

LATE TESTIMONY

STATE OF HAWAII
OFFICE OF VETERANS' SERVICES
TESTIMONY ON S.B. No. 414, RELATING TO CEMETERIES
COMMITTEE ON HEALTH

March 15, 2011

Good morning Chair Ryan Yamane, Vice Chair Dee Morikawa, and members of the House Committee on Health. I am Gregory Jackson, the Director of the Office of Veterans' Services (OVS) and I appreciate this opportunity to submit late testimony regarding S.B. No. 414. This bill seeks, among other things, to allow the Hawaii Health Systems Corporation ("HHSC") to mortgage its real property. We take no position on whether HHSC should be allowed to mortgage properties. However, we do oppose any legislation that allows HHSC or any of its regional boards to mortgage properties that serve as Hawaii's Veterans homes that exist now, or that might exist in the future. In its current form, S.B. 414 appears to include Hawaii's first and only State Veterans Home, the Yukio Otsuku Home in Hilo, as well as any future State Veterans home that might happen to be organized and titled under HHSC.

The Yukio Otsuku State Veterans Home is a 95 bed long-term care facility in Hilo, Hawaii. It is designed specifically for eligible veterans. While other states enjoy numerous homes with hundreds of beds available for their veterans, this is the first and only home of its kind in Hawaii. Mortgaging this, or any future State Veterans Home, places the facility at risk of foreclosure. The OVS opposes any measure that allows HHSC or any of its regional boards to encumber Hawaii's veterans homes in this manner. Doing so would not directly benefit the home, or our state's veterans, but rather would benefit HHSC at a regional or State level. It allows HHSC to mortgage a benefit our Hawaii veterans have earned without providing any direct benefit to the people who earned it.

Additionally, when the State built the Yukio Otsuku facility in Hilo, it received tens of millions of dollars in federal VA funds equal to approximately 66 percent of the

total cost of the home. Should the state eventually build a new home—for example, on Oahu where more than 70 percent of Hawaii's veteran population resides—the state doubtless would again seek federal matching funds. The risk for accepting these federal funds is that they are subject to federal recapture provisions. Should the home cease (within twenty years) to be operated by Hawaii, a Hawaii agency or an instrumentality principally for furnishing domiciliary, nursing home, or hospital care to veterans, the federal government can then pursue the State for 65 percent of the then value of the project. Given Hawaii's limited long-term care options specifically designed for veterans, we do not believe this is a sensible risk to take. We also do not believe amending S.B. 414 specifically for the Yukio Otsuku facility is sufficient, because it does not allow for the possibility of a future long-term care facility.

Current estimates place Hawaii's veteran population at about 120,000. While clearly not all of these veterans require long-term care, enough are nearing this point that a new long term-care facility should be explored. Logically, the Yukio Otsuku home will be looked to for lessons in creating and operating the next home, and within that assessment will be HHSC's role with regards to the home. As our veterans liaison to State government I urge you to act prudently in regards to this precious resource for our veterans. We respectfully submit that S.B. 414 be amended to exclude any facility designed principally for furnishing domiciliary, nursing home, or hospital care to veterans.

Thank you for this opportunity to speak on behalf of Hawaii's veteran community. I am happy to respond to any questions from the Committee.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
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The Twenty-Sixth Legislature, State of Hawaii
The House of Representatives
Committee on Health

Testimony by
Hawaii Government Employees Association
March 15, 2011

S.B. 414, S.D. 3 – RELATING TO
THE HAWAII HEALTH
SYSTEMS CORPORATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO is offering comments on S.B. 414, S.D. 3, which authorizes the Hawaii Health Systems Corporation to mortgage its real property and clarifies that the 25 million dollar cap on the Municipal Leasing Authority applies to each regional system, versus the corporation as a whole.

In its current form, this legislation would allow each individual regional system to mortgage its real property, and thereby obtain outside financing and the flexibility to refinance loans with more favorable terms. Since some regions include ceded and public land trust land, they will be unable to mortgage their real property which creates a discrepancy and inequality between the regions. If the intent of this legislation is to advance the State's commitment to provide quality health care for the people of Hawaii, perhaps the Municipal Leasing Authority should be applied to the corporation, as a whole, where each region can share equally in the benefits. Further, we understand the desire to fully utilize each region's real property assets, but we question if a regional system were to default on payments, would the State then be responsible to ensure payment?

The current effective date of July 1, 2050, will hopefully encourage more dialogue about the legislation. Thank you for the opportunity to provide written comments on S.B. 414, S.D. 3.

Respectfully submitted,

for 
Randy Perreira
Executive Director