

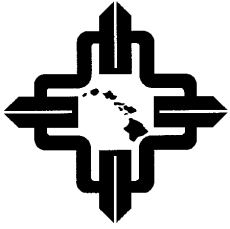
TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON JUDICIARY AND LABOR  
AND WAYS AND MEANS  
ON  
HOUSE BILL NO. 1112, H.D. 2, S.D. 1

April 8, 2015

RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

H.B. No. 1112, H.D. 2, S.D. 1, repeals certain limits on operational authority; authorizes the Hawaii Health Systems Corporation (HHSC) to negotiate master bargaining agreements for HHSC employees; and clarifies that a region or facility may transition by partnering with a private healthcare management system notwithstanding civil service and related laws.

The Department of Budget and Finance supports the general intent of transitioning HHSC into a more economically efficient system of health care delivery. The issues involved in facilitating HHSC sustainability are complex and multifaceted. The Ige Administration would like to work with the Committees to develop a realistic and workable framework for moving forward to ensure that vital health care services will be provided either through a restructured HHSC or some other appropriate entity.



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

*"Quality Healthcare For All"*

**Senate Committee on Judiciary and Labor**  
**Senator Gilbert S. C. Keith-Agaran, Chair**  
**Senator Maile S. L. Shimabukuro, Vice Chair**

**Senate Committee on Ways and Means**  
**Senator Jill N. Tokuda, Chair**  
**Senator Ronald D. Kouchi, Vice Chair**

April 8, 2015  
Conference Room 211  
9:55 a.m.  
Hawaii State Capitol

**Testimony Supporting House Bill 1112, HD2, SD1 Relating to the Hawaii Health Systems Corporation.**

**Repeals certain limits on operational authority. Requires the auditor to conduct a financial and management audit of HHSC every five years. Authorizes HHSC to negotiate master collective bargaining agreements for its employees. Clarifies that a region or facility may transition by partnering with a private healthcare management system notwithstanding civil service and related laws.**

Linda Rosen, M.D., M.P.H.  
Chief Executive Officer  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **strong support** of HB 1112, HD2, SD1.

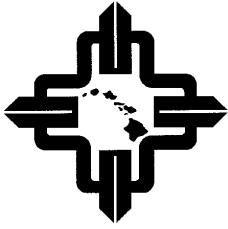
We **support** Part I of SD1 as it preserves the Regional Boards but also increases the overall accountability of the HHSC system. The amendment to current statute provides that the HHSC Corporate Board will have final approval of each region's budget, and thus the general fund distribution. This assures that individual regions are held accountable for financial and management decisions, and will promote system wide efficiencies without serious adverse effects.

Further, the Corporation **supports** Part II dealing with collective bargaining. HHSC's current inability to negotiate mandatory master agreements for our employees has resulted in increasing costs without any leverage to make specific changes that would benefit hospital operations. The language in SD1 will enable HHSC to address our

specific labor needs and therefore supports our ability to effectively and efficiently provide high quality patient care.

Finally, we **support** Parts III and IV containing amendments to facilitate transition by one or more facilities to new legal status and protecting employees' earned retirement allowances.

Thank you for the opportunity to testify.



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

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Carol A. VanCamp  
Corporate Board Chair  
Hawaii Health Systems Corporation

On behalf of the corporate board of Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, I would also like to present testimony in **strong support** of HB 1112, HD2, SD1.

We **support** Part I of SD1 as it preserves regional governance through regional board members who have varied skillsets and expertise and know best the healthcare needs of their communities. The amendment to the current statute increases the overall accountability of the HHSC system by giving the HHSC Corporate Board final approval of each region's budget, and thus the general fund distribution. This will make individual regions more accountable for financial and management decisions, and will promote system wide efficiencies and collaboration. Furthermore, returning to a fully-centralized system would be very disruptive and at this time, the corporate office is not positioned to undertake that responsibility.

Secondly, the Corporation **supports** Part II dealing with collective bargaining. HHSC's current inability to negotiate mandatory master agreements for our employees has resulted in increasing costs without any leverage to make specific changes that would benefit hospital operations. The language in SD1 will enable HHSC to address our specific labor needs, which are much different than most other state agencies due to our 24/7 operations and the nature of our services.

Thirdly, we **support** Parts III and IV which contain amendments to facilitate transition by one or more facilities to new legal status and protects employees' earned retirement allowances.

We appreciate your support for HHSC and the important healthcare services our facilities provide throughout the state.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [JDLTestimony](#)  
**Cc:**  
**Subject:** Submitted testimony for HB1112 on Apr 8, 2015 09:55AM  
**Date:** Tuesday, April 07, 2015 10:29:14 AM

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**HB1112**

Submitted on: 4/7/2015

Testimony for JDL/WAM on Apr 8, 2015 09:55AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William R. Cliff	HHSC West Hawaii Region	Support	No

Comments: As BOD Chair of the West Hawaii Region of HHSC, I strongly support the provisions of HB1112 as currently amended. I will defer to the testimony of Dr. Rosen for HHSC. Her rationale for passage of this legislation is justified by numerous audits and consulting studies previously paid for by the State of Hawaii. Her arguments are accurate, objective and communicate the urgency of the current state of rural health care in Hawaii. mahalo Bill Cliff HHSC West Hawaii Regional Board

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**Senate Committee on Judiciary and Labor**  
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**Senator Jill N. Tokuda, Chair**  
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April 8, 2015  
Conference Room 211  
9:55 a.m.  
Hawaii State Capitol

Testimony Supporting House Bill 1112, HD2, SD1 Relating to the Hawaii Health Systems Corporation

Kathryn Salomon,  
West Hawaii Regional Human Resources Director  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC), thank you for the opportunity to present testimony in strong support of HB 1112, HD2, SD1.

I support Part I of SD1 as it preserves the Regional Boards but also increases the overall accountability of the HHSC system. The amendment to current statute provides that the HHSC Corporate Board will have final approval of each region's budget, and thus the general fund distribution. This assures that individual regions are held accountable for financial and management decisions, and will promote system wide efficiencies without serious adverse effects.

Further, the Corporation supports Part II dealing with collective bargaining. HHSC's current inability to negotiate mandatory master agreements for our employees has resulted in increasing costs without any leverage to make specific changes that would benefit hospital operations. The language in SD1 will enable HHSC to address our specific labor needs and therefore supports our ability to effectively and efficiently provide high quality patient care.



Finally, I support Parts III and IV which contain amendments to facilitate transition by one or more facilities to new legal status and protects employees' earned retirement allowances.

Thank you for the opportunity to testify.





**Senate Committee on Judiciary and Labor**  
**Senator Gilbert S. C. Keith-Agaran, Chair**  
**Senator Maile S. L. Shimabukuro, Vice Chair**

**Senate Committee on Ways and Means**  
**Senator Jill N. Tokuda, Chair**  
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April 8, 2015  
Conference Room 211  
9:55 a.m.  
Hawaii State Capitol

Testimony Supporting House Bill 1112, HD2, SD1 Relating to the Hawaii Health Systems Corporation

Judy Donovan  
Director of Marketing/Strategic Planning  
West Hawaii Region  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in strong support of HB 1112, HD2, SD1.

We support Part I of SD1 as it preserves the Regional Boards but also increases the overall accountability of the HHSC system. The amendment to current statute provides that the HHSC Corporate Board will have final approval of each region's budget, and thus the general fund distribution. This assures that individual regions are held accountable for financial and management decisions, and will promote system wide efficiencies without serious adverse effects.

Further, the Corporation supports Part II dealing with collective bargaining. HHSC's current inability to negotiate mandatory master agreements for our employees has resulted in increasing costs without any leverage to make specific changes that would benefit hospital operations. The language in SD1 will enable HHSC to address our specific labor needs and therefore supports our ability to effectively and efficiently provide high quality patient care.

**KONA COMMUNITY HOSPITAL**  
HAWAII HEALTH SYSTEMS CORPORATION  
79-1019 Haukapila Street  
Kealahou, HI 96750  
(808) 322-9311



Finally, we support Parts III and IV which contain amendments to facilitate transition by one or more facilities to new legal status and protects employees' earned retirement allowances.

Thank you for the opportunity to testify.

*Judy Druvau*

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**To:** [JDLTestimony](#)  
**Cc:**  
**Subject:** Submitted testimony for HB1112 on Apr 8, 2015 09:55AM  
**Date:** Thursday, April 02, 2015 7:22:16 PM

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**HB1112**

Submitted on: 4/2/2015

Testimony for JDL/WAM on Apr 8, 2015 09:55AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Frank Sayre	Individual	Oppose	No

Comments: I STRONGLY OPPOSE SB1112 as it is written. Our neighbor island hospitals need a degree of autonomy to be able to cut costs and keep the quality of care high. Kona community hospital was able to hire Huron Consulting which has resulted in millions of dollars in savings as well as increased efficiency. HHSC would still be able to be held accountable for the state subsidies but we need to hire and fire our own management teams and control our own budgets. Combining East and West Hawaii is a very bad idea. Thank you.

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**To:** [JDLTestimony](#)  
**Cc:**  
**Subject:** \*Submitted testimony for HB508 on Apr 8, 2015 09:55AM\*  
**Date:** Thursday, April 02, 2015 3:16:31 PM

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**HB508**

Submitted on: 4/2/2015

Testimony for JDL/WAM on Apr 8, 2015 09:55AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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**Cc:**  
**Subject:** Submitted testimony for HB1112 on Apr 8, 2015 09:55AM  
**Date:** Monday, April 06, 2015 5:19:12 PM  
**Attachments:** [Testimony HB1112 6 Apr 15.pages.zip](#)

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**HB1112**

Submitted on: 4/6/2015

Testimony for JDL/WAM on Apr 8, 2015 09:55AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Wayne Kanemoto	Individual	Support	No

Comments:

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