

MAUI HEALTH SYSTEM

KAISER PERMANENTE®

September 14, 2016

The Honorable David Y. Ige
Governor, State of Hawaii

Dear Governor Ige:

This will follow-up on our letter to you dated September 9, 2017 (the "Letter").

As we previously stated, our goal is to provide safe and excellent patient care for the people of Maui and Lanai, to accept all payors, to maintain an open staff, and to treat the staff fairly. Our letter to you dated September 9, 2017, identified the conditions necessary to enable us to accomplish this goal if we are to accept the transfer of the hospitals prior to July 1, 2017, and manage them in part by leasing employees who will continue to be employed by the State between the transfer date and July 1, 2017.

As promised, we have carefully reviewed the Supplemental Agreement between the State and UPW. The Supplemental Agreement will need to be refined to address the concerns described in the Letter, specifically regarding (1) Paid Time Off ("PTO"), (2) the ability to separate leased employees whose conduct warrants discipline during the leasing period, (3) the grievance process, and (4) recognition of the unions. In addition, we will need to complete an employee leasing agreement that addresses the concerns identified in the Letter. We are waiting for a formal response from the State to our previously proposed leasing agreement. Finally, as mentioned in our Letter, our concerns must also be addressed with HGEA.

In order for the transfer work to continue with all due speed, these and all conditions described in the Letter must be satisfied no later than **Monday, September 19, 2016**.

Sincerely,



Mary Ann Barnes
CEO and Chairman of the Board
Maui Health System, A Kaiser Foundation Hospitals LLC