



FOR IMMEDIATE RELEASE

August 14, 2019

Media Contacts:

Cedric Yamanaka
(808) 691-4975
cyamanaka@queens.org

**THE QUEEN'S HEALTH SYSTEMS RESPONDS TO KAISER
LAWSUIT**

HONOLULU - The Queen's Health Systems (Queen's) has filed a Motion to Dismiss the lawsuit recently filed by Kaiser Foundation Health Plan (Kaiser).

“The Mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawaii,” said Mich Riccioni, Chief Financial Officer of The Queen's Health Systems. “For 160 years, we have strived to fulfill the vision of our Founders, and we take pride in the work our physicians and employees perform in support of our mission. We will not allow false allegations that Queen's engages in unfair practices tarnish the good work done for our community.”

For more than five years, Queen's and Kaiser were parties to a Hospital Services Agreement that established the rates Kaiser agreed to pay for numerous services provided by Queen's. That Agreement came after an earlier lawsuit between Queen's and Kaiser regarding Kaiser's failure to pay the amounts owed for services Queen's provided to its members. During the five years the Hospital Services Agreement was in effect, Kaiser systematically reduced the volume of its patients utilizing Queen's services.

The Hospital Services Agreement expired on May 30, 2019. Queen's attempted to reach a new agreement with Kaiser, but the parties were unable to come to terms on a new contract. The negotiations failed because Kaiser insisted upon a payment structure that would allocate to Queen's the financial risk of treating Kaiser members with complicated medical conditions. Kaiser's refusal to accept its responsibility to pay for the actual costs of services Queen's provides to its members is what caused the contract negotiations to fail.

Instead of continuing to negotiate in good faith, Kaiser filed a lawsuit against Queen's. The lawsuit is an attempt by Kaiser to unilaterally determine how much Queen's is paid for the services it provides. The Motion to Dismiss filed by Queen's sets forth the numerous legal deficiencies in Kaiser's lawsuit and asks the Court to dismiss Kaiser's claims in their entirety.

The lawsuit, and Kaiser's public comments made when the case was filed, include many misleading statements. Queen's wants the community to know that Kaiser members will



continue to receive the highest quality emergency and trauma care from Queen's, despite the fact that Queen's is no longer a participating provider with Kaiser. In addition, services provided to Kaiser members after May 30, 2019, will be billed using the industry standard process when the patient's insurance provider does not have a contract with Queen's. Under that standard practice, Queen's will send the initial bill for service directly to Kaiser as a courtesy, and Kaiser will have the opportunity to pay Queen's directly. Kaiser's members will only receive invoices directly from Queen's if Kaiser refuses to pay the amounts owed. Since there is no longer an agreement with Kaiser, there is no longer a favorable negotiated rate and standard rates apply.

Queen's continues to serve Kaiser members as they present on an emergency basis, and will continue to do so regardless of any dispute about payment. It is important for Kaiser members to know that they have the option to reschedule all non-emergency services with another provider (if available).

“Though Kaiser represents a small portion of our total volume, Queen's cannot agree to contracts that place the financial burden of treating patients on the hospital. Doing so would jeopardize Queen's ability to fulfill the vision of our Founders,” said Riccioni. “We are willing to have continued discussions with Kaiser, if Kaiser is willing to act in good faith. Regardless of the outcome with Kaiser, Queen's employees and physicians look forward to the opportunity to continue the work initiated by our Founders, Queen Emma and King Kamehameha IV.”

###

The Queen's Health Systems (QHS) is a nonprofit corporation established in 1985 to provide expanded health care capabilities to the people of Hawaii and the Pacific Basin. It is Hawaii's oldest and preeminent family of health care-related companies, and has more than 7,000 employees and more than 1,500 affiliated physicians and providers in its statewide network. QHS consists of The Queen's Medical Center, The Queen's Medical Center – West O'ahu, Molokai General Hospital, North Hawaii Community Hospital, The Queen's Health Care Centers, Queen Emma Land Company, Queen's Development Corporation, Queen's Insurance Exchange, Queen's Clinically Integrated Physician Network, and Queen's 'Akoakoa, and has ownership interests in CareResource Hawaii, Hamamatsu/Queen's PET Imaging Center, and Diagnostic Laboratory Services.