

HB 1078

**MAKING AN APPROPRIATION FOR
COLLECTIVE BARGAINING COST ITEMS
RELATED TO THE TRANSITION OF MAUI
REGION HOSPITALS**

LAB, FIN

HB1078



Submit Testimony

Measure Title: MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS RELATED TO THE TRANSITION OF MAUI REGION HOSPITALS.

Report Title: Appropriation; Collective Bargaining Cost Items (\$)

Description: Makes an appropriation to department of budget and finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital.

Companion: [SB944](#)

Package: Governor

Current Referral: LAB, FIN

Introducer(s): SOUKI (Introduced by request of another party)

<u>Sort by Date</u>		Status Text
1/23/2017	H	Pending introduction.
1/25/2017	H	Pass First Reading
1/27/2017	H	Referred to LAB, FIN, referral sheet 5
2/6/2017	H	Bill scheduled to be heard by LAB on Thursday, 02-09-17 8:30AM in House conference room 309.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment
Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions

A BILL FOR AN ACT

MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS
RELATED TO THE TRANSITION OF MAUI REGION HOSPITALS.

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

1 SECTION 1. The purpose of this Act is to make an
2 appropriation for collective bargaining cost items to facilitate
3 the transition of affected Maui region hospital employees to
4 employment with Maui Health Systems, a Kaiser Hospital LLC. The
5 transition of the operations of the Maui region hospitals was
6 approved by the legislature pursuant to Act 103, Session Laws of
7 Hawaii 2015, and a subsequent transfer agreement approved by the
8 governor, Maui region board of directors, Hawaii health systems
9 corporation, and Kaiser Foundation Hospitals on January 14,
10 2016.

11 Pursuant to section 89-10, Hawaii Revised Statutes,
12 requests for appropriations for collective bargaining cost items
13 negotiated between the employer and exclusive representatives
14 are to be presented to the legislature for their consideration.
15 This measure is requesting general fund appropriations to make
16 payments to affected Maui region hospital employees pursuant to
17 supplemental agreements negotiated between the employer and

H.B. NO. 1078

1 exclusive representatives after the transfer agreement was
2 approved.

3 The appropriations for these respective supplemental
4 agreements will ensure that operations will not be negatively
5 impacted and the health care of the community will not be
6 compromised.

7 SECTION 2. There is appropriated out of the general
8 revenues of the State of Hawaii, the sum of \$, or so
9 much thereof as may be necessary, for fiscal year for
10 collective bargaining cost items to facilitate the transition of
11 affected Maui region hospital employees from employment with the
12 Maui region hospitals to Maui Health Systems, a Kaiser Hospital
13 LLC.

14 The sum appropriated shall be expended by the department of
15 budget and finance for the purposes of this Act.

16 SECTION 3. The appropriations made under section 2 shall
17 not lapse at the end of the fiscal year for which the
18 appropriations are made; provided that all moneys from the
19 appropriation unencumbered as of June 30, 2018, shall lapse as
20 of that date.

21

H.B. NO. 1078

1 SECTION 4. This Act shall take effect upon its approval.

2

3

INTRODUCED BY:

 _____

4

BY REQUEST

5

JAN 23 2017

Report Title:

Appropriation; Collective Bargaining Cost Items

Description:

Makes an appropriation to department of budget and finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS RELATED TO THE TRANSITION OF MAUI REGION HOSPITALS

PURPOSE: Makes an appropriation to department of budget and finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital.

MEANS: By the submittal of a specific appropriation measure.

JUSTIFICATION: Appropriations by the Legislature are necessary to cover the additional cost of implementing supplemental collective bargaining agreements negotiated between the State and the respective exclusive bargaining representative for bargaining unit employees affected by the transition of Maui region hospitals to Maui Health Systems, a Kaiser Hospital.

The appropriations for these respective supplemental agreements will ensure that operations will not be negatively impacted and the health care of the community will not be compromised.

Impact on the public: Ensure that Maui Region hospital operations will not be negatively impacted and the health care of the community will not be compromised.

Impact on the department and other agencies: None.

GENERAL FUND: To be determined.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION:

BUF 102, Collective Bargaining Statewide.

OTHER AFFECTED

AGENCIES:

Hawaii Health Systems Corporation.

EFFECTIVE DATE:

Upon approval.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN COMMENTS

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON
HOUSE BILL NO. 1078

February 9, 2017
8:30 a.m.
Room 309

**MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS
RELATED TO THE TRANSITION OF MAUI REGION HOSPITALS**

House Bill No. 1078 makes an appropriation for collective bargaining cost items to facilitate the transition of affected Maui region hospital employees to employment with Maui Health Systems, a Kaiser Hospital LLC. This measure appropriates the funds to the Department of Budget and Finance, similar to other collective bargaining measures.

The Department of Budget and Finance supports this measure as section 89-10, Hawaii Revised Statutes, requires that appropriations for collective bargaining cost items negotiated between the employer and exclusive representatives are to be presented to the legislature for their consideration. The administration is presently negotiating these cost items, and similar to other collective bargaining agreements, we will provide an estimated amount of general funds necessary to pay for such agreement, we reach an agreement prior to the adjourning of the 2017 regular session.

Thank you for your consideration of our comments.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association

February 9, 2017

H.B. 1078 - MAKING AN APPROPRIATION FOR
COLLECTIVE BARGAINING COST ITEMS
RELATED TO THE TRANSITION OF
MAUI REGION HOSPITALS

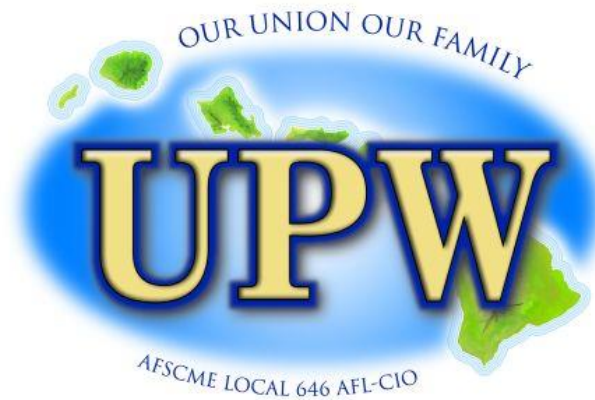
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 1078 which appropriates funds for collective bargaining cost items related to the privatization of the Maui Region of the Hawaii Health Systems Corporation.

The affected employees have been in limbo regarding their employment and retirement benefits for too long. The hospitals' transfer to Kaiser is slated to take effect on July 1, 2017 and employees deserve to know their full benefit package so that they can make the best decisions for themselves and their families. This measure, along with other bills on this hearing agenda, serves as a funding vehicle to for cost items related to the privatization of the Maui Regional hospitals.

Thank you for the opportunity to testify in support of passing H.B. 1078 to continue this important dialogue.

Respectfully submitted,

Randy Perreira
Executive Director



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Ninth Legislature
Regular Session of 2017

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair

DATE OF HEARING: Thursday, February 9, 2017
TIME OF HEARING: 8:30 a.m.
PLACE OF HEARING: State Capitol, Rm. 309
415 South Beretania Street

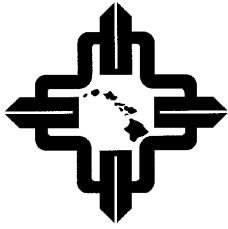
**TESTIMONY ON HB1078 MAKING AN APPROPRIATION FOR COLLECTIVE
BARGAINING COST ITEMS RELATED TO THE TRANSITION OF MAUI REGION
HOSPITALS**

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

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 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 represent about 1,500 members of the private sector.

HB1078 makes an appropriation to the department of budget and finance for collective bargaining cost items to facilitate the transition of affected Maui region hospital employees to employment with Maui Health Systems, a Kaiser Hospital LLC.

The UPW supports this bill and requests the committee to pass it. Thank you for the opportunity to submit this testimony.



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

"Quality Healthcare For All"

**House Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair**

February 9, 2017
Conference Room 309
8:30 a.m.
Hawaii State Capitol

**Testimony Supporting the Intent of House Bill 1078 Making an Appropriation for
Collective Bargaining Cost Items Related to the Transition of Maui Region
Hospitals**

**Makes an appropriation to department of budget and finance for collective
bargaining cost items related to the transition of the operation of Maui regional
hospitals to Maui Health Systems, a Kaiser Hospital.**

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

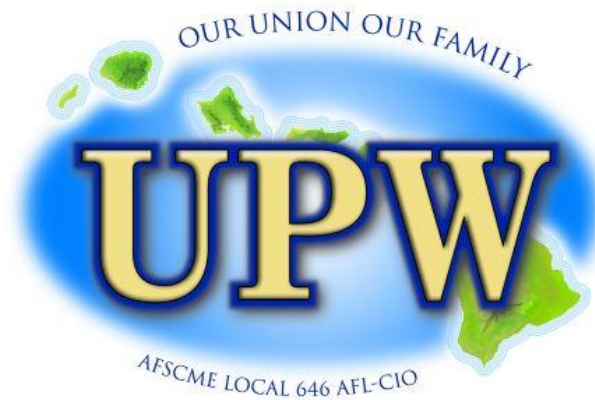
On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony **supporting the intent** of HB 1078 that makes an appropriation to Department of Budget and Finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital.

HHSC fully supports the transfer of the operations of its Maui Region hospitals to Maui Health Systems, a Kaiser Hospital. Additionally, HHSC supports the language in this bill that the additional costs of the voluntary severance benefit and the special retirement benefit contemplated in Act 1, SSLH 2016 and in this bill be paid through a general fund appropriation to the Department of Budget and Finance. However, HHSC respectfully requests that the appropriation not diminish the amount of general fund appropriations requested by HHSC to fund the four remaining HHSC regions for fiscal years 2018 and 2019.

HHSC is currently facing a cash flow deficit in fiscal year 2017 which will leave HHSC's facilities with extremely low levels of cash on hand as compared to industry norms. Further, HHSC is already asking for an increase in its general fund appropriation base of approximately \$36.5 million and \$34.7 million for fiscal years 2018 and 2019, respectively, just to achieve a break-even cash flow for those fiscal years. The payment

of the voluntary severance benefit and the special retirement benefit as contemplated in Act 1, SSLH 2016, and this bill would represent additional costs to HHSC as the employer. Given the fragile financial condition that HHSC is in, HHSC cannot afford to pay for these benefits without a general fund appropriation. Further, HHSC's priority is to make sure that the safety-net hospitals that it operates have sufficient funding to operate efficiently and effectively for this fiscal year and the next biennium of fiscal years 2018 and 2019.

Thank you for the opportunity to testify before this committee.



THE HAWAII STATE SENATE
The Twenty-Ninth Legislature
Regular Session of 2017

HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT(LAB)
The Honorable Representative Aaron Ling Johanson, Chair
The Honorable Representative Daniel K. Holt, Vice Chair

DATE OF HEARING: Thursday, February 9, 2017
TIME OF HEARING: 8:30 am
PLACE OF HEARING: State Capitol
415 South Beretania Street

TESTIMONY ON HOUSE BILL 1078: RELATING TO COLLECTIVE BARGAINING.

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

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 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.

HB 1078 makes an appropriation to Department of Budget and Finance for collective bargaining cost items related to the transition of the operation of Maui Regional Hospitals to Maui Health Systems, a Kaiser Hospital.

The UPW supports this measure. Thank you for the opportunity to submit this testimony.

HB 1078

Late testimony