

SB944

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:	<u>HB1078</u>
Package:	Governor
Current Referral:	CPH/JDL, WAM
Introducer(s):	KOUCHI (Introduced by request of another party)

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

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON COMMERCE, CONSUMER PROTECTION, AND
HEALTH AND JUDICIARY AND LABOR
ON
SENATE BILL NO. 944

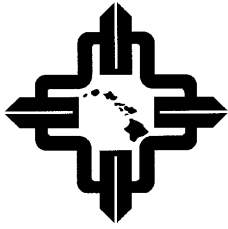
February 10, 2017
8:30 a.m.
Room 016

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

The purpose of this measure is to appropriate and authorize funding for collective bargaining cost items to facilitate the smooth transition of affected Maui region hospital employees to employment with Maui Health Systems, a Kaiser Hospital, LLC.

The Department of Budget and Finance supports this measure as funding will be necessary should an agreement be approved by the State, hospital leadership and the exclusive representatives of affected Maui region employees.

Thank you for your consideration of our comments.



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

"Quality Healthcare For All"

Senate Committee on Commerce, Consumer Protection, and Health
Senator Rosalyn H. Baker, Chair
Senator Clarence K. Nishihara, Vice Chair

Senate Committee on Judiciary and Labor
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Karl Rhoads, Vice Chair

February 10, 2017
Conference Room 016
8:30 a.m.
Hawaii State Capitol

Testimony Supporting the Intent of Senate Bill 944 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.

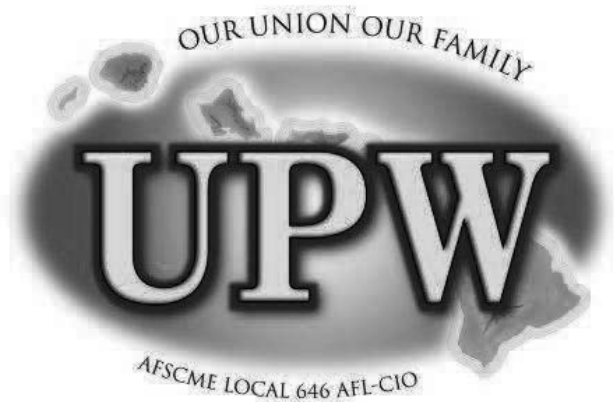
Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawaii Health Systems Corporation

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 SB 944 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

COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND HEALTH

Senator Rosalyn H. Baker, Chair
Senator Clarence K. Nishihara, Vice Chair

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S.C. Keith-Agaran, Chair
Senator Karl Rhoads, Vice Chair

DATE OF HEARING: Friday, February 10, 2017
TIME OF HEARING: 8:30 a.m.
PLACE OF HEARING: State Capitol, Rm. 016
415 South Beretania Street

**TESTIMONY ON SENATE BILL 944 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.

SB944 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.