



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

**House Committee on Labor and Public Employment
Representative Mark M. Nakashima, Chair
Representative Kyle T. Yamashita, Vice Chair**

**House Committee on Health
Representative Della Au Belatti, Chair
Representative Dee Morikawa, Vice Chair**

Tuesday, February 11, 2014

8:30 a.m.

Conference Room 309

Hawaii State Capitol

**Testimony Supporting House Bill 2216, Relating to Collective Bargaining.
Establishes a separate bargaining unit for employees of the HHSC. Authorizes
HHSC to withhold or alter the benefits packages of certain employees.**

Alice M. Hall

Acting President and Chief Executive Officer
Hawaii Health Systems Corporation

Hawaii Health Systems Corporation (“HHSC”) **strongly supports HB 2216, with amendments**, which establishes a separate bargaining unit for HHSC employees and, where necessary, permits HHSC to withhold or alter the benefit packages of its employees.

Recent health care reform has incentivized hospitals nationwide to adopt strategies to create a high performance culture and establish a work environment where management and staff are one. Hospital performance, both financial and clinical, is the responsibility of every employee. In a union environment, the collective bargaining agreement must be used to establish equitable pay in conditions that are safe and that encourages employees to excel in the work that they perform. This is especially critical in direct patient care positions. The collective bargaining agreement process can be an effective tool in creating a cost efficient and high quality work environment. Patient care will be the key benefactor of this synergy.

Presently, health care reform has been radically changing the operational face of healthcare delivery at a very rapid pace. In particular, the 2010 Patient Protection and Affordable Care Act (hereinafter, "ACA") began a plethora of changes fundamentally aimed at improving the quality of care delivery, controlling and lowering the costs of care, and providing greater access to care nationwide.

HHSC's support of HB 2216 lies primarily within the ACA's aims of improving the quality of patient care and controlling operational costs. In furtherance of these aims, the ACA reduces Medicare and Medicaid base payments and establishes an incentive and disincentive payment structure that rewards providers for achieving quality outcomes, and penalizes providers for care deficiencies such as re-admissions and hospital acquired conditions. Under the ACA, every aspect of care in the hospital setting – including bundled payments, hospital value-based purchasing and compliance with national quality standards – are heavily monitored and evaluated. Given HHSC's deep reliance on Medicaid and Medicare reimbursements as the primary source of its revenues (roughly 65%), it is vital that HHSC be able to meet the challenging demands of this daunting healthcare reform process. In order to do so, however, HHSC clearly requires the flexibility to negotiate and develop collective bargaining agreements solely with its own employees.

Under the existing collective bargaining structure, HHSC is grouped with the State, the Judiciary and the counties when collective bargaining agreements ("CBAs") are negotiated for employees in all of its bargaining units; to wit, units 1-4, 9-10, and 13. Although all of the foregoing employer groups also have employees in these bargaining units, it is simply not feasible for HHSC to be a party to the same CBAs because HHSC's operations are so materially distinct from those of the other employer groups and HHSC has very little voice in determining the final terms of the various CBAs during the negotiation process.

With respect to differences in operations, unlike the other employer groups – which are either minimally or not subject to the new ACA requirements – HHSC is legally obligated to position its cost and operational structure at an optimal level and develop new work rules to ensure compliance with changing healthcare regulations. As noted above, failure to do so will have a detrimental impact on HHSC's reimbursement revenues. Moreover, HHSC is the only employer group that runs 24/7 operations in acute/emergency, out-patient and long term care facilities. Thus, it is only natural that HHSC's day-to-day operational and employment needs would dramatically differ from those of the State, the Judiciary and the counties.

Despite the above differences, HHSC is nonetheless required to somehow address all of its unique operational requirements under a collective bargaining structure that grants HHSC very little voice. In particular, irrespective of the percentage of employees HHSC or the other employer groups have in any given bargaining unit, the current collective bargaining structure grants the State six jurisdictional votes while only granting HHSC and the other employer groups a single jurisdictional vote. As such, where HHSC is in need of material changes to a particular CBA, HHSC must rely on the State to

understand the complexities of the healthcare industry and support all necessary amendments to a particular CBA. Based on HHSC's prior experiences in the negotiation process, however, the respective positions of HHSC and the State have often not been the same on many important issues. When this occurred, the interests of HHSC were always trumped by those of the State.

Although helpful on individual or smaller issues, the use of supplemental agreements has not been effective in addressing the major issues facing HHSC in the labor arena. Once the master agreement has been negotiated and agreed upon by the State and union, there is very little that HHSC can offer to the Union by way of compromise for the changes HHSC seeks. Wages have already been set; so why would the unions negotiate further to provide HHSC the flexibility it needs to manage this complex environment?

In light of the foregoing, HHSC strenuously supports the establishment of separate bargaining units for HHSC's employees. We believe that the only way to improve the health care of our patients, increase reimbursements and lower costs under the ACA is through collaborative efforts and negotiations strictly between the parties actually subject to the ACA – namely, HHSC and HHSC's employees. Clearly, the time to act is now since the pressures of healthcare reform will only intensify in the years ahead.

While the instant bill as currently drafted calls for the establishment of a single bargaining unit for all HHSC employees, HHSC recognizes that this would create numerous logistical, administrative and representation problems. As such, HHSC proposes that HB 2216 be amended consistent with the attached Exhibit A, whereby HHSC employees currently in bargaining units 1, 2, 3, 4, 9, 10, and 13 would respectively become members of new HHSC bargaining units 15-21.

In addition, section 2 (b) of the bill addressing different benefits is unclear, and HHSC recommends removing that section.

Thank you for the opportunity to testify in support of the intent of HB 2216.

HB 2216 PROPOSED HD1

A BILL FOR AN ACT

RELATING TO COLLECTIVE BARGAINING IN PUBLIC EMPLOYMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that under the present
2 law, employees of the Hawaii health systems corporation are
3 included in seven bargaining units that also include employees
4 of other public employers. While this arrangement is not unique
5 to the Hawaii health systems corporation, its status as the
6 nation's fourth largest public health care organization
7 providing 24/7 acute and long term health care services makes
8 its work uniquely different from other government workers in the
9 state. The ability to negotiate collective bargaining
10 agreements that address the wages, hours, and working conditions
11 of health care employees would allow the Hawaii health systems
12 corporation to expeditiously respond to and address the unique
13 issues inherent in its 24/7 hospital operations, including
14 census, acuity, process improvement, and most importantly,
15 quality patient care.

16 The legislature finds that a more appropriate
17 categorization of the bargaining units requires that the
18 employees of the Hawaii health systems corporation be separated

1 from other employees of different public employers and be placed
2 in separate bargaining units that are counterparts to the
3 existing ones. The purpose of this Act is to establish seven
4 separate bargaining units for employees of the Hawaii health
5 systems corporation.

6 SECTION 2. Section 89-6, Hawaii Revised Statutes, is
7 amended to read as follows:

8 **"§89-6 Appropriate bargaining units.** (a) All employees
9 throughout the [~~State~~] state within any of the following
10 categories shall constitute an appropriate bargaining unit:

- 11 (1) Nonsupervisory employees in blue collar positions;
- 12 (2) Supervisory employees in blue collar positions;
- 13 (3) Nonsupervisory employees in white collar positions;
- 14 (4) Supervisory employees in white collar positions;
- 15 (5) Teachers and other personnel of the department of
16 education under the same pay schedule, including part-
17 time employees working less than twenty hours a week
18 who are equal to one-half of a full-time equivalent;
- 19 (6) Educational officers and other personnel of the
20 department of education under the same pay schedule;
- 21 (7) Faculty of the University of Hawaii and the community
22 college system;

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- 1 (8) Personnel of the University of Hawaii and the
- 2 community college system, other than faculty;
- 3 (9) Registered professional nurses;
- 4 (10) Institutional, health, and correctional workers;
- 5 (11) Firefighters;
- 6 (12) Police officers; ~~and~~
- 7 (13) Professional and scientific employees, who cannot be
- 8 included in ~~[any of the other]~~ bargaining units~~[-]~~
- 9 (1), (2), (3), (4), (5), (6), (7), (8), (9), (10),
- 10 (11), and (12);
- 11 (14) State law enforcement officers and state and county
- 12 ocean safety and water safety officers; and
- 13 (15) Nonsupervisory employees in blue collar positions with
- 14 the Hawaii health systems corporation;
- 15 (16) Supervisory employees in blue collar positions with
- 16 the Hawaii health systems corporation;
- 17 (17) Nonsupervisory employees in white collar positions
- 18 with the Hawaii health systems corporation;
- 19 (18) Supervisory employees in white collar positions with
- 20 the Hawaii health systems corporation;
- 21 (19) Registered professional nurses with the Hawaii health
- 22 systems corporation;

1 (20) Institutional and health workers with the Hawaii
2 health systems corporation; and

3 (21) Professional and scientific employees with the Hawaii
4 health systems corporation, who cannot be included in
5 bargaining units (14), (15), (16), (17), (18), and
6 (19).

7 (b) Because of the nature of the work involved and the
8 essentiality of certain occupations that require specialized
9 training, supervisory employees who are eligible for inclusion
10 in bargaining units (9) through (13) shall be included in
11 bargaining units (9) through (13), respectively, instead of
12 bargaining unit (2) or (4). Supervisory employees with the
13 Hawaii health systems corporation who are eligible for inclusion
14 in bargaining units (19) through (21) shall be included in
15 bargaining units (19) through (21), respectively, instead of
16 bargaining unit (16) or (18).

17 (c) The classification systems of each jurisdiction shall
18 be the bases for differentiating blue collar from white collar
19 employees, professional from institutional, health and
20 correctional workers, supervisory from nonsupervisory employees,
21 teachers from educational officers, and faculty from
22 nonfaculty. In differentiating supervisory from nonsupervisory

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1 employees, class titles alone shall not be the basis for
2 determination. The nature of the work, including whether a
3 major portion of the working time of a supervisory employee is
4 spent as part of a crew or team with nonsupervisory employees,
5 shall be considered also.

6 (d) For the purpose of negotiating a collective bargaining
7 agreement, the public employer of an appropriate bargaining unit
8 shall mean the governor together with the following employers:

9 (1) For bargaining units (1), (2), (3), (4), (9), (10),
10 and (13), the governor shall have six votes and the
11 mayors~~[,]~~ and the chief justice~~[, and the Hawaii~~
12 ~~health systems corporation board]~~ shall each have one
13 vote if they have employees in the particular
14 bargaining unit;

15 (2) For bargaining units (11) and (12), the governor shall
16 have four votes and the mayors shall each have one
17 vote;

18 (3) For bargaining units (5) and (6), the governor shall
19 have three votes, the board of education shall have
20 two votes, and the superintendent of education shall
21 have one vote;

1 (4) For bargaining units (7) and (8), the governor shall
2 have three votes, the board of regents of the
3 University of Hawaii shall have two votes, and the
4 president of the University of Hawaii shall have one
5 vote[-]; and

6 (5) For bargaining units (15), (16), (17), (18), (19),
7 (20) and (21), the Hawaii health systems corporation
8 board shall have one vote.

9 Any decision to be reached by the applicable employer group
10 shall be on the basis of simple majority, except when a
11 bargaining unit includes county employees from more than one
12 county. In [~~such~~] that case, the simple majority shall include
13 at least one county.

14 (e) In addition to a collective bargaining agreement under
15 subsection (d) each employer may negotiate, independently of one
16 another, supplemental agreements that apply to their respective
17 employees; provided that any supplemental agreement reached
18 between the employer and the exclusive representative shall not
19 extend beyond the term of the applicable collective bargaining
20 agreement and shall not require ratification by employees in the
21 bargaining unit.

1 (f) For the purposes of negotiating contributions by the
2 State and the counties to a voluntary employees' beneficiary
3 association trust as part of a collective bargaining agreement,
4 all prospective retirees who retire on or after July 1, 2005,
5 shall be considered members of the bargaining unit to which they
6 belonged immediately prior to their retirement from the State or
7 the counties.

8 (g) The following individuals shall not be included in any
9 appropriate bargaining unit or be entitled to coverage under
10 this chapter:

- 11 (1) Elected or appointed official;
- 12 (2) Member of any board or commission; provided that
13 nothing in this paragraph shall prohibit a member of a
14 collective bargaining unit from serving on a local
15 school board of a charter school or the charter school
16 review panel established under chapter 302B;
- 17 (3) Top-level managerial and administrative personnel,
18 including the department head, deputy or assistant to
19 a department head, administrative officer, director,
20 or chief of a state or county agency or major
21 division, and legal counsel;

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- 1 (4) Secretary to top-level managerial and administrative
- 2 personnel under paragraph (3);
- 3 (5) Individual concerned with confidential matters
- 4 affecting employee-employer relations;
- 5 (6) Part-time employee working less than twenty hours per
- 6 week, except part-time employees included in
- 7 bargaining unit (5);
- 8 (7) Temporary employee of three months' duration or less;
- 9 (8) Employee of the executive office of the governor or a
- 10 household employee at Washington Place;
- 11 (9) Employee of the executive office of the lieutenant
- 12 governor;
- 13 (10) Employee of the executive office of the mayor;
- 14 (11) Staff of the legislative branch of the State;
- 15 (12) Staff of the legislative branches of the counties,
- 16 except employees of the clerks' offices of the
- 17 counties;
- 18 (13) Any commissioned and enlisted personnel of the Hawaii
- 19 national guard;
- 20 (14) Inmate, kokua, patient, ward, or student of a state
- 21 institution;
- 22 (15) Student help;

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1 (16) Staff of the Hawaii labor relations board;

2 (17) Employee of the Hawaii national guard youth challenge
3 academy; or

4 (18) Employee of the office of elections.

5 (h) Where any controversy arises under this section, the
6 board, pursuant to chapter 91, shall make an investigation and,
7 after a hearing upon due notice, make a final determination on
8 the applicability of this section to specific individuals,
9 employees, or positions."

10 SECTION 3. Section 89-11, Hawaii Revised Statutes, is
11 amended by amending subsection (e) to read as follows:

12 "(e) If an impasse exists between a public employer and
13 the exclusive representative of bargaining unit (2), supervisory
14 employees in blue collar positions; bargaining unit (3),
15 nonsupervisory employees in white collar positions; bargaining
16 unit (4), supervisory employees in white collar positions;
17 bargaining unit (6), educational officers and other personnel of
18 the department of education under the same salary schedule;
19 bargaining unit (8), personnel of the University of Hawaii and
20 the community college system, other than faculty; bargaining
21 unit (9), registered professional nurses; bargaining unit (10),
22 institutional, health, and correctional workers; bargaining unit

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1 (11), firefighters; bargaining unit (12), police officers;
2 bargaining unit (13), professional and scientific employees[7];
3 bargaining unit (14), state law enforcement officers and state
4 and county ocean safety and water safety officers; bargaining
5 unit (15), nonsupervisory employees in blue collar positions
6 with the Hawaii health systems corporation; bargaining unit
7 (16), supervisory employees in blue collar positions with the
8 Hawaii health systems corporation; bargaining unit (17),
9 nonsupervisory employees in white collar positions with the
10 Hawaii health systems corporation; bargaining unit (18),
11 supervisory employees in white collar positions with the Hawaii
12 health systems corporation; bargaining unit (19), registered
13 professional nurses with the Hawaii health systems corporation;
14 bargaining unit (20), institutional and health workers with the
15 Hawaii health systems corporation; and bargaining unit (21),
16 professional and scientific employees with the Hawaii health
17 systems corporation, the board shall assist in the resolution of
18 the impasse as follows:

- 19 (1) Mediation. During the first twenty days after the
20 date of impasse, the board shall immediately appoint a
21 mediator, representative of the public from a list of

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1 qualified persons maintained by the board, to assist
2 the parties in a voluntary resolution of the impasse.

3 (2) Arbitration. If the impasse continues twenty days
4 after the date of impasse, the board shall immediately
5 notify the employer and the exclusive representative
6 that the impasse shall be submitted to a three-member
7 arbitration panel who shall follow the arbitration
8 procedure provided herein.

9 (A) Arbitration panel. Two members of the arbitration
10 panel shall be selected by the parties; one shall
11 be selected by the employer and one shall be
12 selected by the exclusive representative. The
13 neutral third member of the arbitration panel,
14 who shall chair the arbitration panel, shall be
15 selected by mutual agreement of the parties. In
16 the event that the parties fail to select the
17 neutral third member of the arbitration panel
18 within thirty days from the date of impasse, the
19 board shall request the American Arbitration
20 Association, or its successor in function, to
21 furnish a list of five qualified arbitrators from
22 which the neutral arbitrator shall be selected.

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1 Within five days after receipt of such list, the
2 parties shall alternately strike names from the
3 list until a single name is left, who shall be
4 immediately appointed by the board as the neutral
5 arbitrator and chairperson of the arbitration
6 panel.

7 (B) Final positions. Upon the selection and
8 appointment of the arbitration panel, each party
9 shall submit to the panel, in writing, with copy
10 to the other party, a final position which shall
11 include all provisions in any existing collective
12 bargaining agreement not being modified, all
13 provisions already agreed to in negotiations, and
14 all further provisions which each party is
15 proposing for inclusion in the final agreement.

16 (C) Arbitration hearing. Within one hundred twenty
17 days of its appointment, the arbitration panel
18 shall commence a hearing at which time the
19 parties may submit either in writing or through
20 oral testimony, all information or data
21 supporting their respective final positions. The
22 arbitrator, or the chairperson of the arbitration

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1 panel together with the other two members, are
2 encouraged to assist the parties in a voluntary
3 resolution of the impasse through mediation, to
4 the extent practicable throughout the entire
5 arbitration period until the date the panel is
6 required to issue its arbitration decision.

7 (D) Arbitration decision. Within thirty days after
8 the conclusion of the hearing, a majority of the
9 arbitration panel shall reach a decision pursuant
10 to subsection (f) on all provisions that each
11 party proposed in its respective final position
12 for inclusion in the final agreement and transmit
13 a preliminary draft of its decision to the
14 parties. The parties shall review the
15 preliminary draft for completeness, technical
16 correctness, and clarity and may mutually submit
17 to the panel any desired changes or adjustments
18 that shall be incorporated in the final draft of
19 its decision. Within fifteen days after the
20 transmittal of the preliminary draft, a majority
21 of the arbitration panel shall issue the
22 arbitration decision."

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1 SECTION 4. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun, before its effective date.

4 SECTION 5. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 6. This Act shall take effect on July 1, 2013.

7

8 INTRODUCED BY: _____

9

10

yamashita1-Kristine

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 09, 2014 10:39 AM
To: LABtestimony
Cc: riverhag@me.com
Subject: *Submitted testimony for HB2216 on Feb 11, 2014 08:30AM*

HB2216

Submitted on: 2/9/2014

Testimony for LAB/HLT on Feb 11, 2014 08:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Katt MD, FACEP	Hilo Medical Center, Medical Staff	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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House Committee on Health
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Tuesday, February 11, 2014
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**Testimony Supporting House Bill 2216, Relating to Collective Bargaining.
Establishes a separate bargaining unit for employees of the HHSC.
Authorizes HHSC to withhold or alter the benefits packages of certain
employees.**

Julie-Beth Ako
Hospital Systems Services Director
Hilo Medical Center

I strongly support HB 2216, with amendments, which establishes a separate bargaining unit for HHSC employees and, where necessary, permits HHSC to withhold or alter the benefit packages of its employees.

Recent health care reform has incentivized hospitals nationwide to adopt strategies to create a high performance culture and establish a work environment where management and staff are one. Hospital performance, both financial and clinical, is the responsibility of every employee. In a union environment, the collective bargaining agreement must be used to establish equitable pay in conditions that are safe and that encourages employees to excel in the work that they perform. This is especially critical in direct patient care positions. The collective bargaining agreement process can be an effective tool in creating a cost efficient and high quality work environment. Patient care will be the key benefactor of this synergy.

Presently, health care reform has been radically changing the operational face of healthcare delivery at a very rapid pace. In particular, the 2010 Patient Protection and Affordable Care Act (hereinafter, "ACA") began a plethora of changes fundamentally aimed at improving the quality of care delivery, controlling and lowering the costs of care, and providing greater access to care nationwide.

My support of HB 2216 lies primarily within the ACA's aims of improving the quality of patient care and controlling operational costs. In furtherance of these aims, the ACA reduces Medicare and Medicaid base payments and establishes an incentive and disincentive payment structure that rewards providers for achieving quality outcomes, and penalizes providers for care deficiencies such as re-admissions and hospital acquired conditions. Under the ACA, every aspect of care in the hospital setting – including bundled payments, hospital value-based purchasing and compliance with national quality standards – are heavily monitored and evaluated. Given HHSC's deep reliance on Medicaid and Medicare reimbursements as the primary source of its revenues (roughly 65%), it is vital that HHSC be able to meet the challenging demands of this daunting healthcare reform process. In order to do so, however, HHSC clearly requires the flexibility to negotiate and develop collective bargaining agreements solely with its own employees.

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With respect to differences in operations, unlike the other employer groups – which are either minimally or not subject to the new ACA requirements – HHSC is legally obligated to position its cost and operational structure at an optimal level and develop new work rules to ensure compliance with changing healthcare regulations. As noted above, failure to do so will have a detrimental impact on HHSC's reimbursement revenues. Moreover, HHSC is the only employer group that runs 24/7 operations in acute/emergency, out-patient and long term care facilities. Thus, it is only natural that HHSC's day-to-day operational and employment needs would dramatically differ from those of the State, the Judiciary and the counties.

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many important issues. When this occurred, the interests of HHSC were always trumped by those of the State.

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In light of the foregoing, **I strongly support the establishment of separate bargaining units for HHSC's employees.** The only way to improve the health care of our patients, increase reimbursements and lower costs under the ACA is through collaborative efforts and negotiations strictly between the parties actually subject to the ACA – namely, HHSC and HHSC's employees. Clearly, the time to act is now since the pressures of healthcare reform will only intensify in the years ahead.

While the instant bill as currently drafted calls for the establishment of a single bargaining unit for all HHSC employees, HHSC recognizes that this would create numerous logistical, administrative and representation problems. **I support the amendment of HB2216**, whereby HHSC employees currently in bargaining units 1, 2, 3, 4, 9, 10, and 13 would respectively become members of new HHSC bargaining units 15-21.

I also support the removal of section 2 (b) of the bill addressing different benefits, as it is unclear in its current form.

Thank you for the opportunity to testify in support of the intent of HB 2216.

yamashita1-Kristine

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 09, 2014 4:14 PM
To: LABtestimony
Cc: pchowdhurymdllc@gmail.com
Subject: Submitted testimony for HB2216 on Feb 11, 2014 08:30AM

HB2216

Submitted on: 2/9/2014

Testimony for LAB/HLT on Feb 11, 2014 08:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Pradeepta Chowdhury	Pradeepta Chowdhury MD LLC	Oppose	No

Comments: Collective bargaining has been the ruin of HHSC financially. Going forward there should be NO GOVERNMENT UNIONS INVOLVED IN COLLECTIVE BARGAINING! The new non-profit organization should expected do devise its own 'benefits' package, reasonably and compassionately.

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KAUAI REGION
WEST KAUAI MEDICAL CENTER
(DBA KAUAI VETERANS MEMORIAL HOSPITAL AND WAIMEA & PORT ALLEN CLINICS)
MAHELONA MEDICAL CENTER
(DBA SAMUEL MAHELONA MEMORIAL HOSPITAL)
WEST KAUAI CLINIC – KALAHEO

HAWAII HEALTH SYSTEMS CORPORATION

Scott E. McFarland
Interim Regional CEO

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Testimony STRONGLY SUPPORTING House Bill 2216, Relating to Collective Bargaining. Establishes a separate bargaining unit for employees of the HHSC. Authorizes HHSC to withhold or alter the benefits packages of certain employees.

Scott E. McFarland
Interim Regional CEO – Hawaii Health Systems Corporation, Kauai Region
West Kauai Medical Center/Kauai Veterans Memorial Hospital
West Kauai Clinics – Waimea, Port Allen, Kalaheo
Mahelona Medical Center/Samuel Mahelona Memorial Hospital

On behalf of the Hawaii Health Systems Corporation (HHSC) Kauai Region Board of Directors, thank you for the opportunity to present testimony in **STRONG SUPPORT** of House Bill 2216, **with amendments**, which establishes a separate bargaining unit for HHSC employees and, where necessary, permits HHSC to withhold or alter the benefit packages of its employees.

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establish equitable pay in conditions that are safe and that encourages employees to excel in the work that they perform. This is especially critical in direct patient care positions. The collective bargaining agreement process can be an effective tool in creating a cost efficient and high quality work environment. Patient care will be the key benefactor of this synergy.

Presently, healthcare reform has been radically changing the operational face of healthcare delivery at a very rapid pace. In particular, the 2010 Patient Protection and Affordable Care Act (hereinafter, "ACA") began a plethora of changes fundamentally aimed at improving the quality of care delivery, controlling and lowering the costs of care, and providing greater access to care nationwide.

HHSC Kauai Region's support of HB 2216 lies primarily within the ACA's aims of improving the quality of patient care and controlling operational costs. In furtherance of these aims, the ACA reduces Medicare and Medicaid base payments and establishes an incentive and disincentive payment structure that rewards providers for achieving quality outcomes, and penalizes providers for care deficiencies such as re-admissions and hospital acquired conditions. Under the ACA, every aspect of care in the hospital setting – including bundled payments, hospital value-based purchasing and compliance with national quality standards – are heavily monitored and evaluated. Given HHSC's deep reliance on Medicaid and Medicare reimbursements as the primary source of its revenues (roughly 65%), it is vital that HHSC Kauai Region be able to meet the challenging demands of this daunting healthcare reform process. In order to do so, however, HHSC clearly requires the flexibility to negotiate and develop collective bargaining agreements solely with its own employees.

Under the existing collective bargaining structure, HHSC is grouped with the State, the Judiciary and the counties when collective bargaining agreements ("CBAs") are negotiated for employees in all of its bargaining units; to wit, units 1-4, 9-10, and 13. Although all of the foregoing employer groups also have employees in these bargaining units, it is simply not feasible for HHSC to be a party to the same CBAs because HHSC's operations are so materially distinct from those of the other employer groups and HHSC has very little voice in determining the final terms of the various CBAs during the negotiation process.

With respect to differences in operations, unlike the other employer groups – which are either minimally or not subject to the new ACA requirements – HHSC is legally obligated to position its cost and operational structure at an optimal level and develop new work rules to ensure compliance with changing healthcare regulations. As noted above, failure to do so will have a detrimental impact on HHSC's reimbursement revenues. Moreover, HHSC is the only employer group that runs 24/7 operations in acute/emergency, out-patient and long term care facilities. Thus, it is only natural that HHSC's day-to-day operational and employment needs would dramatically differ from those of the State, the Judiciary and the counties.

Despite the above differences, HHSC is nonetheless required to somehow address all of its unique operational requirements under a collective bargaining structure that grants HHSC very little voice. In particular, irrespective of the percentage of employees HHSC or the other employer groups have in any given bargaining unit, the current collective bargaining structure grants the State six jurisdictional votes while only granting HHSC and the other employer

groups a single jurisdictional vote. As such, where HHSC is in need of material changes to a particular CBA, HHSC must rely on the State to understand the complexities of the healthcare industry and support all necessary amendments to a particular CBA. Based on HHSC's prior experiences in the negotiation process, however, the respective positions of HHSC and the State have often not been the same on many important issues. When this occurred, the interests of HHSC were always trumped by those of the State.

Although helpful on individual or smaller issues, the use of supplemental agreements has not been effective in addressing the major issues facing HHSC in the labor arena. Once the master agreement has been negotiated and agreed upon by the State and union, there is very little that HHSC can offer to the Union by way of compromise for the changes HHSC seeks. Wages have already been set; so why would the unions negotiate further to provide HHSC the flexibility it needs to manage this complex environment?

In light of the foregoing, HHSC Kauai Region strenuously supports the establishment of separate bargaining units for HHSC's employees. We believe that the only way to improve the health care of our patients, increase reimbursements and lower costs under the ACA is through collaborative efforts and negotiations strictly between the parties actually subject to the ACA – namely, HHSC and HHSC's employees. Clearly, the time to act is now since the pressures of healthcare reform will only intensify in the years ahead.

Thank you for the opportunity to testify before this committee. We would respectfully recommend the Committee's **STRONG SUPPORT** of this measure.

yamashita1-Kristine

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 09, 2014 11:33 AM
To: LABtestimony
Cc: kanemotow001@hawaii.rr.com
Subject: Submitted testimony for HB2216 on Feb 11, 2014 08:30AM

HB2216

Submitted on: 2/9/2014

Testimony for LAB/HLT on Feb 11, 2014 08:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Wayne Kanemoto	Individual	Support	No

Comments: I support HB 2216 forming a separate bargaining unit for HHSC

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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yamashita1-Kristine

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 09, 2014 1:45 PM
To: LABtestimony
Cc: bob_hanley@yahoo.com
Subject: *Submitted testimony for HB2216 on Feb 11, 2014 08:30AM*

HB2216

Submitted on: 2/9/2014

Testimony for LAB/HLT on Feb 11, 2014 08:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Hanley	Individual	Support	No

Comments:

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yamashita1-Kristine

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 08, 2014 2:00 PM
To: LABtestimony
Cc: ted@peskin.net
Subject: Submitted testimony for HB2216 on Feb 11, 2014 08:30AM

HB2216

Submitted on: 2/8/2014

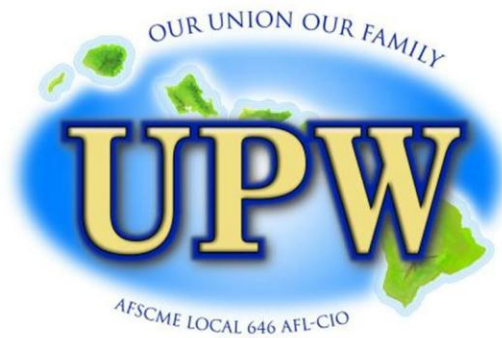
Testimony for LAB/HLT on Feb 11, 2014 08:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
edward peskin,MD	Individual	Support	No

Comments: As a physician, I believe that we would provide a higher and better level of service if this bill passes. I support workers rights, but not when they outweigh the needs of the patients.

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LATE

THE HAWAII HOUSE OF REPRESENTATIVES
The Twenty-Seventh Legislature
Regular Session of 2014

COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

The Honorable Rep. Mark M. Nakashima, Chair
The Honorable Rep. Kyle T. Yamashita, Vice Chair

COMMITTEE ON HEALTH

The Honorable Rep. Della Au Belatti, Chair
The Honorable Rep. Dee Morikawa, Vice Chair

DATE OF HEARING: Tuesday, February 11, 2014

TIME OF HEARING: 8:30 a.m.

PLACE OF HEARING: Conference Room 309

TESTIMONY ON HB2216 RELATING TO COLLECTIVE BARGAINING

By DAYTON M. NAKANELUA,
State Director of the United Public Workers, AFSCME Local 646, AFL-CIO

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 is the exclusive representative for approximately 11,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW strongly opposes HB2216, which establishes a separate bargaining unit for employees of the Hawaii Health Systems Corporation (HHSC).

We request that this bill be held in committee.

Thank you for the opportunity to testify on this measure.