



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

Testimony by
Hawaii Government Employees Association
February 10, 2014

**S.B. 3064 – RELATING TO THE HAWAII HEALTH
SYSTEMS CORPORATION**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes the intent of S.B. 3064, which amends Hawaii Revised Statute 323F-7.6, by providing for a transition from a state-operated hospital system to a nonprofit hospital entity.

As the exclusive representative of employees included in bargaining units 02, 03, 04, 09 and 13 of the Hawaii health systems corporation, we oppose as drafted S.B. 3064 as the language does not provide for the bargaining process to protect the rights and benefits of the affected employees.

Thank you for the opportunity to testify in opposition of S.B. 3064.

Respectfully submitted,

Randy Perreira
Executive Director

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: alibaba@hawaii.rr.com
Subject: Submitted testimony for SB3064 on Feb 10, 2014 13:15PM
Date: Sunday, February 09, 2014 1:31:10 PM

SB3064

Submitted on: 2/9/2014

Testimony for HTH on Feb 10, 2014 13:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Alistair Bairos	West Hawai'i Regional Board, HHSC	Support	No

Comments: The West Hawai'i Regional Board of HHSC strongly supports this bill as integral to advancing the evolution of HHSC so hat we can continue to provide quality care for the populations we serve.

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The Twenty-Seventh Legislature
Regular Session of 2014

THE SENATE
Committee on Health
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair
Hawaii State Capitol, Conference Room 229
Monday, February 10, 2014; 1:15 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 3064
RELATING TO HAWAII HEALTH SYSTEMS CORPORATION**

The ILWU Local 142 supports the intent of S.B. 3064, which allows for the transition of the Hawaii Health Systems Corporation, a regional system, or two or more regional systems to transition to a nonprofit hospital corporation; requires the nonprofit hospital corporation to maintain equivalent services in acquired regions for at least five years; and requires the State to continue to meet all financial obligations to public employees before the effective date of the measure.

The Hawaii Health Systems Corporation (HHSC) has been faced with financial challenges since its inception. HHSC maintains hospitals statewide that, for the most part, do not generate sufficient revenue to be self-sufficient. Much of the services provided are for long-term care, and most of the patients served are on Medicaid. HHSC has been considering other sources of revenue and other models of governance, but the concern raised by many, including the ILWU, is preservation of the safety net function that HHSC is mandated to provide.

The ILWU represents more than 18,000 active members and thousands of retired members statewide. Most of our members and retirees live on the neighbor islands, which rely heavily on HHSC facilities, and many of them live in rural communities like Ka'u and Lanai where health care resources are very limited. Without HHSC, there would be no emergency room services for them.

While it would be ideal for HHSC to have the revenues to continue operations on all islands, S.B. 3064 offers an alternative for transition to another financial viable entity. First, it proposes that the transition be to a "nonprofit hospital corporation incorporated in the State before January 1, 2000." This expresses an interest in having a locally based nonprofit, presumably rooted in the community, take over the entire corporation or a portion of it. Second, it proposes to "maintain equivalent services in acquired regions for no less than five years following the finalization of the transition." Services would not be cut off abruptly but gradually eased out, presumably with time for other alternatives to be developed. And finally, it proposes that all liabilities related to collective bargaining contracts, including all benefits, pensions, and financial obligations "become the responsibility of the State." Incumbent workers will be protected to some extent, but some jobs will be lost.

There is no easy solution to the fiscal dilemma facing HHSC today. Short of having the State fully fund HHSC, S.B. 3064 appears to be a reasonable alternative. Regions that are acquired presumably have the potential to generate revenues to become self-sufficient and will benefit from investment from the entities acquiring them. However, the State must acknowledge its commitment to ensure safety net services to regions that will NOT be acquired. These regions are likely those not able to generate revenues on their own to offset costs and will require huge subsidies from the State. The plan for transition must include them.

The ILWU urges passage of S.B. 3064 to continue discussion of alternatives to retain HHSC services. Thank you for considering our testimony.

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SB3064

Submitted on: 2/9/2014

Testimony for HTH on Feb 10, 2014 13:15PM in Conference Room 229

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

Comments: Strongly support this bill, in particular transitioning current employees to a new system, in which they are allowed to keep benefits accrued so far! This bill will HHSC free and allow it to improve our services. The original intent of the 'creation' of HHSC in the 1990's was to create a non-profit organization to run 'formerly' state hospitals and divorce it from the state coffers. Unfortunately, along the way, HHSC was mandated to employ 'state workers' with the usual benefits. This bill will only work if current employees (if found suitable) will be rehired under new terms and conditions and free from union interference.

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From: mailinglist@capitol.hawaii.gov
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Cc: bob_hanley@yahoo.com
Subject: *Submitted testimony for SB3064 on Feb 10, 2014 13:15PM*
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SB3064

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Testimony for HTH on Feb 10, 2014 13:15PM in Conference Room 229

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

Comments:

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COMMITTEE ON HEALTH

Senator Josh Green, Chair

Senator Rosalyn Baker, Vice Chair

Monday, February 10, 2014

1:15 PM

State Capitol, Room 229

RE: TESTIMONY IN SUPPORT OF SB 3064, RELATING TO HHSC

Aloha Chair Green, Vice Chair Baker and Member of the Committee:

My name is Nicole Apoliona, M.D., medical director of Kula Hospital and I'm in strong support of the intent of **S.B. No. 3064**, that seeks to establish a process for the transition of one or more regions of the Hawaii Health Systems Corporation (HHSC) into a nonprofit corporation.

As a **medical doctor** of Maui Memorial Medical Center (MMMC) and Kula Hospital and a resident of Maui, my main concern is the future of health care services on our island. MMMC is HHSC's largest acute care facility and only full-service hospital in Maui County. We are the only hospital in the state with a 24/7 stroke treatment program, the only neighbor island hospital that provides comprehensive cardiovascular services and the only neighbor island hospital with a Trauma Center designation. Currently, we have over 1,400 employees, including 200 attending physicians, making MMMC one of the largest employers on Maui.

I support this legislation because we need a solution that will help MMMC, as well other HHSC facilities across the state, become sustainable, rely less on government subsidies and expand services to address the current and future health care needs of our communities.

When operating revenues are not enough to cover expenses, we have a problem. And if nothing changes, we will be forced to make tough decisions that will compromise the delivery of health care services in Maui County and jeopardize the well-being of our residents and visitors.

On behalf of my colleagues at MMMC and my friends and family on Maui, I urge you to pass legislation that will allow us the option of a public-private partnership. I am, however, greatly concerned that the bill in its current form severely restricts choice and community driven decision-making. **I would recommend that the bill be modified by deleting the clause "incorporated in the State before January 1, 2000."** It is important that the community stakeholders have a voice in the choice. This is a good opportunity for us and we need your help to move forward.

Mahalo.

Nicole Apoliona, M.D.

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SB3064

Submitted on: 2/10/2014

Testimony for HTH on Feb 10, 2014 13:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Margaret Maupin	Individual	Support	No

Comments:

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