

SB 1136



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Every Day"

Joint Hearing

Committee on Health
Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice Chair

Committee on Labor
Senator Dwight Y. Takamine, Chair
Senator Brian T. Taniguchi, Vice Chair

Friday, February 13, 2009

2:45 PM

Conference Room 016

Hawaii State Capitol

SB 1136 RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

Allows HHSC to enter into community partnerships to enhance operational efficiency and/or provide cost savings to HHSC hospitals. The determination to outsource shall be made by the respective Regional Boards and/or the Corporate Board.

Thomas M. Driskill, Jr.
President & Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems (HHSC) Corporate Board of Directors, thank you for the opportunity to provide testimony in support of SB 1136.

The purpose of this Act is to authorize the Hawaii Health System Corporation and its Regional System Boards to enter into community partnerships for services currently performed by civil service bargaining unit employees that will result in operational efficiency and/or provide cost savings to HHSC hospitals.

With the sunset of Act 90, relating to the privatization of government services on June 30, 2008, the legal authority to enter into community partnerships for services performed by civil service employees as determined appropriate was removed. This bill provides authority to the HHSC Corporate and Regional System Boards to enter into contracts with private entities or federal state or county government to obtain services. A determination must be made regarding the sustainability of the provision of services by the outside entity and a reasonable basis that the service of equivalent or better quality can be

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provided at lower cost than performed by current employees. Additionally, there may be opportunities where specialty companies have more cost effective expertise, advanced technology and resources to perform the services. Passing this bill would enhance HHSC management's ability to concentrate its efforts and attention on more direct, bedside patient care services that are core competencies of the system.

On behalf of HHSC and the HHSC Corporate Board of Directors, we support this proposed legislation which will help make it possible for the corporation to ensure quality health care services in our communities. Your support for SB 1136 is greatly appreciated. Thank you.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 10, 2009 9:43 AM
To: HTHTestimony
Cc: jwalker1@hhsc.org
Subject: Testimony for SB1136 on 2/13/2009 2:45:00 PM

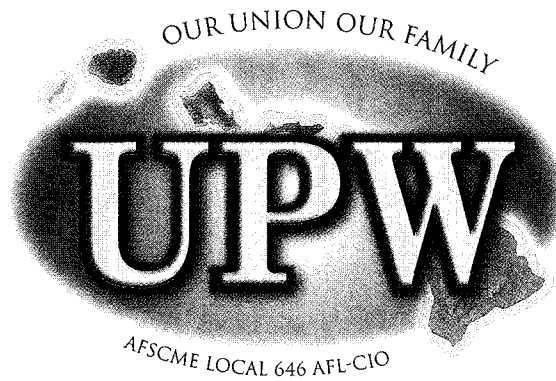
Categories: Green Category, Blue Category

Testimony for HTH-LBR 2/13/2009 2:45:00 PM SB1136

Conference room: 016
Testifier position: support
Testifier will be present: No
Submitted by: Jerry Walker
Organization: West Kauai medical Center
Address: 4643 Waimea Canyon Dr. Waimea, Hi 96796
Phone: 808-338-9222
E-mail: jwalker1@hhsc.org
Submitted on: 2/10/2009

Comments:

The Kauai Region (West Kauai Medical Center / KVMH; West Kauai Clinics - Waimea, Eleele, Kalaheo; Mahelona Medical Center / SMMH) supports SB1136. The bill would allow HHSC to utilize techniques used by not for profit and private sector hospitals. The results would be a reduction in costs to our hospitals. When the money is not there, in order to survive we must choose between letting the whole ohana go or keeping as many employees employed as possible, while maintaining reduced services.



The Senate
The Twenty-Fifth Legislature
Regular Session of 2009

Committee on Health

Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice Chair

Committee on Labor

Senator Dwight Y. Takamine, Chair
Senator Brian T. Taniguchi, Vice Chair

DATE: Friday, February 13, 2009
TIME: 2:45 p.m.
PLACE: Conference Room 016
State Capitol
415 South Beretania Street

**TESTIMONY OF THE UNITED PUBLIC WORKERS, AFSCME, LOCAL 646,
AFL-CIO ON S.B. 1136 RELATING TO HAWAII HEALTH SYSTEMS CORP.**

My name is Dayton M. Nakanelua, and I am the state director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW currently represents approximately 8,700 blue collar, non-supervisory employees in bargaining unit 1, and 2,800 institutional, health, and correctional workers in bargaining unit 10 in the State of Hawaii and the various counties. Under this measure the Hawaii Health Systems Corporation (HHSC) corporate board and the regional system boards would be authorized "to enter a contract with private or federal, or state or county government" where it determines that the services are sustainable and that services of equivalent or better quality can be provided at a lower cost by the outside

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entity. We oppose Senate Bill 1136 because it eliminates the merit principle, and undermines established wages, hours, and contractual rights of employees.

As our Supreme Court determined in Konno v. County of Hawaii, 85 Hawai'i 61, 937 P.2d 397 (1997), privatization violates the constitutionally established merit principle under Article XVI, Section 1 of the Hawaii State Constitution. Where governmental services have "historically and customarily" been performed by civil servants privatization undermines the merit system, and eliminates the "openness, merit, and independence" in public administration which is promoted by the constitution. 85 Hawai'i at 68, 937 P.2d at 403.

Long before HHSC was created in 1996 health care services in state and county hospitals were provided by civil servants employed by the community hospital division of the State of Hawaii. The employees were hired and retained in accordance with the merit principle through a statewide merit system. Under the merit principle employees were afforded reasonable job security and when layoffs occurred senior employees retained the right to bump junior employees not just within the health care facilities affected, but in any other governmental entities within the system. To ensure that this right continued with the creation of HHSC the legislature provided in 2006 Haw. Sess. L. Act 262, see § 2 ("Sec.-7"), at 599 that HHSC "develop a corporate wide hospital personnel system that is subject to chapters 76, 77, and 89." This measure undermines the commitment made in 1996 to public employees, at a critical point when layoffs loom and job security has become a primary concern within the HHSC workforce.

Responsible government officials know that resort to privatization diminishes accountability, and can lead to unanticipated results. Under this type of measure what the HHSC

corporate board or one or more of its regional system boards will be authorized to do is to "outsource" services at a facility which otherwise could be generating much needed revenue into the entire system, to the detriment of the remaining governmental facilities. For example, Maui Memorial Hospital may be outsourced by the Maui regional system board, and the loss of that potential money making facility to the remaining system then deprives other facilities like Honokaa Hospital of funds it needs to survive. These are the types of abuse that cannot be avoided in a fragmented personnel structure, which is inevitable when outsourcing is authorized on a discretionary basis. We urge senators to look out for the best interest of our health care system as a whole, and not allow it to be destroyed piece by piece through outsourcing.

For employees who work at HHSC outsourcing is considered a form of union busting which threatens the job security of civil servants. It is intended primarily to eliminate hard fought gains through negotiated wages, benefits, and working conditions as set forth in collective bargaining agreements. The UPW membership remains solidly opposed to privatization for the reasons stated in a unanimously adopted resolution at our recent convention. See attached copy of Resolution dated August 4, 2006. We respectfully urge you to defeat this measure, and protect the constitutional, statutory, and contractual rights of affected civil servants.

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**UNITED PUBLIC WORKERS
AFSCME, LOCAL 646, AFL-CIO
2006 CONVENTION**

RESOLUTION

OPPOSITION TO PRIVATIZATION

WHEREAS, privatization is an excuse to divert limited government financial resources to private non-union companies who misappropriate and waste taxpayers dollars; and

WHEREAS, privatization of public services results in diminished accountability and quality of public services at a time that many citizens feel that government is too removed from the people it serves; and

WHEREAS, privatization is a mask for inadequate public officials who cannot manage their counties and departments properly, and hide behind the misleading politically correct words of "downsizing," "rightsizing," and "cost-savings"; and

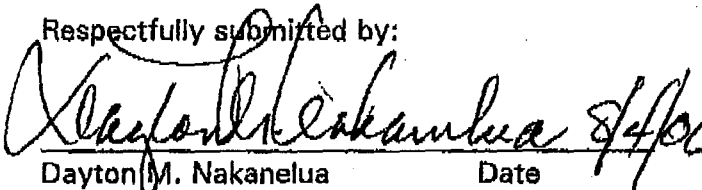
WHEREAS, UPW has always demanded and will continue to demand proof from private "for-profit" companies and government officials to substantiate the false and misleading savings of privatization of government jobs; and

WHEREAS, UPW firmly believes that UPW membership can out perform private contract workers with quality and efficient work at a reduced cost to the taxpayers of Hawaii; and

WHEREAS, UPW further believes that the privatization of UPW jobs undermines job security and threatens the hard fought gains in wages, benefits, and working conditions of our members; now, therefore,

BE IT RESOLVED by the Delegates to the 35th State Convention of the United Public Workers, AFSCME, Local 646, AFL-CIO, to reconfirm UPW's opposition to privatization of government jobs, and further support efforts to continue the fight to oppose the privatization of UPW members' jobs throughout the State of Hawaii.

Respectfully submitted by:


Dayton M. Nakanelua Date
State Director

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 12, 2009 4:50 PM
To: HTHTestimony
Cc: egreenia@hhsc.org
Subject: Testimony for SB1136 on 2/13/2009 2:45:00 PM

Categories: Green Category, Blue Category

Testimony for HTH-LBR 2/13/2009 2:45:00 PM SB1136

Conference room: 016
Testifier position: support
Testifier will be present: No
Submitted by: Earl Greenia
Organization: Kona Community Hospital
Address:
Phone:
E-mail: egreenia@hhsc.org
Submitted on: 2/12/2009

Comments:

This important bill will allow HHSC facilities to partner with community business to deliver various support services and enhance value by reducing cost and improving quality.

The Twenty-Fifth Legislature
Regular Session of 2009

THE SENATE

Committee on Health

Sen. David Y. Ige, Chair
Sen. Josh Green, M.D., Vice Chair

Committee on Labor

Sen. Dwight Y. Takamine, Chair
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State Capitol, Conference Room 016
Friday, February 13, 2009; 2:45 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON S.B. 61, S.B. 1136, S.B. 1138, S.B. 518

The ILWU Local 142 wishes to express concerns and questions about S.B. 61, S.B. 1136, S.B. 1138, and S.B. 518, all related to Hawaii Health Systems Corporation. We comment on these bills as the representative of thousands of ILWU members and retirees who are consumers of services provided by Hawaii Health Systems Corporation.

S.B. 61 will permit Hawaii Health Systems Corporation to be a private nonprofit entity, presumably able to raise its own funds and continue to be the health care safety net by providing affordable, accessible and quality health care. But what happens if the nonprofit corporation is not financially viable? Can the corporation close up shop? What then happens to the "safety net" of services for those in remote areas of the neighbor islands?

S.B. 1136 proposes to outsource certain services of HHSC. The bill does not specify what services would be outsourced, but it is likely that civil service positions would be lost. Yet no one has been able to say, definitively, that outsourcing will produce better, more cost-effective outcomes. In order for HHSC to save money, the workers retained by the outsourcing entity must pay them less than current workers are paid, a distasteful likelihood. In addition, HHSC will be paying the outsourcing entity for management services.

S.B. 1138 and S.B. 518 appears designed to diminish collective bargaining, which we are opposed to on principle. Setting up separate retirement and personnel systems and bargaining units seem unnecessary and costly but are likely mechanisms to eliminate collective bargaining altogether.

The ILWU requests that the Committees consider our concerns and the potential that needed safety net services will be jeopardized by these proposals. Thank you for the opportunity to testify on these measures.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Health
Committee on Labor

Testimony by
Hawaii Government Employees Association
February 13, 2009

S.B. 1136 – RELATING TO THE
HAWAII HEALTH SYSTEMS
CORPORATION

The Hawaii Government Employees Association opposes the purpose and intent of S.B. 1136. The bill authorizes the Hawaii Health Systems Corporation to outsource services currently performed by public employees by exempting the HHSC from current civil service and collective bargaining laws and legal precedent. Such an exemption is bad public policy and it permits privatization to occur without sufficient justification or protection of existing employees.

There is no compelling need for such drastic changes as proposed in this legislation as the HHSC has been able to outsource certain functions on a limited basis.

Thank you for the opportunity to express our opposition about S.B. 1136.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director