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CRAIG T. KOJIMA / CKOJIMA@STARBULLETIN.COM
Arthur Ushijima, president and CEO of the Queen's Medical Center, says the health care industry would be "much improved" if the federal government paid "a fair share."

Hawaii's Sick Hospitals

The health care industry is suffering millions of dollars in losses, leading to programs and services being cut

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By Helen Altonn
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FIRST OF THREE PARTS

HAWAII'S hospitals are battling intractable challenges and millions of dollars in losses, a crisis that has already affected some health services, industry leaders say.

"Residents expect and receive the finest health care, but the system has been unraveling," said Rich Meiers, Healthcare Association of Hawaii president and chief executive officer. "Citizens are not aware that all of a sudden what's been available to them in the past may not be available in the future."

Some community programs and services have already been cut, according to a November Ernst & Young report on financial trends of hospitals and nursing homes.

Also in November, the Healthcare Association of Hawaii released a study that said the state's hospitals and nursing facilities have lost \$571.2 million since 2000.

Last week, in a national ranking, the American College of Emergency Physicians gave Hawaii low grades

for its emergency medical care system.

In recent interviews with the Star-Bulletin, chief executives of Hawaii health care facilities cited several major issues facing their industry: need for long-term care, need for tort reform, work force shortages, government pressures and the lack of on-call specialists for emergency cases.

Emergency preparedness also has leapt to the forefront of health care problems.

"Bioterrorism definitely is an issue we're all faced with right now," said Meiers, noting that the industry is spending a lot of time and resources preparing for other types of disasters.

The 9/11 terrorism attacks and recent devastating mainland hurricanes showed how critical the health care industry is to the community's infrastructure, said Arthur Ushijima, Queen's Medical Center president and chief executive officer.

He said more capital must be invested in the health care structure, whether for homeland security or disaster preparedness.

"If the federal government would pay a fair share or increase reimbursements to Hawaii hospitals, the industry would be much improved," Ushijima said.

Health officials had hoped the federal government would roll back planned health care cuts after Hurricane Katrina trampled New Orleans. But both the House and Senate versions of the budget reconciliation bill propose cuts in health care spending for the poor and disabled.

Providers also are worried about potential Medicare cuts, further eroding health care expenditures.

The largest problem will continue to be demand for health care services, which won't match reimbursements available to pay for them, said Gary Kajiwara, Kuakini Medical Center president and chief executive officer.

"That's including government payers, private insurance payers and also out-of-pocket for co-pay or the full fare that has to be paid by patients," he said.



Kajiwara pointed to patient demands for more immediate and comprehensive services. "Essentially, all human beings want fast, quick fixes. Unfortunately, they cost a lot of money and there is not enough reimbursement of funds to cover that. It is a large, continuing problem that is just getting larger and larger."

A shortage of health care workers also is looming, Kajiwara said. "Everyone is looking at the short term, how to retain what you've got and recruit employees that can fill, or outsource a supply to fill, positions."

Parts of the country are recruiting health care professionals from South Africa and Canada. Good sources for Hawaii include Asia and the Philippines, he said.

But demographics show the working-age group is shrinking and as older workers begin to retire, it will be difficult to fill health care positions, he said.

"I look at it from our perspective, but the problem (work force shortage) is going to affect the retail and hospitality industry," Kajiwara said. "We're all going to be vying for the same pile of eligible workers."

He said the health care industry must look at opportunities for automation and robotics to minimize the amount of staff needed to provide services.

All hospitals are in different stages of automation, he said, adding that technology "will be a very large-ticket item in the next 10 years until options are developed for smaller facilities."

However, he said the result will be improved quality of care and safety, even for long-term care patients.

Ray Vara, Hawaii Pacific Health executive vice president and chief executive officer, agreed things have to change to get better.

But he said he believes "patients are getting cared for in a way today that is unquestionably better than it has ever been. ... Care is elevated at all facilities."

Vara attributes this to "health care leaders driving for better outcomes" and to savvy consumers. "More public data is available. That not only benefits patients, but also benefits us. It forces us to look at things in different ways. Certainly it's related to technology."

He said Hawaii Pacific Health has made a commitment to install an integrated system with electronic medical records replacing about 20 systems across its hospitals. Those hospitals include Kapiolani Medical Center for Women and Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital on Kauai.

The system will cost from \$40 million to \$50 million in the next four to five years, but "we truly see this as a quality initiative," Vara said.

Hawaii is rich in health care resources, but the only way the industry can sustain itself with continued cost issues is to make choices as to what services can be provided, Vara said.

To have a specialty-care pediatric hospital such as Kapiolani Medical Center for Women and Children in a state with a population base of slightly more than 1 million is "one we should all be



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*President and
CEO of
Healthcare
Association of
Hawaii*



**Gary
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demand for
service without
the necessary
repayments is
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Ray Vara:
*Believes that
health care
has improved
overall despite
challenges*

proud of," he said.

Costs of caring for some very sick children are staggering and the hospital "certainly is not reimbursed at those rates," he said.

But "that's our mission," he said. "That's what we do. I'm biased, but I also have five kids. I speak as a parent. It's a wonderful place, like the catch phrase, 'lucky we live in Hawaii.' Kapiolani certainly is one of those reasons, the way we care for our children."

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