

STATE OF HAWAII
DEPARTMENT OF HEALTH
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**Testimony in SUPPORT of H.B. 2630 H.D.1
RELATING TO THE TRANSITION OF THE OAHU REGIONAL HEALTH CARE SYSTEM FROM THE
HAWAII HEALTH SYSTEMS CORPORATION INTO THE DEPARTMENT OF HEALTH**

REPRESENTATIVE AARON LING JOHANSON, CHAIR
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

Hearing Date and Time: Tuesday, February 11, 2020 at 9:10 a.m.

Room: 309

1 **Department Position:** The Department of Health (“Department”) strongly supports this
2 measure and offers proposed amendments as an attached HD2 which was developed in
3 coordination with the Oahu region and which we understand is identical to their submission.

4 **Department Testimony:** The subject matter of this measure intersects with the scope of the
5 Department’s Behavioral Health Administration (BHA) whose statutory mandate is to assure a
6 comprehensive statewide behavioral health care system by leveraging and coordinating public,
7 private and community resources. Through the BHA, the Department is committed to carrying
8 out this mandate by reducing silos, ensuring behavioral health care is readily accessible, and
9 person-centered. The BHA’s Adult Mental Health Division (AMHD) provides the following
10 testimony on behalf of the Department.

11 The Department strongly supports the goals of H.B. 2630 and feels that the amendment
12 proposed further advances achievement of shared goals of all stakeholders. As mentioned in
13 PART I of our proposed HD2, which includes further information on the alignment of this
14 measure with recommendations made by the Mental Health Task Force, there is a significant
15 gap in the behavioral health care system between acute psychiatric care facilities and low
16 acuity residential treatment. The goal for repurposing underutilized hospital beds for much
17 needed behavioral health treatment will help break the “revolving door” cycle in hospital

1 emergency departments and relieve pressure on acute care hospital facilities, law enforcement
2 entities, and other systems of care, including social and legal services. This is a rare opportunity
3 to add significant value to our residents' quality of life which benefits both public and private
4 sectors.

5 The transition of the Hawaii Health Systems Corporation (HHSC) Oahu Regional Health
6 Care System to the Department would ensure the continued availability of long-term care beds
7 for our aging population and facilitate more efficient use of the HHSC Oahu Regional Health
8 Care System's facilities to address the need for additional behavioral health services such as
9 mental health and substance use treatment.

10 One example of the benefits that can be realized through a union of the HHSC Oahu
11 Regional Health Care System and the Department is the recently developed and implemented
12 pilot project that provides intensive treatment to co-occurring low risk, non-violent individuals
13 that were patients at the Hawaii State Hospital (HSH) and are now ready for stepdown care.
14 Through this pilot program these individuals receive treatment at Leahi Hospital campus. Given
15 the pilot program's success thus far, the Department anticipates that this program could be
16 expanded to treat up to 32 total patients in the Leahi Hospital unit that is currently being
17 occupied. If this program was expanded into other available space within the Leahi Hospital,
18 the total number of patients could be more than doubled. Such expansion, especially when
19 taken in tandem with the new psychiatric facility being constructed on the HSH campus, could
20 free up higher acuity psychiatric beds within the HSH and enable the Department to provide
21 care for non-forensic patients in significant need of behavioral health services. The transition of
22 the HHSC Oahu Regional Health Care System to the Department would allow for mental health
23 and substance use treatment to be managed more seamlessly and efficiently than doing so as
24 two separate entities.

1 The Department has been working very closely with the HHSC Oahu Regional Health
2 Care System to evaluate both the viability and the process by which this transition would take
3 place and the proposed HD2 reflect the continued discussion and evolution of this effort.

4 Finally, we are mindful and aware of the requests by the Hawaii Government Employees
5 Association (HGEA) to be involved in discussions around the transition and welcome their
6 involvement and expertise during this process. We are committed to collaborating with the
7 HGEA in achieving the best interests of all parties.

8 **Offered Amendments:** Proposed HD2 respectfully attached.

9 Thank you for the opportunity to testify.

10 **Fiscal Implications:** Undetermined.

A BILL FOR AN ACT

RELATING TO TRANSITION OF THE OAHU REGIONAL HEALTHCARE SYSTEM FROM THE HAWAII HEALTH SYSTEMS CORPORATION INTO THE DEPARTMENT OF HEALTH.

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

1 PART I

2 SECTION 1. The legislature finds that the Hawaii health
3 systems corporation is comprised of five semi-autonomous health
4 care regions within the State, including east Hawaii, west
5 Hawaii, Kauai, Oahu, and Maui. The Maui regional health care
6 system no longer operates any health care facilities.

7 The legislature further finds that the Oahu regional health
8 care system is unique and distinguishable from the other regions
9 due to the logistical complexities of the Oahu regional health
10 care system facilities and the limited but crucial nature of the
11 services these facilities, Leahi hospital and Maluhia, currently
12 provide. Because the Oahu facilities almost exclusively serve
13 long-term care and medicaid patients, groups traditionally
14 underserved by private facilities because of the high cost of
15 their care, the Oahu regional health care system's long-term
16 care operations are run more as a safety-net social service and,

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1 compared to the other regions, have less opportunity for
2 additional revenue generation.

3 While the need for long-term care beds on Oahu has
4 decreased in recent years, a study completed by the department
5 of business, economic development, and tourism has projected
6 that the population aged sixty-five and older will grow by one
7 hundred forty-eight per cent over the next twenty-five years.
8 On Oahu, this translates to an estimated shortfall of one
9 thousand one hundred long-term care beds in the next five to ten
10 years alone. Thus, despite the costs of long-term care, it is
11 vital that state facilities continue to operate to ensure that
12 beds remain available for our aging population.

13 Similar to the Oahu regional health care system, the
14 department of health operates the Hawaii state hospital, a
15 facility that does not generate revenue, but is nonetheless
16 necessary to provide care and treatment for mentally ill
17 patients in Hawaii. In recent years, the Hawaii state hospital
18 has experienced a challenge in providing sufficient bed space
19 for admitted patients. As of September 2019, two hundred
20 twenty[~~six~~] patients - well over the maximum capacity of two
21 hundred two - occupied beds at the Hawaii state hospital. To
22 meet its needs, the Hawaii state hospital was also required to

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1 contract with Kahi Mohala, a privately-run facility, to care for
2 an additional forty-six patients.

3 Beyond the Hawaii state hospital, the department of health
4 has also been charged with addressing the significant gap in the
5 behavioral health care system between acute psychiatric care
6 facilities and low acuity residential treatment. Data collected
7 in the State estimates that more than half of all individuals
8 experiencing a mental health crisis, or fifty-four per cent,
9 have needs that align better with services delivered within a
10 subacute level of care facility rather than an emergency room.

11 ~~Subacute residential stabilization services have been a~~
12 ~~missing component of a comprehensive behavioral health continuum~~
13 ~~of care, which would bridge the gap between acute~~
14 ~~hospitalization and lower level residential and community~~
15 ~~resources. Many individuals who are taken to the emergency room~~
16 ~~on an MH-1, or for emergency examination and hospitalization,~~
17 ~~are often not acute enough in their illness to warrant~~
18 ~~psychiatric hospitalization. On the other hand, their~~
19 ~~symptomology is too acute for them to be admitted to a group~~
20 ~~home, shelter, or other existing low acuity residential program,~~
21 ~~or, if they are admitted, they are often unsuccessful in those~~
22 ~~environments. More often than not, they fail because they have~~

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1 ~~not had time to stabilize in an environment where they can be~~
2 ~~closely monitored. This lack of post-acute care contributes to~~
3 ~~the poor outcomes of both acute behavioral health inpatient and~~
4 ~~community-based services because many individuals are not~~
5 ~~appropriate for either level, but fall somewhere in the middle.]~~

6 The legislature further finds that Act 90, Session Laws of
7 Hawaii 2019, established the involuntary hospitalization task
8 force and Act 263, Session Laws of Hawaii 2019, established a
9 working group to evaluate current behavioral health care and
10 related systems, including existing resources, systems gaps, and
11 identification of action steps that could be taken to improve
12 the overall system of care. The findings from the taskforce
13 report highlight the need in Hawaii for a coordinated network of
14 stabilization beds that will allow triage, clinical assessment,
15 and recommendation for the next level of care for those
16 struggling with substance use, mental health conditions, and
17 homelessness.

18 The National Coalition for the Homeless has found that
19 sixty-four per cent of homeless individuals are dependent on
20 alcohol or other substances. In Hawaii, the Oahu homeless point
21 in time count reported that 36.4 per cent of homeless single
22 adults suffer from some type of mental illness. The

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1 intersection of homelessness and behavioral health conditions
2 are a crisis in Hawaii, which contributes to Hawaii having the
3 second highest rate of homelessness in the nation.

4 Unfortunately, there is currently no coordinated system of
5 stabilization from the streets that assesses for and links to
6 the next level of clinical care.

7 The legislature finds that the current options for those
8 needing stabilization from substance use, mental health, and
9 homelessness are stretched thin and emergency facilities
10 throughout the State have experienced substantial increases in
11 psychiatric emergency admissions, which has resulted in
12 overcrowding and unsafe environments for patients and medical
13 staff.

14 The task for report describes, and the legislature further
15 finds that comprehensive crisis response and stabilization
16 services are crucial elements of the continuum of care.
17 Reducing unnecessary transportation to emergency departments and
18 appropriately placing clients in more suitable levels of care
19 will improve outcomes for consumers, reduce inpatient hospital
20 stays, and facilitate access to other behavioral health
21 services.

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1 Data collected in the State estimates that more than half
2 of all individuals experiencing a mental health crisis, or
3 fifty-four per cent, have needs that align better with services
4 delivered within a subacute level of care facility rather than
5 an emergency room. Subacute residential stabilization services
6 have been a missing component of a comprehensive behavioral
7 health continuum of care, which would bridge the gap between
8 acute hospitalization and lower level residential and community
9 resources.

10 Many individuals who are taken to the emergency room on an
11 MH-1, or for emergency examination and hospitalization, are
12 often not acute enough in their illness to warrant psychiatric
13 hospitalization. On the other hand, their symptomology is too
14 acute for them to be admitted to a group home, shelter, or other
15 existing low acuity residential program, or, if they are
16 admitted, they are often unsuccessful in those environments.
17 More often than not, they fail because they have not had time to
18 stabilize in an environment where they can be closely monitored.
19 This lack of post-acute care contributes to the poor outcomes of
20 both acute behavioral health inpatient and community-based
21 services because many individuals are not appropriate for either
22 level, but fall somewhere in the middle.

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1 The legislature finds that there exists state facilities
2 that have under-utilized space that could accommodate these
3 services with minimal effort and adjustments and reduce the
4 burdens and barriers described above. The legislature further
5 finds that assertive efforts should be undertaken to make use of
6 these resources and to organize them in a way that is beneficial
7 to the state.

8 ~~[In its efforts to address the need for subacute~~
9 ~~residential stabilization services, the department of health~~
10 ~~recognized the lack of state facilities within the department~~
11 ~~that could be utilized for this purpose.]~~Through discussions
12 with the Oahu regional health care system, however, it was
13 determined that some of the Oahu regional health care system's
14 facilities, particularly at Leahi hospital, are currently
15 underutilized and have the potential to be re-purposed for other
16 important health care and social services.

17 The legislature [~~further~~]finds that, while statutorily tied
18 to the Hawaii health systems corporation, the Oahu regional
19 health care system operates mostly autonomously and its
20 functions - including target population - are unique from those
21 of the other regional health care systems. As such, there is
22 little necessity to keep the Oahu regional healthcare system a

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1 part of the Hawaii health systems corporation. With proper
2 planning and implementation, the Oahu regional health care
3 system could be strategically assimilated into the department of
4 health and its facilities could be used - in addition to long-
5 term care - to help alleviate the need for subacute residential
6 stabilization and other services.

7 The purpose of this Act is to [~~set a date for~~]commence the
8 transfer of the Oahu regional health care system in its entirety
9 from the Hawaii health systems corporation to the department of
10 health beginning with the transfer of the Oahu regional health
11 care system's budget into the department of health. The purpose
12 of this Act is further [~~and~~] to establish a working group by and
13 between the Oahu regional health care system, the [~~and~~]
14 department of health, and other stakeholders that shall be
15 responsible for managing and implementing the processes required
16 [~~that addresses~~] to effectuate the completion of [~~all necessary~~
17 ~~components of~~] such transition.

18 PART II

19 SECTION 2. Section 323F-2, Hawaii Revised Statutes, is
20 amended by amending subsection (b) to read as follows:

21 "(b) The corporate organization shall be divided into
22 [~~five~~] four regional systems, as follows:

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1 ~~{(1) The Oahu regional health care system;~~
2 ~~——(2)}~~ (1) The Kauai regional health care system;
3 ~~[(3)]~~ (2) The Maui regional health care system;
4 ~~[(4)]~~ (3) The east Hawaii regional health care system,
5 comprising the Puna district, north Hilo district, south Hilo
6 district, Hamakua district, and Kau district; and
7 ~~[(5)]~~ (4) The west Hawaii regional health care system,
8 comprising the north Kohala district, south Kohala district,
9 north Kona district, and south Kona district;
10 and shall be identified as regional systems I, II, III, and
11 IV, ~~[and V,~~] respectively."

12 SECTION 3. Section 323F-3, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) The members of the corporation board shall be
15 appointed as follows:

16 (1) The director of health as an ex officio, voting
17 member;

18 (2) The [~~five~~] three regional chief executive
19 officers as ex officio, nonvoting members;

20 (3) Three members who reside in the county of Maui,
21 two of whom shall be appointed by the Maui regional system board

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1 and one of whom shall be appointed by the governor, all of whom
2 shall serve as voting members;

3 (4) Two members who reside in the eastern section of
4 the county of Hawaii, one of whom shall be appointed by the East
5 Hawaii regional system board and one of whom shall be appointed
6 by the governor, both of whom shall serve as voting members;

7 (5) Two members who reside in the western section of
8 the county of Hawaii, one of whom shall be appointed by the West
9 Hawaii regional system board and one of whom shall be appointed
10 by the governor, both of whom shall serve as voting members;

11 (6) Two members who reside on the island of Kauai,
12 one of whom shall be appointed by the Kauai regional system
13 board and one of whom shall be appointed by the governor, both
14 of whom shall serve as voting members;

15 ~~[(7) Two members who reside on the island of Oahu, one~~
16 ~~of whom shall be appointed by the Oahu regional system board and~~
17 ~~one of whom shall be appointed by the governor, both of whom~~
18 ~~shall serve as voting members;] and~~

19 ~~[+8]~~ (7) One member who shall be appointed by the
20 governor and serve as an at-large voting member.

21 The appointed board members who reside in the county of
22 Maui, eastern section of the county of Hawaii, western section

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1 of the county of Hawaii, and on the island of Kauai [~~and on the~~
2 ~~island of Oahu~~] shall each serve for a term of four years;
3 provided that the terms of the initial appointments of the
4 members who are appointed by their respective regional system
5 boards shall be as follows: one of the initial members from the
6 county of Maui shall be appointed to serve a term of two years
7 and the other member shall be appointed to serve a term of four
8 years; the initial member from East Hawaii shall be appointed to
9 serve a term of two years; the initial member from West Hawaii
10 shall be appointed to serve a term of four years; and the
11 initial member from the island of Kauai shall be appointed to
12 serve a term of two years; [~~and the initial member from the~~
13 ~~island of Oahu shall be appointed to serve a term of four~~
14 ~~years;~~] and provided further that the terms of the initial
15 appointments of the members who are appointed by the governor
16 shall be four years. The at-large member appointed by the
17 governor shall serve a term of two years.

18 Any vacancy shall be filled in the same manner provided for
19 the original appointments. The corporation board shall elect
20 its own chair from among its members. Appointments to the
21 corporation board shall be as representative as possible of the
22 system's stakeholders as outlined in this subsection. The board

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1 member appointments shall strive to create a board that includes
2 expertise in the fields of medicine, finance, health care
3 administration, government affairs, human resources, and law."

4 PART III

5 SECTION 4. Section 323F-3, Hawaii Revised Statutes, is
6 amended by adding a paragraph to the end of subsection (b) to
7 read as follows:

8 "With regard to all corporation board matters concerning
9 the Oahu regional health care system, the director of the
10 department of health shall have sole decision-making authority
11 over such matters commencing on June 30, 2020 and continuing
12 until the transition of the Oahu regional health care system
13 into the department of health is complete. Upon completion of
14 the transition, the corporation board shall have no legal
15 relationship with the Oahu regional health care system or its
16 facilities."

17 [~~SECTION 4~~]SECTION 5. (a) There is established a working
18 group to be led by and between the Oahu regional health care
19 system and department of health to develop, evaluate, and
20 implement [~~the~~] any steps necessary to transition the Oahu
21 regional health care system into the department of health.

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1 (b) The working group shall consist of the following
2 members:

3 (1) The director of health, or the director's
4 designee, who shall serve as co-chair and who, along with the
5 chair of the Oahu regional health care system, or the chair's
6 designee, shall have final authority over transfer activities to
7 be implemented by the working group;

8 (2) The chair of the Oahu regional health care system
9 board, or the chair's designee, who shall serve as co-chair and
10 who, along with the director of health, or the director's
11 designee, shall have final authority over transfer activities to
12 be implemented by the working group;

13 (3) The chief executive officer of the Oahu regional
14 health care system, or the chief executive officer's designee;

15 (4) One or more department of health staff as deemed
16 necessary by the director of health, or the director of health's
17 designee;

18 (5) One or more Oahu regional health care system
19 staff as deemed necessary by the chief executive officer of the
20 Oahu regional health care system, or the chief executive
21 officer's designee;

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1 ~~[(5)]~~(6) In addition, the working group shall be
2 comprised of the following members who shall serve in a
3 consultative capacity:

4 (i) One representative from the behavioral
5 health administration of the department of health;

6 ~~[(5)]~~(ii) One representative from the
7 department of human resources development;

8 ~~[(6)]~~(iii) One representative from the
9 department of accounting and general services;

10 ~~[(7)]~~(iv) The chair of the Hawaii health
11 systems corporation board, or the chair's designee;

12 ~~[(8)]~~(v) One representative from the Hawaii
13 health systems corporation human resources department;

14 ~~[(9)]~~(vi) One representative from the Hawaii
15 health systems corporation finance department; and

16 ~~[(10)]~~(vii) Others as recommended by the co-
17 chairs.

18 (c) The working group shall be responsible to complete the
19 following items as part of the transition~~[-plan]~~:

20 (1) Develop a ~~[statutory]~~ transfer framework,
21 including proposed legislation, to govern and manage the
22 transition of the Oahu regional health care system into the

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1 department of health that shall, where possible, preserve the
2 rights and exemptions that the Oahu regional health care system
3 enjoyed as a region within the Hawaii health systems
4 corporation;

5 (2) Identify all real property, appropriations,
6 records, equipment, machines, files, supplies, contracts, books,
7 papers, documents, maps, and other property made, used,
8 acquired, or held by the Oahu regional health care system and
9 effectuate the transfer of the same [~~that will be transferred~~]
10 to the department of health;

11 (3) Identify all debts and other liabilities that
12 will remain with the Hawaii health systems corporation and
13 [~~those that will be transferred~~] transfer any remaining debts
14 and liabilities to the department of health;

15 (4) Identify and resolve all contractual arrangements
16 and obligations, including but not limited to those related to
17 personal service contracts, vendor contracts, and capital
18 improvement projects;

19 (5) [~~Develop a comprehensive plan to t~~] Transition all
20 employees into the classification system of the executive branch
21 and the department of health with due consideration and

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1 preservation of collective bargaining [~~rights~~] and civil service
2 [~~rules~~]rights;

3 (6) Develop and implement any and all policies and
4 procedures necessary to ensure that the facilities within the
5 Oahu regional health care system remain compliant with all
6 federal, state and local laws and regulations; and

7 (7) Develop and implement a [~~proposed budget for the~~
8 ~~Oahu regional health care system during the transition period~~
9 ~~and a~~ comprehensive plan to transfer all fiscal and accounting
10 functions to the department of health.

11 (d) Members of the working group shall serve without
12 compensation but shall be reimbursed for reasonable expenses
13 necessary for the performance of their duties, including travel
14 expenses. No member of the working group shall be subject to
15 chapter 84, Hawaii Revised Statutes, solely because of the
16 member's participation in the working group.

17 [~~(e) Two or more members of the working group, but less~~
18 ~~than the number of members which would constitute a quorum for~~
19 ~~the working group, may discuss between themselves matters~~
20 ~~relating to official business of the working group to enable~~
21 ~~them to faithfully perform their duties to the working group and~~
22 ~~the organizations they represent, as long as no commitment to~~

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1 ~~vote is made or sought. Such discussions shall be a permitted~~
2 ~~interaction under section 92-2.5, Hawaii Revised Statutes.]~~

3 ~~[(f) The working group shall submit a report of its~~
4 ~~transition plan, including any proposed legislation, to the~~
5 ~~legislature no later than twenty days prior to the convening of~~
6 ~~the regular session of 2021.]~~

7 ~~[(g) The transition plan shall be subject to the following~~
8 ~~conditions:]~~

9 SECTION 6. The timeline for the transition of the Oahu
10 regional health care system into the department of health shall
11 be as follows:

12 (1) June 30, 2020 - The budget of the Oahu regional health
13 care system shall be transferred from the Hawaii health systems
14 corporation to the department of health and the same shall be
15 reflected in the state budget and all other related tables and
16 documents under program code HTHxxx. Program code HTHxxx shall
17 be known as the behavioral and elder care facilities division
18 within the department of health's behavioral health division.
19 The remaining structure of the Oahu regional health care system
20 shall remain unchanged until modified by the working group
21 established in Section 5 of this Act.

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1 (2) June 30, 2020 to January 1, 2021 - the transfer working
2 group shall convene and initiate any actions - limited to those
3 not requiring legislation - to effectuate the further transition
4 of the Oahu regional health care system into the department of
5 health. The transfer working group shall submit an interim
6 report to the legislature, no less than twenty days prior to the
7 2021 Legislative Session, outlining all components of the
8 transition that have been effectuated to date and any
9 legislative action needed to complete the transfer.

10 (3) June 30, 2022 - the transfer working group shall submit
11 a final report to the legislature which documents the completion
12 of the transition and the dissolution of the Oahu regional
13 health care system.

14 SECTION 7. All transition actions shall be subject to the
15 following conditions:

16 (1) The attorney general shall approve the legality and
17 form of any [~~transition plan~~] material transition actions
18 created by the working group prior to implementation, and the
19 director of finance shall evaluate and approve any expenditure
20 of public funds determined to be in accordance with the budget
21 laws and controls in force;

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1 (2) ~~[Any and all]~~Liabilities of the Oahu regional health
2 care system that were transferred to the Hawaii health systems
3 corporation upon its creation by Act 262, Session Laws of Hawaii
4 1996, or to the Oahu regional health care system upon its
5 establishment by Act 290, Session Laws of Hawaii 2007, and all
6 other contractual liabilities of the Oahu regional health care
7 system, including those related to collective bargaining
8 contracts negotiated by the State in existence at the time the
9 same is transferred to the department of health, shall become
10 the responsibility of the State ~~[upon the transition of the Oahu~~
11 ~~regional health care system into the department of health]~~;

12 (3) All employees who occupy civil service positions and
13 whose functions are transferred to the department of health by
14 this Act shall retain their civil service status, whether
15 permanent or temporary and shall generally maintain their
16 respective functions as reflected in their current position
17 descriptions during the transition period; provided that any
18 changes determined necessary by the transition workgroup shall
19 follow standard Union consultation process prior to
20 implementation. Employees shall be transferred without loss of
21 salary, seniority (except as prescribed by applicable collective
22 bargaining agreements), retention points, prior service credit,

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1 any vacation and sick leave credits previously earned, and other
2 rights, benefits, and privileges, in accordance with state
3 personnel laws and this Act; provided that the employees possess
4 the minimum qualifications and public employment requirements
5 for the class or position to which transferred or appointed, as
6 applicable; provided further that subsequent changes in status
7 may be made pursuant to applicable civil service and
8 compensation laws; and

9 (4) Any employee who, prior to this Act, is exempt from
10 civil service or collective bargaining and is transferred as a
11 consequence of this Act shall be transferred without loss of
12 salary and shall not suffer any loss of prior service credit,
13 contractual rights, vacation or sick leave credits previously
14 earned, or other employee benefits or privileges and shall be
15 entitled to remain employed in the employee's current position
16 for a period of no less than one year after [~~being transferred~~]
17 the transition of the Oahu regional health care system into the
18 department of health is complete.

19 [~~(h)~~]SECTION 8. The working group shall be dissolved on
20 June 30, 2022, or upon completion of the transition of the Oahu
21 regional health care system into the department of health,
22 whichever is later.

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1 PART IV

2 SECTION [~~5~~]9. Statutory material to be repealed is
3 bracketed and stricken. New statutory material is underscored.

4 SECTION [~~6~~]10. This Act shall take effect upon its
5 approval; provided that Part II of this Act shall take effect on
6 June 30, 2022, unless such date is earlier modified through
7 legislation or the adoption of a concurrent resolution.

8

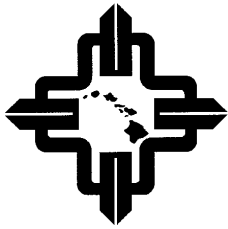
9 **Report Title:**

10 Hawaii Health Systems Corporation; Oahu Region; Department of
11 Health; Transition; Working Group

12 **Description:**

13 Sets a date of 6/30/2022 for the transition of the Oahu region's
14 health care facilities from the Hawaii health systems
15 corporation of the department of health. Establishes a working
16 group to develop a comprehensive plan that addresses all the
17 necessary components of such transition. Effective 7/1/2050.

18 (HD1)



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Rep. Aaron Ling Johanson, Chair

Rep. Stacelynn K.M. Eli, Vice Chair

February 11, 2020
Conference Room 309
9:10 a.m.
Hawaii State Capitol

**Strongly Support with
Additional Comments
House Bill 2630, HD1**

**RELATING TO THE TRANSITION OF THE OAHU REGIONAL HEALTHCARE
SYSTEM FROM THE HAWAII HEALTH SYSTEMS CORPORATION INTO THE
DEPARTMENT OF HEALTH**

Sets a date of 6/30/2022 for the transition of the Oahu region's health care facilities from the Hawaii health systems corporation to the department of health. Establishes a working group to develop a comprehensive plan that addresses all necessary components of such transition

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

The Hawaii Health Systems Corporation (HHSC) Board of Directors **strongly supports** HB 2630, HD1 that establishes a working group for the Department of Health and the Oahu Regional Healthcare System to determine their future integration. However, based on a recent hearing on February 6, 2020 in the Senate Commerce, Consumer Protection and Health (CPH) committee on companion measure SB2504 where DOH and the Oahu Region proposed a number of amendments in the form of a Proposed SD, we wish to **provide comments** in anticipation that those proposed amendments by the Department of Health and the Oahu Region will be made for HB2630, HD1, as well.

HHSC's governing statute places the responsibility for its facilities and services across the state with five regional governing boards. To be very clear, the role of the HHSC system board and corporate office is to provide policy guidance and centralized services that support the regions' operations. HHSC's Oahu Region Board of Directors has determined that its resources can support important initiatives of the Department of Health for the community's benefit, and therefore a closer alignment of the two entities

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is sought. The HHSC system board supports the Oahu Region Board's decision and will direct corporate resources to the working group and subsequent transition activities in support.

However, Part III of the proposed amendments requested by DOH and the Oahu Region add provisions which accelerate the transfer of certain functions from HHSC to the DOH. While we are willing to expedite the transfer, we can only do so in a legally and administratively compliant way.

It must be re-emphasized that the Oahu Region Board exercises complete control over the budget and operations of its regional services and facilities. By our statute, neither the System Board nor the Corporate Office have statutory authority to interfere in operations or change the budget of the Regions. The Oahu Board may hand over operational decisions to the Director of Health today if it wishes, but HHSC will still be legally responsible for all legal and compliance related requirements until the transfer is accomplished. Therefore, the proposed Part III, SECTION 4 is problematic. As in most instances, but especially in the highly regulated world of health care compliance, only one entity can be legally responsible for the services provided and billed for. As written, this section requires review and analysis by the Department of the Attorney General.

The requested amendments also include a proposed Part III, SECTION 6, which provides that as of June 30, 2020 the budget of the Oahu Region shall be transferred to the department of health to be reflected in the state budget and all other related tables and documents. Again, we have no wish to delay the transfer, but funds must transfer at the same time as legal responsibilities. As an example, the measure contemplates transfer off all employees of the Oahu Region to the DOH. HHSC is a separate employer from the Executive Branch, similar to the counties or the University of Hawaii. It is unclear if existing positions in the Oahu Region can be wholly transferred to DOH or whether new positions will need to be created in DOH for over 400 employees. If these positions remain on the HHSC payroll, the funds must remain with HHSC until they are transferred. For this clarification on positions and budgetary matters, we defer to the Department of Human Resource Development and the Department of Budget and Finance regarding matters of the Executive Branch organization.

Finally, if the Oahu Region and DOH wish to expedite the transfer of budgetary and other responsibilities by June 30, 2020, given the number of questions and concerns, we respectfully suggest convening a working group prior to that deadline, rather than after.

Thank you for the opportunity to testify.



OAHU REGION HAWAII HEALTH SYSTEMS CORPORATION

Committee on Labor & Public Employment
Rep. Aaron Ling Johanson, Chair
Rep. Stacelynn K.M. Eli, Vice-Chair

February 11, 2020
Conference Room 309
Hawaii State Capitol

Derek Akiyoshi
Oahu Region Chief Executive Officer
Hawaii Health Systems Corporation
Re: Testimony in Strong Support

HB 2630, HD1 Relating to the Transition of the Oahu Regional Health Care System from the Hawaii Health Systems Corporation into the Department of Health

Chair Johanson, Vice-Chair Eli, and Members of the Committee on Labor & Public Employment,

With the leadership of the Oahu Regional Health Care System Board of Directors (hereinafter, "OR Board"), which has been an instrumental part of every important initiative concerning the Oahu Region, the Oahu Region submits this testimony in strong support of HB 2630, HD1.

Unlike the Hawaii Health System Corporation's (hereinafter, "HHSC") neighbor island facilities, which are generally the primary acute care providers for their respective communities, the Oahu Region's facilities almost exclusively provide safety-net, long-term care and adult-day health services to patients who are unable to find much-needed care in private facilities. Most of the patients admitted to Leahi Hospital and Maluhia are destitute and rely on Medicaid to fund their care. Private facilities will not admit them since their care tends to require a significant amount of resources and have low corresponding Medicaid reimbursement rates. The Oahu Region also provides care for incarcerated inmates released for compassionate care and psychiatric patients from the Hawaii State Hospital ("HSH") who have significant long-term care needs.

While HHSC and the regions were originally established and designed to be run like a corporate health care venture, the Oahu Region operates more as a necessary social service than a health care business. We have little opportunity to increase revenues, yet our services are vital to the community. This will be especially true in the very near future given recent projections by the State of Hawaii, Department of Business, Economic Development and Tourism that the island of Oahu will require an additional 1,100 long-term care beds in the next 5-10 years alone.

To ensure the continued availability of long-term care beds for our aging population and facilitate more efficient use of the Oahu Region's facilities to address the need for additional social services such as mental health and substance use treatment, we believe that it would be beneficial to transition the Oahu Region from HHSC into the State of Hawaii Department of Health (hereinafter, "DOH").

As one example of the benefits that can be realized through a union with the DOH, the Oahu Region and DOH recently developed and implemented a pilot program to provide treatment for low-risk, non-violent HSH patients at Leahi Hospital. Given the pilot program's successes thus far, we anticipate that the program could be expanded to treat up to 32 total patients in the unit currently being occupied. If the program was expanded into other available spaces, this number could be more than doubled. Such expansion, especially when taken in tandem with the new facility being constructed on the HSH campus, could free up higher acuity psychiatric beds within the HSH and enable the DOH to provide care for non-forensic patients in significant need of mental health treatment.

It should be noted that in order to make the foregoing pilot program a reality, the Oahu Region and DOH were required to enter into a series of agreements to ensure that we were individually compliant with our respective regulatory and insurance obligations and that inter-jurisdictional payments were addressed to cover the costs of ancillary services. Needless to say, if the Oahu Region became a part of the DOH, it is our belief that the pilot and other new programs could be initiated and streamlined more seamlessly.

With regard to the procedural approach taken by the instant bill, we agree that a working group is necessary to ensure that the transition is properly planned and executed. Several complex issues will need to be addressed, including, but not limited to, transfer of employees between different classification systems, resolution of outstanding contractual and other obligations, preservation of statutory exemptions, and transfer of fiscal and accounting functions. In terms of the working group's members, we believe that the list of parties named in this bill contains representatives that are essential to a successful transition. We also believe, however, that inclusion of additional members such as union leadership and representatives from other state departments may become necessary for assistance in identifying and resolving new issues as they arise.

In an effort to expedite the transition and ensure that the primary stakeholders maintain control over the key terms and conditions of the transition process (especially any necessary action items), we humbly request that you consider making a number of amendments that are reflected in our proposed H.D.2 (attached). The proposed H.D.2 was completed through a collaborative effort between the Oahu Region and the Department of Health.

Thank you for the opportunity to offer testimony on this very important measure.

Attachment

A BILL FOR AN ACT

RELATING TO TRANSITION OF THE OAHU REGIONAL HEALTHCARE SYSTEM FROM THE HAWAII HEALTH SYSTEMS CORPORATION INTO THE DEPARTMENT OF HEALTH.

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

1 PART I

2 SECTION 1. The legislature finds that the Hawaii health
3 systems corporation is comprised of five semi-autonomous health
4 care regions within the State, including east Hawaii, west
5 Hawaii, Kauai, Oahu, and Maui. The Maui regional health care
6 system no longer operates any health care facilities.

7 The legislature further finds that the Oahu regional health
8 care system is unique and distinguishable from the other regions
9 due to the logistical complexities of the Oahu regional health
10 care system facilities and the limited but crucial nature of the
11 services these facilities, Leahi hospital and Maluhia, currently
12 provide. Because the Oahu facilities almost exclusively serve
13 long-term care and medicaid patients, groups traditionally
14 underserved by private facilities because of the high cost of
15 their care, the Oahu regional health care system's long-term
16 care operations are run more as a safety-net social service and,

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1 compared to the other regions, have less opportunity for
2 additional revenue generation.

3 While the need for long-term care beds on Oahu has
4 decreased in recent years, a study completed by the department
5 of business, economic development, and tourism has projected
6 that the population aged sixty-five and older will grow by one
7 hundred forty-eight per cent over the next twenty-five years.
8 On Oahu, this translates to an estimated shortfall of one
9 thousand one hundred long-term care beds in the next five to ten
10 years alone. Thus, despite the costs of long-term care, it is
11 vital that state facilities continue to operate to ensure that
12 beds remain available for our aging population.

13 Similar to the Oahu regional health care system, the
14 department of health operates the Hawaii state hospital, a
15 facility that does not generate revenue, but is nonetheless
16 necessary to provide care and treatment for mentally ill
17 patients in Hawaii. In recent years, the Hawaii state hospital
18 has experienced a challenge in providing sufficient bed space
19 for admitted patients. As of September 2019, two hundred
20 twenty[-six] patients - well over the maximum capacity of two
21 hundred two - occupied beds at the Hawaii state hospital. To
22 meet its needs, the Hawaii state hospital was also required to

23

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1 contract with Kahi Mohala, a privately-run facility, to care for
2 an additional forty-six patients.

3 Beyond the Hawaii state hospital, the department of health
4 has also been charged with addressing the significant gap in the
5 behavioral health care system between acute psychiatric care
6 facilities and low acuity residential treatment. Data collected
7 in the State estimates that more than half of all individuals
8 experiencing a mental health crisis, or fifty-four per cent,
9 have needs that align better with services delivered within a
10 subacute level of care facility rather than an emergency room.

11 ~~Subacute residential stabilization services have been a~~
12 ~~missing component of a comprehensive behavioral health continuum~~
13 ~~of care, which would bridge the gap between acute~~
14 ~~hospitalization and lower level residential and community~~
15 ~~resources. Many individuals who are taken to the emergency room~~
16 ~~on an MH-1, or for emergency examination and hospitalization,~~
17 ~~are often not acute enough in their illness to warrant~~
18 ~~psychiatric hospitalization. On the other hand, their~~
19 ~~symptomology is too acute for them to be admitted to a group~~
20 ~~home, shelter, or other existing low acuity residential program,~~
21 ~~or, if they are admitted, they are often unsuccessful in those~~
22 ~~environments. More often than not, they fail because they have~~
23 ~~not had time to stabilize in an environment where they can be~~

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1 ~~closely monitored. This lack of post-acute care contributes to~~
2 ~~the poor outcomes of both acute behavioral health inpatient and~~
3 ~~community-based services because many individuals are not~~
4 ~~appropriate for either level, but fall somewhere in the middle.]~~

5 The legislature further finds that Act 90, Session Laws of
6 Hawaii 2019, established the involuntary hospitalization task
7 force and Act 263, Session Laws of Hawaii 2019, established a
8 working group to evaluate current behavioral health care and
9 related systems, including existing resources, systems gaps, and
10 identification of action steps that could be taken to improve
11 the overall system of care. The findings from the taskforce
12 report highlight the need in Hawaii for a coordinated network of
13 stabilization beds that will allow triage, clinical assessment,
14 and recommendation for the next level of care for those
15 struggling with substance use, mental health conditions, and
16 homelessness.

17 The National Coalition for the Homeless has found that
18 sixty-four per cent of homeless individuals are dependent on
19 alcohol or other substances. In Hawaii, the Oahu homeless point
20 in time count reported that 36.4 per cent of homeless single
21 adults suffer from some type of mental illness. The

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1 intersection of homelessness and behavioral health conditions
2 are a crisis in Hawaii, which contributes to Hawaii having the
3 second highest rate of homelessness in the nation.

4 Unfortunately, there is currently no coordinated system of
5 stabilization from the streets that assesses for and links to
6 the next level of clinical care.

7 The legislature finds that the current options for those
8 needing stabilization from substance use, mental health, and
9 homelessness are stretched thin and emergency facilities
10 throughout the State have experienced substantial increases in
11 psychiatric emergency admissions, which has resulted in
12 overcrowding and unsafe environments for patients and medical
13 staff.

14 The task for report describes, and the legislature further
15 finds that comprehensive crisis response and stabilization
16 services are crucial elements of the continuum of care.
17 Reducing unnecessary transportation to emergency departments and
18 appropriately placing clients in more suitable levels of care
19 will improve outcomes for consumers, reduce inpatient hospital
20 stays, and facilitate access to other behavioral health
21 services.

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1 Data collected in the State estimates that more than half of all
2 individuals experiencing a mental health crisis, or fifty-four
3 per cent, have needs that align better with services delivered
4 within a subacute level of care facility rather than an
5 emergency room. Subacute residential stabilization services have
6 been a missing component of a comprehensive behavioral health
7 continuum of care, which would bridge the gap between acute
8 hospitalization and lower level residential and community
9 resources.

10 Many individuals who are taken to the emergency room on an
11 MH-1, or for emergency examination and hospitalization, are
12 often not acute enough in their illness to warrant psychiatric
13 hospitalization. On the other hand, their symptomology is too
14 acute for them to be admitted to a group home, shelter, or other
15 existing low acuity residential program, or, if they are
16 admitted, they are often unsuccessful in those environments.
17 More often than not, they fail because they have not had time to
18 stabilize in an environment where they can be closely monitored.
19 This lack of post-acute care contributes to the poor outcomes of
20 both acute behavioral health inpatient and community-based
21 services because many individuals are not appropriate for either
22 level, but fall somewhere in the middle.

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1 The legislature finds that there exists state facilities that
2 have under-utilized space that could accommodate these services
3 with minimal effort and adjustments and reduce the burdens and
4 barriers described above. The legislature further finds that
5 assertive efforts should be undertaken to make use of these
6 resources and to organize them in a way that is beneficial to
7 the state.

8 ~~[In its efforts to address the need for subacute~~
9 ~~residential stabilization services, the department of health~~
10 ~~recognized the lack of state facilities within the department~~
11 ~~that could be utilized for this purpose.]~~ Through discussions
12 with the Oahu regional health care system, however, it was
13 determined that some of the Oahu regional health care system's
14 facilities, particularly at Leahi hospital, are currently
15 underutilized and have the potential to be re-purposed for other
16 important health care and social services.

17 The legislature [~~further~~] finds that, while statutorily tied
18 to the Hawaii health systems corporation, the Oahu regional
19 health care system operates mostly autonomously and its
20 functions - including target population - are unique from those
21 of the other regional health care systems. As such, there is
22 little necessity to keep the Oahu regional healthcare system a

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1 part of the Hawaii health systems corporation. With proper
2 planning and implementation, the Oahu regional health care
3 system could be strategically assimilated into the department of
4 health and its facilities could be used - in addition to long-
5 term care - to help alleviate the need for subacute residential
6 stabilization and other services.

7 The purpose of this Act is to [~~set a date for~~]commence the
8 transfer of the Oahu regional health care system in its entirety
9 from the Hawaii health systems corporation to the department of
10 health beginning with the transfer of the Oahu regional health
11 care system's budget into the department of health. The purpose
12 of this Act is further [~~and~~] to establish a working group by and
13 between the Oahu regional health care system, the [~~and~~]
14 department of health, and other stakeholders that shall be
15 responsible for managing and implementing the processes required
16 [~~that addresses~~] to effectuate the completion of [~~all necessary~~
17 ~~components of~~] such transition.

18 PART II

19 SECTION 2. Section 323F-2, Hawaii Revised Statutes, is
20 amended by amending subsection (b) to read as follows:

21 "(b) The corporate organization shall be divided into
22 [~~five~~] four regional systems, as follows:

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1 ~~{(1) The Oahu regional health care system;~~
2 ~~——(2)}~~ (1) The Kauai regional health care system;
3 ~~[(3)]~~ (2) The Maui regional health care system;
4 ~~[(4)]~~ (3) The east Hawaii regional health care system,
5 comprising the Puna district, north Hilo district, south Hilo
6 district, Hamakua district, and Kau district; and
7 ~~[(5)]~~ (4) The west Hawaii regional health care system,
8 comprising the north Kohala district, south Kohala district,
9 north Kona district, and south Kona district;
10 and shall be identified as regional systems I, II, III, and
11 IV, ~~[and V,]~~ respectively."

12 SECTION 3. Section 323F-3, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) The members of the corporation board shall be
15 appointed as follows:

16 (1) The director of health as an ex officio, voting
17 member;

18 (2) The ~~[five]~~ three regional chief executive
19 officers as ex officio, nonvoting members;

20 (3) Three members who reside in the county of Maui,
21 two of whom shall be appointed by the Maui regional system board
22

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1 and one of whom shall be appointed by the governor, all of whom
2 shall serve as voting members;

3 (4) Two members who reside in the eastern section of
4 the county of Hawaii, one of whom shall be appointed by the East
5 Hawaii regional system board and one of whom shall be appointed
6 by the governor, both of whom shall serve as voting members;

7 (5) Two members who reside in the western section of
8 the county of Hawaii, one of whom shall be appointed by the West
9 Hawaii regional system board and one of whom shall be appointed
10 by the governor, both of whom shall serve as voting members;

11 (6) Two members who reside on the island of Kauai,
12 one of whom shall be appointed by the Kauai regional system
13 board and one of whom shall be appointed by the governor, both
14 of whom shall serve as voting members;

15 ~~[(7) Two members who reside on the island of Oahu, one~~
16 ~~of whom shall be appointed by the Oahu regional system board and~~
17 ~~one of whom shall be appointed by the governor, both of whom~~
18 ~~shall serve as voting members;]~~ and

19 ~~[-(8)]~~ (7) One member who shall be appointed by the
20 governor and serve as an at-large voting member.

21 The appointed board members who reside in the county of
22 Maui, eastern section of the county of Hawaii, western section

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1 of the county of Hawaii, and on the island of Kauai [~~and on the~~
2 ~~island of Oahu~~] shall each serve for a term of four years;
3 provided that the terms of the initial appointments of the
4 members who are appointed by their respective regional system
5 boards shall be as follows: one of the initial members from the
6 county of Maui shall be appointed to serve a term of two years
7 and the other member shall be appointed to serve a term of four
8 years; the initial member from East Hawaii shall be appointed to
9 serve a term of two years; the initial member from West Hawaii
10 shall be appointed to serve a term of four years; and the
11 initial member from the island of Kauai shall be appointed to
12 serve a term of two years; [~~and the initial member from the~~
13 ~~island of Oahu shall be appointed to serve a term of four~~
14 ~~years;~~] and provided further that the terms of the initial
15 appointments of the members who are appointed by the governor
16 shall be four years. The at-large member appointed by the
17 governor shall serve a term of two years.

18 Any vacancy shall be filled in the same manner provided for
19 the original appointments. The corporation board shall elect
20 its own chair from among its members. Appointments to the
21 corporation board shall be as representative as possible of the
22 system's stakeholders as outlined in this subsection. The board

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1 member appointments shall strive to create a board that includes
2 expertise in the fields of medicine, finance, health care
3 administration, government affairs, human resources, and law."

4 PART III

5 SECTION 4. Section 323F-3, Hawaii Revised Statutes, is
6 amended by adding a paragraph to the end of subsection (b) to
7 read as follows:

8 "With regard to all corporation board matters concerning
9 the Oahu regional health care system, the director of the
10 department of health shall have sole decision-making authority
11 over such matters commencing on June 30, 2020 and continuing
12 until the transition of the Oahu regional health care system
13 into the department of health is complete. Upon completion of
14 the transition, the corporation board shall have no legal
15 relationship with the Oahu regional health care system or its
16 facilities."

17 [~~SECTION 4~~]SECTION 5. (a) There is established a working
18 group to be led by and between the Oahu regional health care
19 system and department of health to develop, evaluate, and
20 implement [~~the~~] any steps necessary to transition the Oahu
21 regional health care system into the department of health.

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1 (b) The working group shall consist of the following members:

2 (1) The director of health, or the director's
3 designee, who shall serve as co-chair and who, along with the
4 chair of the Oahu regional health care system, or the chair's
5 designee, shall have final authority over transfer activities to
6 be implemented by the working group;

7 (2) The chair of the Oahu regional health care system
8 board, or the chair's designee, who shall serve as co-chair and
9 who, along with the director of health, or the director's
10 designee, shall have final authority over transfer activities to
11 be implemented by the working group;

12 (3) The chief executive officer of the Oahu regional
13 health care system, or the chief executive officer's designee;

14 (4) One or more department of health staff as deemed
15 necessary by the director of health, or the director of health's
16 designee;

17 (5) One or more Oahu regional health care system
18 staff as deemed necessary by the chief executive officer of the
19 Oahu regional health care system, or the chief executive
20 officer's designee;

21

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1 ~~[(5)]~~ (6) In addition, the working group shall be comprised
2 of the following members who shall serve in a consultative
3 capacity:

4 (i) One representative from the behavioral
5 health administration of the department of health;

6 ~~[(5)]~~ (ii) One representative from the
7 department of human resources development;

8 [(6)] (iii) One representative from the
9 department of accounting and general services;

10 [(7)] (iv) The chair of the Hawaii health
11 systems corporation board, or the chair's designee;

12 [(8)] (v) One representative from the Hawaii
13 health systems corporation human resources department;

14 [(9)] (vi) One representative from the Hawaii
15 health systems corporation finance department; and

16 [(10)] (vii) Others as recommended by the co-
17 chairs.

18 (c) The working group shall be responsible to complete the
19 following items as part of the transition~~[-plan]~~:

20 (1) Develop a ~~[statutory]~~ transfer framework,
21 including proposed legislation, to govern and manage the
22 transition of the Oahu regional health care system into the

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1 department of health that shall, where possible, preserve the
2 rights and exemptions that the Oahu regional health care system
3 enjoyed as a region within the Hawaii health systems
4 corporation;

5 (2) Identify all real property, appropriations,
6 records, equipment, machines, files, supplies, contracts, books,
7 papers, documents, maps, and other property made, used,
8 acquired, or held by the Oahu regional health care system and
9 effectuate the transfer of the same [~~that will be transferred~~]
10 to the department of health;

11 (3) Identify all debts and other liabilities that
12 will remain with the Hawaii health systems corporation and
13 [~~those that will be transferred~~] transfer any remaining debts
14 and liabilities to the department of health;

15 (4) Identify and resolve all contractual arrangements
16 and obligations, including but not limited to those related to
17 personal service contracts, vendor contracts, and capital
18 improvement projects;

19 (5) [~~Develop a comprehensive plan to t~~] Transition all
20 employees into the classification system of the executive branch
21 and the department of health with due consideration and

22

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1 preservation of collective bargaining [~~rights~~] and civil service
2 [~~rules~~]rights;

3 (6) Develop and implement any and all policies and
4 procedures necessary to ensure that the facilities within the
5 Oahu regional health care system remain compliant with all
6 federal, state and local laws and regulations; and

7 (7) Develop and implement a [~~proposed budget for the~~
8 ~~Oahu regional health care system during the transition period~~
9 ~~and a]comprehensive plan to transfer all fiscal and accounting
10 functions to the department of health.~~

11 (d) Members of the working group shall serve without
12 compensation but shall be reimbursed for reasonable expenses
13 necessary for the performance of their duties, including travel
14 expenses. No member of the working group shall be subject to
15 chapter 84, Hawaii Revised Statutes, solely because of the
16 member's participation in the working group.

17 [~~(e) Two or more members of the working group, but less~~
18 ~~than the number of members which would constitute a quorum for~~
19 ~~the working group, may discuss between themselves matters~~
20 ~~relating to official business of the working group to enable~~
21 ~~them to faithfully perform their duties to the working group and~~
22 ~~the organizations they represent, as long as no commitment to~~

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1 ~~vote is made or sought. Such discussions shall be a permitted~~
2 ~~interaction under section 92-2.5, Hawaii Revised Statutes.]~~

3 ~~[(f) The working group shall submit a report of its~~
4 ~~transition plan, including any proposed legislation, to the~~
5 ~~legislature no later than twenty days prior to the convening of~~
6 ~~the regular session of 2021.]~~

7 ~~[(g) The transition plan shall be subject to the following~~
8 ~~conditions:]~~

9 SECTION 6. The timeline for the transition of the Oahu
10 regional health care system into the department of health shall
11 be as follows:

12 (1) June 30, 2020 - The budget of the Oahu regional health
13 care system shall be transferred from the Hawaii health systems
14 corporation to the department of health and the same shall be
15 reflected in the state budget and all other related tables and
16 documents under program code HTHxxx. Program code HTHxxx shall
17 be known as the behavioral and elder care facilities division
18 within the department of health's behavioral health division.
19 The remaining structure of the Oahu regional health care system
20 shall remain unchanged until modified by the working group
21 established in Section 5 of this Act.

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1 (2) June 30, 2020 to January 1, 2021 - the transfer working
2 group shall convene and initiate any actions - limited to those
3 not requiring legislation - to effectuate the further transition
4 of the Oahu regional health care system into the department of
5 health. The transfer working group shall submit an interim
6 report to the legislature, no less than twenty days prior to the
7 2021 Legislative Session, outlining all components of the
8 transition that have been effectuated to date and any
9 legislative action needed to complete the transfer.

10 (3) June 30, 2022 - the transfer working group shall submit
11 a final report to the legislature which documents the completion
12 of the transition and the dissolution of the Oahu regional
13 health care system.

14 SECTION 7. All transition actions shall be subject to the
15 following conditions:

16 (1) The attorney general shall approve the legality and
17 form of any [~~transition plan~~] material transition actions
18 created by the working group prior to implementation, and the
19 director of finance shall evaluate and approve any expenditure
20 of public funds determined to be in accordance with the budget
21 laws and controls in force;

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1 (2) ~~[Any and all]~~Liabilities of the Oahu regional health care
2 system that were transferred to the Hawaii health systems
3 corporation upon its creation by Act 262, Session Laws of Hawaii
4 1996, or to the Oahu regional health care system upon its
5 establishment by Act 290, Session Laws of Hawaii 2007, and all
6 other contractual liabilities of the Oahu regional health care
7 system, including those related to collective bargaining
8 contracts negotiated by the State in existence at the time the
9 same is transferred to the department of health, shall become
10 the responsibility of the State ~~[upon the transition of the Oahu~~
11 ~~regional health care system into the department of health];~~

12 (3) All employees who occupy civil service positions and
13 whose functions are transferred to the department of health by
14 this Act shall retain their civil service status, whether
15 permanent or temporary and shall generally maintain their
16 respective functions as reflected in their current position
17 descriptions during the transition period; provided that any
18 changes determined necessary by the transition workgroup shall
19 follow standard Union consultation process prior to
20 implementation. Employees shall be transferred without loss of
21 salary, seniority (except as prescribed by applicable collective
22 bargaining agreements), retention points, prior service credit,

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1 any vacation and sick leave credits previously earned, and other
2 rights, benefits, and privileges, in accordance with state
3 personnel laws and this Act; provided that the employees possess
4 the minimum qualifications and public employment requirements
5 for the class or position to which transferred or appointed, as
6 applicable; provided further that subsequent changes in status
7 may be made pursuant to applicable civil service and
8 compensation laws; and

9 (4) Any employee who, prior to this Act, is exempt from
10 civil service or collective bargaining and is transferred as a
11 consequence of this Act shall be transferred without loss of
12 salary and shall not suffer any loss of prior service credit,
13 contractual rights, vacation or sick leave credits previously
14 earned, or other employee benefits or privileges and shall be
15 entitled to remain employed in the employee's current position
16 for a period of no less than one year after [~~being transferred~~]
17 the transition of the Oahu regional health care system into the
18 department of health is complete.

19 [~~(h)~~]SECTION 8. The working group shall be dissolved on
20 June 30, 2022, or upon completion of the transition of the Oahu
21 regional health care system into the department of health,
22 whichever is later.

H.B. NO. 2630, Proposed H.D. 2

1 PART IV

2 SECTION [~~5~~]9. Statutory material to be repealed is
3 bracketed and stricken. New statutory material is underscored.

4 SECTION [~~6~~]10. This Act shall take effect upon its
5 approval; provided that Part II of this Act shall take effect on
6 June 30, 2022, unless such date is earlier modified through
7 legislation or the adoption of a concurrent resolution.

8

9 **Report Title:**

10 Hawaii Health Systems Corporation; Oahu Region; Department of
11 Health; Transition; Working Group

12 **Description:**

13 Sets a date of 6/30/2022 for the transition of the Oahu region's
14 health care facilities from the Hawaii health systems
15 corporation of the department of health. Establishes a working
16 group to develop a comprehensive plan that addresses all the
17 necessary components of such transition. Effective 7/1/2050.

18 (HD1



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

The Thirtieth Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association

February 11, 2020

H.B. 2630, H.D. 1 – RELATING TO THE TRANSITION
OF THE OAHU REGIONAL HEALTH CARE SYSTEM

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO would like to **offer comments and propose four (4) amendments** to H.B. 2360, H.D. 1 which sets a date for the transition of the Oahu Region of the Hawaii Health Systems Corporation to the Department of Health and establishes a working group to develop a comprehensive plan for the transition.

First, while we are generally supportive of the proposed timeline and transition to the Department of Health and agree that this may be the best path forward for the Oahu Region and its employees, we also recognize that there are many unanswered questions regarding the impact to staff operations. We understand that the legislation empowers the transition working group to address a wide range of issues and therefore this measure itself cannot be prescriptive, however, this measure does not explicitly address whether the current HHSC staff will be required to provide behavioral health care services or what specific qualifications are necessary for continued employment. It is also unclear if the Department of Health will maintain or phase-out the current long-term care services and how it will expand its behavior health care services on the HHSC campuses. Therefore, we respectfully request to be included in the working group to ensure that our members have a voice at these meetings. We also request that the working group meetings be agendaized and noticed for all affected employees to attend.

Second, we appreciate the intent and extent that this measure takes to provide employees with job security and assurances that their rights and benefits will be preserved. For clarification purposes, we respectfully request the following amendment to Section 4(g) that begins on page 13, to add that the transition plan shall also be subject to the following condition:

(5) The wages, hours, and other conditions of employment shall be negotiated or consulted, as applicable, with the respective exclusive representative of the affected employees, in accordance with Ch. 89, Hawaii Revised Statutes

Third, although stated on page 11, line 18 that the working group shall develop a comprehensive plan to transition all employees, other sections of the measure are not explicitly clear, therefore we request an amendment to Section 4(g)(3) on page 14, beginning on line 3:

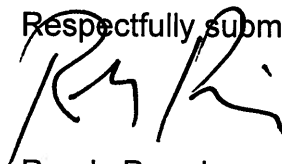
*(3) All employees who occupy civil service positions ~~and whose functions are transferred to the department of health by this act~~ shall **transfer to the department of health by this act and** retain their civil service status, whether permanent or temporary. Employees shall be transferred without loss of salary, seniority (except as prescribed by applicable collective bargaining agreements), retention points, prior service credit, any vacation and sick leave credits previously earned, and other rights, benefits, and privileges, in accordance with state personnel laws and this Act; ~~provided that the employees possess the minimum qualifications and public employment requirements for the class or position to which transferred or appointed, as applicable; provided further that subsequent changes in status may be made pursuant to applicable civil service and compensation laws;~~*

Lastly, as a catch-all, we respectfully request the inclusion of protective language for employees' rights and benefits as a new section in Part IV of the measure:

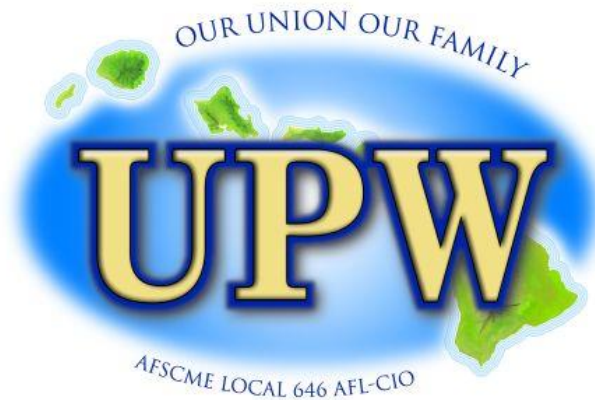
The rights, benefits, and privileges currently enjoyed by employees, including those rights, benefits, and privileges under chapters 76, 78, 87A, and 88, Hawaii Revised Statutes, shall not be impaired or diminished as a result of these employees being transitioned to the department of health. The transition to the department of health shall not result in any break in service for the affected employees. The rights, benefits, and privileges currently enjoyed by employees shall be maintained under their existing collective bargaining agreement and any successor agreement.

In closing, we appreciate the intent of H.B. 2360, H.D. 1 and want to actively participate in a smooth transition for our members to the Department of Health. Thank you for your consideration of our four (4) proposed amendments outlined above.

Respectfully submitted,



Randy Perreira
Executive Director



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Thirtieth Legislature
Regular Session of 2020

COMMITTEE ON LABOR

Representative Aaron Ling Johansen, Chair
Representative Stacelynn K. M. Eli, Vice Chair

DATE OF HEARING: Tuesday, February 11, 2020
TIME OF HEARING: 9:10 AM
PLACE OF HEARING: State Capitol
415 South Beretania Street
Conference Room 309

TESTIMONY ON HOUSE BILL 2630 HD1

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

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 13,000 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.

HB2630 HD1 sets a date of 6/30/2022 for the transition of the Oahu region's health care facilities from the Hawaii Health Systems Corporation to the Department of Health. Establishes a working group to develop a comprehensive plan that addresses all necessary components of such transition. Effective 7/1/2050.

HB2630 HD1 is a bill that is welcomed by many families who have kupunas in Mahelona and Leahi Hospital. There is expected a "gray tsunami" of elderly patients that must

have care and support in Hawaii. Studies foretell of this shortfall of 1,100 long-term care beds in about five to ten years. The Oahu region facilities could be repurposed for long-term care services and subacute mental health services.

The UPW strongly supports Part 3 of the bill, where employees retain their Civil Service status, no loss of salary, transition of all employees into the classification system of the executive branch and retain all collective bargaining rights.

Thank you for the opportunity to submit this testimony.



Feb. 11, 2020

Rep. Aaron Ling Johanson
House Committee on Labor and Public Employment
State Capitol
Honolulu, HI 96813

Re: HB 2630, HD1

Chairman Johanson and Committee Members:

This bill creates a working group to take the steps of transitioning the Oahu regional health system into the Department of Health and also allows group members to avoid following the Sunshine Law, or open meetings law, when they don't make up a quorum in meetings.

We ask you to remove the portion of the bill that allows working group meetings with less than quorum of members to be permitted interactions with no requirements under the Sunshine Law.

Two or more members should not be allowed to work outside the Sunshine Law when there is no quorum. When there is no quorum, there is no meeting. Is the state suddenly changing decades of public agency meeting procedures to go ahead and meet without quorums?

We ask you to amend this bill to remove the provision about "permitted interactions" of working group meetings without a quorum.

Sincerely,

Stirling Morita
President, Hawaii Chapter SPJ