Kaiser Permanente Also Provides:

- Coordination across the continuum of care
- Partnerships with Skilled Nursing Facilities
- Care Management Institute
- Evidence-based practice pathways



Community Outreach on Maui



TAKING CARE OF OUR COMMUNITY

- **Thriving Schools** – a comprehensive effort to create a culture of health and wellness for students, staff and teachers in K-12 schools.
- **Keiki oral health** – partnership with UH-Maui College and community partners to benefit over 4,000 keiki and ohana on Maui with dental kits and oral health education.
- **Project Vision** – provides statewide mobile vision, hearing and BMI screenings (Maui, Oahu, Hawaii Island and Kauai counties).
- **Kihei Youth Center** - sponsorship of 2014 Maui Children and Youth Day
- **American Heart Association** – title sponsor of the 2015 Maui Heart Walk
- **Maui Economic Development Board** – sponsor of Ke Alahele Education Fund dinner
- **Kurt Suzuki Family Foundation** – major league sponsor of A Taste of Hawaii 2015
- **American Cancer Society** – sponsor of several Relay for Life events

KP Annual Day of Service – Hosted by HPMG

January 2014 and 2015 • The Maui Farm

January 2013 • Hui Malama Learning Center

January 2012 - Ka Hale A Ke Ola Homeless Resource Center

January 2010 and 2011 • Hale Makua Health Services



Strategic Vision

Kaiser Permanente exists to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. We will advance our mission by providing more care to more people in more communities and by helping shape the future of health care. At Kaiser Permanente, our vision is to be a leader in total health by making lives better.

Perform



Grow



Lead



“ Matching the superb technology of present-day medicine with an effective delivery system can raise U.S. medical care to a level unparalleled in the world.”

— Sidney R. Garfield, M.D.

55,000 people on Maui trust us with their health care







Exhibit

2. Support letter from the Coalition of Kaiser Permanente Unions



United for Good Care and Good Jobs
8484 Georgia Ave, Suite 620
Silver Spring, MD 20910

August 14, 2015

Board of Directors
Maui Memorial Medical Center Board
Maui Region of Hawaii Health Systems Corporation

Dear Board of Directors:

I am writing to express our support and confidence in Kaiser Permanente as a potential partner with Maui Memorial Medical Center in service to the people of Maui.

Through our partnership, we have worked hard to make the cost of health care more affordable for the families, businesses, unions, and public agencies that need these services. At the same time, we have reached agreements that provide excellent and sustainable wages and benefits for 105,000 unionized employees in 28 unions who are members of the Coalition of Kaiser Permanente Unions, including the members of the Hawaii Nurses Association/OPEIU. Together, we are making Kaiser Permanente the best place to work and to receive care.

The Coalition of Kaiser Permanente Unions, working in partnership with Kaiser Permanente, is proud of what we are doing now and in the future to ensure Kaiser Permanente continues to serve as an excellent example of what can be accomplished when we work together to solve problems and innovate solutions. Kaiser Permanente's deep roots in organized labor and commitment to a Labor-Management Partnership stand as an example for other unionized organizations today.

In Hawaii, as in every part of the organization and with all Coalition of Kaiser Permanente Union members, we are committed to our partnership with Kaiser Permanente. We believe that you will find Kaiser Permanente to be dedicated to serving the Maui community in *providing health care, contributing resources to education, community service programs, and other community initiatives that improve the lives of Maui's families for decades to come.*

If you have any questions or would like more information, please feel free to contact me at Hal.Ruddick@unioncoalition.org or 510-267-2958.

Sincerely,

A handwritten signature in black ink, appearing to read "Hal Ruddick". The signature is fluid and cursive, with a large, stylized "H" and "R".

Hal Ruddick
Executive Director

cc: Mary Ann Barnes, President, Hawaii Region

The Coalition of Kaiser Permanente Unions, AFL-CIO, is a federation of 28 union locals representing more than 105,000 Kaiser Permanente employees in the largest and longest-lasting labor management partnership in the United States. Affiliates include AFSCME, SEIU, UFCW, OPEIU, USW, AFT, and others.



Exhibit





Signatures and Disclaimer

We warmly thank you again for this opportunity, and approve the submission of this proposal.



Mary Ann Barnes
Hawaii Region President
Kaiser Foundation Hospitals & Health Plan



Donna Lynne, DrPH
Executive Vice President
Kaiser Foundation Hospitals & Health Plan

Disclaimer

The terms set forth in this proposal are not a complete statement of the terms of a public-private partnership or the definitive agreements that would be required to document or close such a transaction, and are subject to change by any party based on further discussions between them and due diligence review by KP.

Further, this proposal does not constitute a legally binding or enforceable agreement or commitment on the part of any Kaiser Permanente entity (or any of its respective subsidiaries or affiliates) with respect to the matters described herein or an agreement to complete the partnership or enter into definitive agreements. No party shall have any rights or obligations of any kind whatsoever relating to the partnership by virtue of this proposal or any other written or oral expression of any party. If selected, KP will in good faith negotiate definitive agreements on terms consistent with this proposal. Any definitive agreements will also include other terms and conditions as are customary for transactions of this nature.

Confidentiality

Per the proposal packet instructions, we have marked certain sections of our proposal as "confidential" that should be restricted to the selection committee only and should not be shared publicly. This includes the following proposal questions/sections:

- III. b: Do you anticipate providing any clinical education on Maui?
- IV. d: State your requested initial operating support, and your methodology for arriving thereat.
- IV. e: Describe how the structural changes that will result from this partnership will allow the State to reduce its operating support, stating the criteria and timeline therefor over time
- Financial Stability
- Compensation plan
- Exhibit 3 - KP's Ten Year Financial Forecast for Public-Private Partnership