

A PRELIMINARY SURVEY OF THE PROBLEM
OF HOSPITAL CARE IN LOW POPULATION
AREAS IN THE STATE OF HAWAII

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IN LOW POPULATION AREAS IN THE STATE OF HAWAII

This report incorporates our findings from a preliminary survey of the problem of hospital care in low population areas in the State of Hawaii. The immediate objectives of this survey are: (1) to better define the nature, scope, and dimensions of the problem of providing adequate hospital care to people in low population areas of the State; (2) to identify the principal public and private agencies which are affected, interested and concerned with the problem of hospital services; and (3) to identify the particular role and outlook of each of these agencies with regard to the problem of hospital services in low population areas. The ultimate use of this survey report is to serve as a basis for planning and directing more intensive efforts in examining State efforts in resolving this problem.

I. The Nature and Extent of the Problem of Hospital Care in Low Population Areas

A. Brief historical data leading up to the problem of hospital care in low population areas.

Primarily the problem seems traceable to the changing role of plantation medicine which has been very important because of the high percentage of population employed on the plantations and the emphasis placed on medical care by the employers. In recent times many of these hospitals became

low occupancy rate facilities as population dwindled in these areas. Another factor that further influenced low occupancy rate was the advance and new practices in the field of medicine that reduced the frequency and length of hospital stays.

B. The hospitals in the low population areas.

The hospitals in the low population areas can be identified by their location as well as their low occupancy rate. The general hospitals that can be considered as low occupancy facilities in the State of Hawaii and should be included as those warranting attention are listed in the following table.

OCCUPANCY RATES OF HOSPITALS LOCATED IN LOW
POPULATION AREAS IN THE STATE OF HAWAII

<u>Name</u>	<u>Location</u>	<u>Owner- ship</u>	<u>Total Beds</u>	<u>% of Occu- pancy</u>	<u>Average Patient Occu- pancy</u>	<u>Patient Days</u>	<u>Patients Admitted</u>
Lanai Community	Lanai City	Non- profit Assn.	25	11	3	987	194
Pahala	Pahala	Non- profit Assn.	35	20	7	2,501	237
Waialua	Waialua	Corp.	38	21	8	2,853	365
Ewa Plan- tation	Ewa	Corp.	38	26	10	3,664	775
Kula General	Waiakoa	County	20	28	6	2,061	395
Kona	Keala- kekua	County	40	29	12	4,233	880
Kahuku	Kahuku	Non- profit Assn.	28	38	11	3,920	812
Kohala	Hawaii	County	26	38	10	3,621	538
Honokaa	Honokaa	County	48	47	22	8,161	828

Source of Data: Department of Health, State of Hawaii,
Statistical Report 1964, pp. 120-121.

From the above table, one can readily see the low percent of occupancy of these hospitals. Present usage of these existing facilities is at a minimum level. It is interesting to compare their occupancy rates with the 80% occupancy rate considered by Federal standards as being satisfactory for general hospitals.

C. The problem of the hospitals in the low population areas.

The major problem of the hospitals in low population areas is the amount of cost involved in maintaining and operating a facility in which maximum use cannot be achieved because of the low occupancy rate. The following table shows the costs of these hospitals.

COST DATA OF HOSPITALS LOCATED IN LOW POPULATION
AREAS IN THE STATE OF HAWAII

<u>Name</u>	<u>Expenses</u>			<u>Subsidy from State 1965**</u>
	<u>Total</u>	<u>Payroll</u>	<u>Personnel</u>	
Lanai Community	77,000	45,000	11	30,000
Pahala	142,000*	84,000	18	11,275
Waialua	-----	146,000	29	none
Ewa Plantation	303,000	180,000	34	none
Kula General	78,000	60,000	14	20,000
Kona	235,000*	174,000	34	11,275
Kahuku	194,000	105,000	31	6,571
Kohala	164,000*	129,000*	30*	11,275
Honokaa	226,000	162,000	33	11,275
Totals	<u>1,419,000</u>	<u>1,085,000</u>	<u>234</u>	<u>101,671</u>

Primary source: American Hospital Association,
Hospitals Guide Issue, August 1965,
pp. 68-69.

* 1963 data

**Amount of subsidies from State of Hawaii, Department of
Budget and Finance.

As one can see from the above table, a large portion of hospital costs are due to salaries. All of the hospitals in the low population areas have an additional problem in that they have little or no control over salaries because of the effects of State imposed salary levels for county operated hospitals.

In these hospitals of low occupancy rates, revenues usually are not sufficient to cover the costs of operation. Yet, there should be no question as to whether or not there should be hospital services available to those persons living in low population areas of the State of Hawaii. The basic problem is, therefore, one of devising a medical and hospital service program which will provide adequate services to all of the people of Hawaii in the most economical manner. The need to critically re-examine the present program in the light of this criterion becomes more urgent since the State is presently involved in planning decentralized facilities for mental health and medical diagnostic centers.

Another problem related to the costs of low occupancy hospitals is the way in which our present State subsidies are given. Where the original intent of the subsidies was to reduce the rate of the medically indigent persons and to reserve bed spaces, presently the subsidies no longer accomplish the original purpose. The problem of State subsidies is directly related to the problem of low occupancy hospitals and as such, ameliorating the problem of the cost of these hospitals should reduce the need for State subsidies.

II. Identification, Role, and Views of Governmental and Private Bodies Directly Concerned with the Problem of Hospital are in Low Population Areas.

A. Health Department

By statute, the Health Department is designated as the sole agency of the State for:^{1/}

1. Making an inventory of existing hospitals and medical facilities, surveying the need for construction of hospitals and medical facilities, and developing a program of construction.
2. Developing and administering a state plan for the construction of public and other non-profit hospitals and medical facilities. As such, the Hospital and Medical Facilities Branch of the Department of Health makes regular assessment of the needs and adequacy of health facilities on a state-wide basis and documents its findings in the State Plan Report. Because the Health Department is also concerned about the safety of the patients in the hospitals, their report on the general hospital bed needs excludes beds that are "non-conforming." These are beds that are housed in buildings that do not meet national

^{1/} State of Hawaii, Revised Laws of Hawaii, 1963 Supplement, Chapter 48A-3, P.261.

or state fire and safety standards for combustible structures. As such, their report indicating a need for more beds in various areas of the State does not necessarily mean that more hospital services are needed.

The Health Department in its report entitled, "Construction Plan for Hospitals and Medical Facilities for 1964" indicates that although Hawaii has an excess of general hospital beds in relationship to the present population, not all the beds are considered to be "acceptable." The Health Department's primary emphasis at this time seems to be that of attempting to get "non-conforming" hospitals to improve their building standards so that their present available beds would become "acceptable."

B. State Advisory Commission on Hospitals and Medical Facilities.

The primary role of the State Advisory Commission on Hospitals and Medical Facilities is to advise and assist the Health Department in carrying out the provisions of Public Law 725 and 482 and 88-164 which pertain to Federal funds available to states for construction of medical facilities. The Advisory Commission has not so far gotten involved with the problem of hospital care in low population areas, but it may involve itself after the members of the Commission had a chance to review the latest information presented them by the Health Department, as well as

the recommendations of the Health Facilities Planning Council of Hawaii. Their primary goal is to make sure that adequate facilities are provided. The problem of economics is not their major concern.

C. Health Facilities Planning Council of Hawaii.

The Health Facilities Planning Council of Hawaii was established in 1963 for the purpose of making a survey of existing health facilities and to develop a comprehensive, long-range areawide health facilities plan for the entire State of Hawaii. The objective of developing a master plan is to take into consideration all types of hospitals and health facilities, and project a coordinated plan that will result in readily available high quality patient care throughout the State at the lowest possible cost.^{2/}

The total plan when finished would contain the most recent data and recommendations that would bear directly on the problem of hospital care in low population areas throughout the State. It has published its findings and recommendations by counties, and as of now has completed plans for the counties of Hawaii and Maui. The following are summaries of its views and recommendations that pertain to hospital care in low population areas.

^{2/} Health Facilities Planning Council of Hawaii, "Hawaii's New Step in Health."

Hawaii County

1. The facts fail to justify the need for a general hospital in the Kau area. It recommends that a smaller alternate medical facility that will provide for inpatient care particularly obstetrical and emergency acute care cases on a 24-hour basis be constructed in place of the existing Pahala Hospital which is obsolete and a fire hazard.^{3/}
2. The population in the Kona area is expected to increase. Although the present Kona Hospital has enough general hospital beds to accommodate the increases in population up till about 1975, it recommends that a new and larger facility be planned, constructed and in operation by 1970 instead of making temporary expedients to the present facility.^{4/}
3. The population in the Kohala and Honokaa areas is expected to remain constant or even show a decrease. The population is expected to increase along the west coast of South Kohala and Kamuela District. The presently available general hospital beds at Kohala Hospital and Honokaa Hospital are more than ample to take care of the increase in population. It recommends two approaches:

^{3/} Health Facilities Planning Council of Hawaii, Areawide Health Facilities Plan for County of Hawaii 1964-1985, July 1964, p. 70.

^{4/} Ibid, p. 64

- a. Retain, modernize and expand as needed in the future the two hospitals at Kohala and Honokaa. Also to use some of the excess acute care beds for long-term care to insure better hospital occupancy and more efficient use of the facilities and staff.
- b. Build a new general hospital in the Kamuela area and convert one or both of the present hospitals at Kohala and Honokaa into diagnostic and treatment centers, nursing homes or phase out of operation.^{5/}

Maui County

1. The Maui Memorial Hospital has enough general hospital beds to meet the needs of the entire County of Maui for the next two decades. However, because of the fact that the Kula General Hospital provides readily available services to treat acute disabilities occurring among the approximate 135 long-term care patients and also offers emergency care to the nearby residents, it recommends continuation of the Kula General Hospital. It makes

^{5/} Health Facilities Planning Council of Hawaii, Areawide Facilities Plan for County of Hawaii 1964-1985, July 1964, pp. 66-68:

an exception to the principle in expending funds on expedients such as an automatic sprinkler system which does not solve the basic problem of a non-conforming medical facility. The exception is made on the basis that at a relatively minor cost of \$10,000 for an automatic sprinkler system, the hospital can continue to operate and offer competent patient care.^{6/}

2. The present hospital on Lanai with 25 beds is too large for the population of about 3,000 people living on the island. There is no significant change in population envisioned in the next 20 years. The hospital is old and non-conforming and it does not recommend any expedient measures. It recommends a Hana-type Medical Center which would provide all hospital facilities on a small scale.^{7/}

Oahu County

Although the Health Facilities Planning Council of Hawaii has not released its recommendations for Oahu County, their findings indicate the possibility that the Waialua Hospital could be closed inasmuch as the residents there have only a few minutes travel time to Wahiawa General Hospital.

^{6/} Health Facilities Planning Council of Hawaii, Areawide Health Facilities Plan for County of Maui 1965-1985, April 1965, pp. 74-75.

^{7/} Ibid, pp. 86-87.

D. The Hospital Association of Hawaii

The objectives of the Hospital Association of Hawaii are "to promote intelligent planning and coordination in the field of hospital science; ... to interpret to the public the functions of hospitals and their place in the community; to cooperate with all agencies concerned with health and social problems; and to promote the public health and welfare through the development of better hospital service for all the people of Hawaii."^{8/}

The Hospital Association in its concern of the rising costs in hospital care has identified as one of the causes, hospital construction and services, or anti-planning. Because the Hospital Association is composed of hospitals throughout the State, it was felt that a more objective plan could be developed through the means of a survey by a third party. As a result, the Hospital Association was instrumental in acquiring a Federal grant to establish the Health Facilities Planning Council and proposed the plan to acquire a Federal working grant to have the Council develop a State-wide health facilities plan.

The Hospital Association finds itself in a peculiar situation in that the Association plays a dual role. It serves all the hospitals as a whole and also serve each hospital's needs as a member hospital. Therefore, it could find itself in a quandary over certain specific recommendations regarding a particular hospital or hospitals made by the Health Facilities Planning Council.

^{8/} The Hospital Association of Hawaii, Legislative Proposals October 1964, p. 1.

E. The Plantations

As a general rule, plantations have greatly decreased their role in providing medical care although plantations still provide outpatient medical care services through their own clinics and dispensaries. The trend is toward employer-employee financial medical insurance plan.

F. Communities

In looking at the historical growth of hospitals in Hawaii, the individual communities have played a major role in influencing the establishments of hospitals. Factors which have influenced the growth of hospitals have been many including religious motivation, philanthropic causes, physician incentive, ethnic concerns, special diseases, industrial necessities, and governmental expediency. Communities have individually been concerned with getting as good a hospital as possible within the shortest available distance without consideration of other regional facilities and needs. This is a rather natural tendency inasmuch as the hospital plays an all-important part in the community health picture even though required by a relatively small proportion of the population at any given time. On the basis of past history, any attempt to deal with the problem of hospital care in low population areas by changing existing facilities would most likely meet with some resistance.

III. Discussion of Existing Views and Recommendations

Because of the increasing problem of the high cost of hospital care people are getting concerned about the hospitals that are not being used to their maximum efficiency. Generally their views indicate that something should be done.

The most extensive and recent exploration of this problem is the work being conducted by the Health Facilities Planning Council. Its views are that of looking at the total problem so that a coordinated plan can be implemented in moving in the right direction, as well as to correct existing problems.

There seems to be some consensus that the problem of hospital care in low population areas can be best met through a change in the type of facility. The best example of such a type of facility is the Hana Medical Center that was built in 1964. The center is operated as a "satellite" of Maui Memorial Hospital. Local, state and national attention is focused upon the Hana Medical Center as a prototype facility for rural and isolated areas having small population that cannot generate a large patient census, support a hospital financially, or consistently staff it adequately. This type of facility provides for all necessary inpatient care as well as diagnostic and treatment services, emergency treatment, delivery room, and small number of beds for overnight emergency care and obstetrical patients. Patients

requiring extended care of complicated procedures are transferred to the parent hospital, Maui Memorial.^{1/}

There is also merit in the idea of having one major hospital on each neighbor island to serve as the County Medical Center for the other smaller hospitals. This will avoid the duplication of unnecessary and rarely used services and facilities. Such a hospital could offer its extensive facilities, equipment and services for complex and complicated treatment and examination that would be beyond the scope and capabilities of the outlying rural hospitals.

In order to do this, there will be need for establishing administrative controls over existing low occupancy hospitals. It is relatively easy to accomplish this with county operated hospitals, but somewhat difficult with private hospitals. Because the State through the Health Department has much to do with the surveying of need for construction of hospitals, and provides for substantial State subsidies to most of the smaller hospitals, there should be no reason why the State cannot take greater initiative to exercise more leadership in achieving the goal of providing for adequate hospital care at lesser expenses.

^{1/} Health Facilities Planning Council of Hawaii, Areawide Health Facilities Plan for County of Maui 1965-1985, April 1965, pp. 32-33.

IV. Possible Criteria for Evaluating Change

- A. Reduction of unwarranted maintenance expenditures and uneconomical operating costs.
- B. Reduction of unnecessary duplication of specialized, expensive and infrequently used facilities and services.
- C. Establishment of facilities that will result in readily available, quality, patient care at the lowest possible cost.