



**HAWAII HEALTH SYSTEMS
CORPORATION**

"Touching Lives Every Day"

**HHSC System-Wide
Strategic Plan**

June 30, 2008

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I. PREAMBLE

HHSC inherited a largely unsuccessful (unprofitable), diverse, and somewhat incompatible group of activities that has grown (rightly or wrongly) and which the rapidly changing healthcare environment worldwide has made even more unprofitable, and less compatible during the period of HHSC operation.

HHSC currently exists essentially to provide the "safety net" system of Health Services for the people of Hawaii not served by Private Hospital systems. However this actually translates into the provision of Neighbor Island Healthcare services through a series of old facilities, generally carry-overs from the Plantation era, and which are either Rural Hospitals or the larger urban facilities (Maui, Hilo, Kona, Kauai) and along with some long term care facilities.

HHSC has traditionally looked to the State to make up for the deficit between the cost of maintaining its required services and systems and this has been generally accepted as a reasonable use of State resources. However, as the difference between the cost of these services and the revenue recoverable from patients and from public and private insurance reimbursements etc has increased, it has become apparent that the current structure of Healthcare services, particularly on the Neighbor Islands, is not effective.

Under Act 290 the Legislature and Administration have mandated that the control of the HHSC System will move to a decentralized "Regional" structure with the aim of improving the quality and services and optimizing the costs of providing these.

The HHSC Corporate Board, reorganized under Act 290, believes that this aim can only be achieved through a paradigm shift from the current system which allows in future, for Public/ Private partnerships, an improved focus on Financial Control and more effective information systems, a rationalization of facilities and services which optimizes the development of distributed, world class, treatment centers as needed to service the populations we serve. The board also recognizes that the current "culture" that exists in the System is limiting and that all restructure needs to recognize that this "culture" needs to change since it IS a limit in a Healthcare 'world' becoming ever more complex, expensive, and challenging.

The Board also recognizes that the once rural population of the Islands has changed and will continue to change, and this also has a strong influence on the requirements that this "quasi State" corporation must plan to meet. As well the corporation manages a range of different types of facilities whose individual aims are not necessarily compatible, and a range of different communities with differing characteristics. Specifically there are the differences between the Neighbor Islands and Oahu and the service required for Rural Communities and the semi Urban areas.

This leads the Corporation to believe that its Regional Boards need to seriously examine the future role of its Facilities, in relation to existing populations, forecast development, and community requirements, in a holistic manner which seeks to find the most cost effective way of servicing these requirements to produce the highest level of service and quality. This will require Boards to look outside of existing facilities, ownership, and organizational structure.

Thus the Corporate Board has defined its role as facilitating the work of the Regional Boards in Strategizing the future of Health Care overall in their Regions. This facilitation will encourage Boards to seriously examine community requirements and accept that the most effective future structures may be uncomfortable and that the most successful changes will allow the development of a new culture, necessary if the Healthcare needs of the community are to best be served. This will probably require a new ownership structure to allow for different and more effective work rules, pay for performance etc, a management focus on quality and service to achieve much higher patient satisfaction, and above all, a renewed focus on finance, control and reporting by dedicated systems and staff so that the reimbursement and financial survival of the institution is not THE daily issue for the caregivers.

II. HHSC STRATEGIC PLAN

A. ASSUMPTIONS:

- o There will not be sufficient additional State funding available in FY 09 to meet all HHSC Regions' realistic budget requirements.
- o Only with significant legislated personnel restructuring can the HHSC regions implement changes necessary to reduce the State's future cost for Safety Net services to an acceptable level.
- o Substantial general fund subsidy will be required for the biennium Fiscal Year 2010/FY2011 while HHSC Corporate Board and Regional System Boards implement change enabled from significant legislation to empower personnel restructuring.
- o All Stakeholders must actively acknowledge and understand that the need for immediate action must be paired with quality, fiscally responsible, comprehensive planning for the future.

B. REGIONAL AND CORPORATE OFFICE FY09 CONTINGENCY PLANS:

This is our first order of business. Before we can move forward with HHSC Strategic Planning, we must address our FY09 Financial Issues.

Due to the current structure of HHSC and the escalating cost of healthcare, HHSC is in a severe financial situation that continues to worsen with no relief in sight. Governance and management at all levels of the HHSC system recognize that the amount of funds available to the state of Hawaii will not be sufficient to cover the minimum requirements for state general fund support for all HHSC hospitals to continue to operate at current service and staffing levels throughout FY09. The Hawaii Health Systems President and CEO, with input from Regional Chief Executive Officers, will develop and implement a process to allocate appropriated general funds subsidy to individual facilities for the fiscal year that will start on July 1, 2009 and for subsequent fiscal years.

Accordingly, management and governance of each region and at the HHSC corporate office have developed financial contingency plans to operate within expected funding. It is anticipated that not all services currently provided can continue to be provided in FY09 and that, on a selective basis, staffing levels will be reduced in FY09 compared to FY08.

FY09 will be an extremely difficult year for most HHSC facilities as they implement the attached contingency plans. Implementation of these FY09 Financial Contingency Plans will be done in concert with a HHSC Corp/Regional Communication Plan that will coordinate all implementation actions in advance with appropriate stakeholders.

Based on current information / projections, and in spite of tremendous innovative efforts to balance FY09 facility/regional budgets, there remain grave concerns that some FY09 financial contingency plans will be inadequate. Please refer to Attachments 1 – 6 for the submitted plans

C. HHSC FUTURE STRATEGY – BLUE RIBBON PANEL FOR NEEDS ASSESSMENT WITH RECOMMENDATIONS & OPERATIONAL STRUCTURAL ANALYSIS WITH RECOMMENDATIONS:

In response to our complex and ever-changing healthcare environment, it is a credit to the members of our state legislature that they have been willing to initiate incremental improvements through a series of laws enacted since the 1990s. In 1996, following recommendations of the Blue Ribbon Panel on the Establishment of an Agency for Community Hospital, Act 262 was enacted, which established the Hawaii Health Systems Corporation. The most recent amendment, Act 290 enacted in 2007, went even further by granting broader authority to the regions.

However, in spite of the Legislature's and the system's best efforts, huge healthcare financial challenges, coupled with a much weaker economy, are impacting the State of Hawaii. Therefore, further legislative assistance is necessary to help transform the current HHSC structure into a viable entity (or entities) that will be sustainable in the future. In order to facilitate HHSC's evolution, legislation with corresponding appropriations is needed that would establish a Blue Ribbon Panel to study the situation and make recommendations, along with enabling legislation, for HHSC system changes/improvements to the 2010 Legislature.

The Blue Ribbon Panel should consist of representatives from:

- Unions 3 (1 each from UPW, HGEA & ILWU)
- Regions 5 (1 from each Region)
- Key Business 3 (1 each appointed by Governor, House & Senate Leaders)
- Medical Staff Leaders 2 (Selected by HHSC Physician Leader Group)
- Legislature 2 (1 each from House & Senate Leaders)
- Department of Health 1
- Healthcare Assn of HI 1
- Corporate 1

The Blue Ribbon Panel will have two specific objectives: First, a review and healthcare needs assessment should be done with recommendations. Second, a comprehensive analysis of multiple operational structures for the delivery of healthcare should be completed with recommendations.

1. HEALTHCARE NEEDS ASSESSMENT AND RECOMMENDATIONS:

This assessment would take into account not only the current but the projected needs for delivery of healthcare services in communities now served by HHSC.

2. OPERATIONAL STRUCTURE ANALYSIS AND RECOMMENDATIONS:

There are many options that could be considered that will allow future delivery of healthcare in a more financially viable manner. HHSC is committed to pursuing a precise and definite paradigm shift from the current operational environment to one that will meet, at a minimum, our safety net mission of delivering quality health care that is both accessible and cost effective. The Blue Ribbon Panel must answer two questions:

- What healthcare services can the State of Hawaii afford to provide as, or through, a State Agency?
- What healthcare services should be provided under a different model(s)?

Accordingly, HHSC has identified eight strategies for consideration for the necessary evolution of our community safety net health care system. Please refer to Attachment 7.

D. OTHER SYSTEM LONG TERM GOALS:

The HHSC Board of Directors strongly supports setting a clear direction that will bring all of HHSC together to develop both key strategies as well as several key common purpose goals. The common goals should include at a minimum:

- o Workforce/Staff development Plans - Workforce development programs increase the effectiveness of hiring and training processes, increase productivity, reduce costs, and improve employee skills. Assessment of skills, evaluation of performance, job analysis, training and innovative solutions are necessary to delivering the highest level and quality of services to the communities we serve (Task/Deliverables Due Dates assume funding will be available for this project).

	Task/Deliverables	Who?	Due Date
1.	Develop workforce development strategies	Regions & Corporate HR	1/01/09
2.	Meet with stakeholders (staff, unions)	Regions & Corporate HR	4/01/09
3.	Establish workplace priorities list	Regions & Corporate HR	6/01/09
4.	Contract with Workforce Development vendors	Regions & Corporate HR	10/01/09
5.	Meet with employees	Regions & Corporate HR	12/01/09
6.	Execute plan (Phased approach)	Regions & Corporate HR	2/01/10

- o Provide for common standard agreed upon system to coordinate referral of patients throughout HHSC.

	Task/Deliverables	Who?	Due Date
1.	Meet with stakeholders (staff, others)	Corporate	9/30/08
3.	Determine POCs for each Region & Develop requirements	5 Regional Medical Directors	2/01/09
3.	Develop Policies and Procedures	5 Regional Medical Directors & Policy Committee	4/01/09
4.	Distribute information & Train on Process	Regional POCs	5/01/09
5	Initiate / Implement Process	Regional POCs	7/01/09

- o Key Information Technology projects in 3 major areas:
 - EMR – Develop single system for electronic medical records that will be suitable for all lines of business at HHSC: acute, long-term care, CAHs and clinics (Task/Deliverables Due Dates assume that funding will be available for this project).

	Task/Deliverables	Who?	Due Date
1.	Meet with stakeholders (staff, unions, others)	Regional & Corporate Clinicians, Finance & Information Technology Committee Leads	1/01/09
2	Implement Formal Project Methodology	IT Steering Committees	2/01/09
3.	Initiate Project, select Project manager,	IT Steering Committees	3/01/09
4.	Form team, determine POCs	Project Manager	4/01/09
5.	Finalize requirements	Project Manger	10/01/09
6.	Develop & issue procurement documents	Project Manager	11/01/09
7.	Selection	Project Manager & POCs	2/01/10
8.	Training	Regional & Corporate POCs	8/01/10
9.	Implement (Phased approach)	Regional & Corporate POCs	1/01/11

- Data systems related to personnel (Time & Attendance, payroll) - implement time and attendance systems with robust management reporting tools that will work in conjunction with a human resources system. All these systems will be needed as we anticipate implementing a standard payroll system for HHSC based on fixed-rate and bi-weekly processing (Task/Deliverables Due Dates assume funding will be available for these projects).

	Task/Deliverables	Who?	Due Date
1.	Meet with stakeholders (staff, unions, others)	Regional & Corporate HR, Finance &	7/01/08

	Task/Deliverables	Who?	Due Date
		Information Technology Committee Leads	
2	Implement Formal Project Methodology	IT Steering Committees	8/01/08
3.	Initiate Project, select Project manager,	IT Steering Committees	9/01/08
4.	Form team, determine POCs	Project Manager	10/01/08
5.	Finalize requirements	Project Manger	12/01/08
6.	Develop & issue procurement documents	Project Manager	1/01/09
7.	Selection	Project Manager & POCs	4/01/09
8.	Training	Regional & Corporate POCs	5/01/09
9.	Implement (Phased approach)	Regional & Corporate POCs	7/01/09

- All key financial database systems for budgeting, revenue cycle and business intelligence analysis and reporting - select and implement business intelligence data systems that will provide all required tools for budget preparation, revenue cycle processing and reporting (Task/Deliverables Due Dates assume funding will be available for these projects).

	Task/Deliverables	Who?	Due Date
1.	Meet with stakeholders (staff, unions, others)	Regional & Corporate Finance & Information Technology Committee Leads	8/01/08
2	Implement Formal Project Methodology	IT Steering Committees	9/01/08
3.	Initiate Project, select Project manager,	IT Steering Committees	10/01/08
4.	Form team, determine POCs	Project Manager	11/01/08
5.	Finalize requirements	Project Manger	2/01/09
6.	Develop & issue procurement documents	Project Manager	3/01/09
7.	Selection	Project Manager & POCs	5/01/09
8.	Training	Regional & Corporate POCs	7/01/09
9.	Implement (Phased approach)	Regional & Corporate POCs	7/01/09

III. HHSC TRANSITION PLAN

A HHSC "Interim & Transition Plan" was disseminated on March 17, 2008 after extensive review and discussion with the HHSC Corporate Board and regional stakeholders. This plan called for changes to the structure of HHSC and defined the HHSC corporate direction as one that primarily assists regions in their development of strategic plans with specific transition goals set in place to facilitate this process. This plan is currently being implemented. Please see Attachment 8 for that plan.

IV. REGIONAL STRATEGIC PLANS

Based on a request from HHSC Corporate Board of Directors, each of the Regions was asked to develop and submit documents outlining their proposals for Regional strategic plans. Due to the unique needs and planning assessments by each region, the format and content of the documents vary considerably. These plans, in addition to FY09 Financial Contingency Plans, will serve as the base plate for proposed Blue Ribbon Panel needs assessment and organizational structure assessment for HHSC's transition into a viable future entity (entities) providing the appropriate levels cost effective, accessible quality care for the citizens of Hawaii at locations where that care is warranted and most needed. Please refer to Attachments 9 -13 for the submitted plans.

V. HHSC MISSION, VISION, VALUES STATEMENT

HAWAII HEALTH SYSTEMS CORPORATION



MISSION

Providing and enhancing accessible, comprehensive healthcare services that are:
Quality-Driven,
Customer-Focused
Cost-Effective



VISION

Be the:
Provider of choice for the Pacific communities we serve
Employer of choice for our staff
System of choice for our physicians



VALUES

- Integrity:** We act openly and truthfully in everything we do.
- Collaboration:** We work together cooperatively, recognizing that our combined efforts exceed what we can accomplish individually.
- Caring:** We treat those we serve with concern, kindness and respect.
- Commitment:** We are dedicated to provide excellence in every aspect of our work.
- Innovation:** We believe that new ideas and timely access to information will lead to better health care.
- Community:** We recognize and respect the importance of our local communities and their health care needs.

VI. ATTACHMENTS

- A. FY 09 Financial Contingency Plans
 - E. Hawaii Region – Attachment 1
 - Kauai Region – Attachment 2
 - Maui Region – Attachment 3
 - Oahu Region – Attachment 4
 - W. Hawaii Region – Attachment 5
 - Corporate Office – Attachment 6

- B. HHSC Alternate Strategies – Attachment 7

- C. HHSC Interim & Transition Plan – Attachment 8

- D. Regional "Strategic" (Operational) Plans
 - E. Hawaii Region – Attachment 9
 - Kauai Region – Attachment 10
 - Maui Region – Attachment 11
 - Oahu Region – Attachment 12
 - W. Hawaii Region – Attachment 13