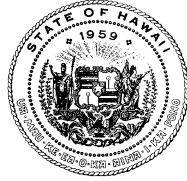


DAVID Y. IGE  
GOVERNOR OF HAWAII



ELIZABETH A. CHAR, M.D.  
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STATE OF HAWAII  
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**Testimony in SUPPORT of H.B. 1282 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 RICHARD H. K. ONISHI CHAIR  
HOUSE COMMITTEE ON LABOR AND TOURISM

Hearing Date: 2/16/2021

Hearing Time: 9:00 a.m.

1 **Department Position:** The Department of Health (“Department”) strongly supports this  
2 measure and offers comments.

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

9 The Department strongly supports the goals of H.B. 1282 H.D. 1. There is a significant  
10 gap in the behavioral health care system between acute psychiatric care facilities and low  
11 acuity residential treatment. This measure would provide additional pathways and resources  
12 for the state to better address much needed behavioral health treatment will help break the  
13 “revolving door” cycle in hospital emergency departments and relieve pressure on acute care  
14 hospital facilities, law enforcement entities, and other systems of care, including social and  
15 legal services. This is a rare opportunity to add significant value to our residents’ quality of life  
16 which benefits both public and private sectors.

1           The transition of the HHSC Oahu Region to the Department would ensure the continued  
2 availability of long-term care beds for our aging population and facilitate more efficient use of  
3 the HHSC Oahu Region’s facilities to address the need for additional behavioral health services  
4 such as mental health and substance use treatment.

5           The Department has been working very closely with the HHSC Oahu Region to evaluate  
6 both the viability and the process by which this transition would take place and this measure  
7 reflects the continued discussion and evolution of this effort.

8           In addition to the HHSC Oahu Region, the Department is committed to collaborating  
9 with the legislature, the Hawaii Government Employees Association (HGEA), the United Public  
10 Workers Union (UPW), the HHSC, and community stakeholders in achieving the best interests  
11 of all parties.

12 **Offered Amendments:** None.

13           Thank you for the opportunity to testify on this measure.

14 **Fiscal Implications:** Undetermined.



**WRITTEN TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
THIRTY-FIRST LEGISLATURE, 2021**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 1282, 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.

**BEFORE THE:**

HOUSE COMMITTEE ON LABOR AND TOURISM

**DATE:** Tuesday, February 16, 2021      **TIME:** 9:00 a.m.

**LOCATION:** State Capitol, Room 312, Via Videoconference

**TESTIFIER(S):**      **WRITTEN TESTIMONY ONLY.**  
(For more information, contact Diane K. Taira,  
Deputy Attorney General, at 587-3050)

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Chair Onishi and Members of the Committee:

The Department of Attorney General provides the following comments on this measure.

The purpose of this measure is to transfer the Oahu regional health care system, a part of the Hawaii Health Systems Corporation, to the Department of Health. This transfer includes the transfer of property, including Maluhia and Leahi hospitals, employees, funding, and other things necessary to the operation of the Oahu regional health care system.

With regard to section 4 of the bill, we recommend that the amendatory wording on page 15, lines 16 through 19 be amended to substitute the word "transition" with the word "transfer," so that it is clear that a transfer of property is anticipated. The provision would read as follows:

provided that under a transfer that is effectuated pursuant to paragraph (5), real property shall transfer in its then-existing state, whether in lease, fee, or otherwise, to the executive department.

With regard to section 6(a)(2)(E) of the bill, we recommend that the wording, ", except in the instance of discipline or layoffs," be added to page 27, line 2, so that subparagraph (E) reads as follows:

(E) Any employee who, prior to this Act, is exempt from civil service or collective bargaining and is transferred as a consequence of this Act shall be transferred without loss of salary and shall not suffer any loss of prior service credit, contractual rights, vacation or sick leave credits previously earned, or other employee benefits or privileges and, except in the instance of discipline or layoffs, shall be entitled to remain employed in the employee's current position for a period of no less than one year after the transition of the Oahu regional health care system into the department of health is complete;

This recommendation is made so as to preserve the ability to pursue layoffs or discipline, should either of those become necessary.

Section 7 of the bill, which exempts the Oahu Regional Health Care System Board from various administrative provisions of the Hawaii Revised Statutes (HRS), applicable to most state agencies, may lead to some unintended consequences. See page 35, lines 1-3. For example, the bill exempts the Board from chapter 36, HRS, Management of State Funds. If the Board needed to obtain a short-term loan from the Director of Finance, it would not be able to do so since section 36-24, HRS, would not be operative. In addition, since the Board would be exempt from chapter 38, Deposits of Public Funds, it would not have the benefits of the State's collateralization of deposits of moneys in excess of the insurance limits on deposits in financial institutions. This bill also exempts the Board from chapter 40, Audit and Accounting and, does not otherwise address how the Board would address the exemption from audit and accounting controls. The Committee may want to consider these types of ramifications in moving this bill forward.

Further, the bill provides for an exemption of the Board from section 103-53(e), HRS (page 35, line 2). This would exempt the Board from allowable exemptions. If this is unintended, we recommend deleting reference to section 103-53(e), HRS.

Lastly, with regard to section 8 of the bill, page 35, lines 3-13, it is not clear what is meant to be enjoyed as an exemption under chapter 103D and section 105-53(e), HRS, page 35, line 12. Section 7, page 35, line 1, already appears to provide an exemption from chapter 103D in its entirety and section

105-53(e) is not a section in the HRS. Reference to these exemptions would appear to be unnecessary and should therefore be deleted.

Thank you for the opportunity to submit testimony on this measure.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Labor & Tourism  
February 16, 2021 at 9:00 a.m.

by  
Kalbert K. Young  
Vice President for Budget and Finance/Chief Financial Officer  
University of Hawai'i System

HB 1282 HD1 – RELATING TO THE TRANSITION OF THE OAHU REGIONAL HEALTH CARE SYSTEM FROM THE HAWAII HEALTH SYSTEMS CORPORATION INTO THE DEPARTMENT OF HEALTH

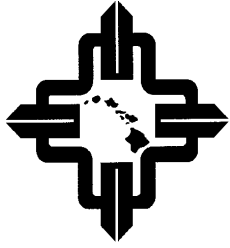
Chair Onishi, Vice Chair Sayama, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) supports House Bill (HB) No. 1282 HD1, Relating to the Transition of the O'ahu Regional Health Care System from the Hawai'i Health Systems Corporation (HHSC) into the Department of Health (DOH). This bill lays out a framework for moving the assets and the O'ahu-based functions of HHSC into the DOH. The bill explicitly identifies the UH as involved in aspects of the transition. The UH does not have any objections to the concept proposed in the bill, but recognizes that much of the issues will be in the details and expects they will be worked through incorporating UH's interests in mind.

The UH has a number of academic programs throughout its various campuses of relevance to the health care industry. HB No. 1282 HD1 contemplates that the UH could partner and participate with the DOH on repositioning services offered by HHSC and/or redevelopment opportunities at Lē'ahi in advancing possible health services on the site. The UH does not object with this concept and believes we can be a very good partner in those regards.

The UH is the recorded landowner of the parcel where Lē'ahi Hospital is located. The UH also owns other parcels adjacent or near to Lē'ahi Hospital and Kapi'olani Community College. Under the current arrangement, UH has leased the Lē'ahi parcel to HHSC at no cost for decades. While the UH would not intend to displace HHSC from the Lē'ahi Hospital property, if HHSC were to no longer use the property, the UH would expect that any new use would be consistent and compatible with our nearby campus and properties. Additionally, the UH's strategic objective for real estate expects that non-UH use of real property will be to increase lease revenue, increase utility of the property for the UH, and/or increase broader academic opportunities. At this point, we are content that HB No. 1282 HD1 recognizes and accommodates inclusion of UH's interest and potential returns in each of these regards.

Thank you for this opportunity to testify.



## OAHU REGION HAWAII HEALTH SYSTEMS CORPORATION

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Committee on Labor and Tourism  
Representative Richard H.K. Onishi, Chair  
Representative Jackson D. Sayama, Vice-Chair

February 16, 2021, 9:00 A.M.  
(Via Video Conference)  
Conference Room 312  
Hawaii State Capitol

Sean Sanada  
Oahu Region Chief Administrative Officer  
Hawaii Health Systems Corporation  
**Re: Testimony in Strong Support**

HB 1282, Relating to the Transition of the Oahu Regional Health Care System from the Hawaii Health Systems Corporation into the Department of Health

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Chair Onishi, Vice-Chair Sayama, and Members of the Committee on Labor and Tourism:

Through the leadership of the Oahu Regional Health Care System Board of Directors (hereinafter, "OR Board"), which has been heavily invested in every important initiative concerning the Oahu Region, the Oahu Region submits this testimony in **strong support** of HB 1282.

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 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 thoroughly planned and executed. In cooperation with the DOH and other members of the working group – which also includes the Hawaii Government Employees Association and United Public Workers – we believe that we will be able to resolve the many complex issues inherent in this process and successfully effectuate the transition.

While we anticipate that more edits may become necessary to address unforeseen legal and logistical issues as HB 1282 moves forward, we believe that this bill represents a significant step in the right direction.

Thank you for the opportunity to offer testimony in **strong support** of this very important measure.





**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**

AFSCME Local 152, AFL-CIO

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

The Thirty-First Legislature, State of Hawaii  
House of Representatives  
Committee on Health, Human Services, and Homelessness

Testimony by  
Hawaii Government Employees Association  
February 16, 2021

H.B. 1282, 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 on H.B. 1282 which transfers in its entirety the Oahu Region of the Hawaii Health Systems Corporation to the Department of Health, beginning with the Oahu Region budget and position count, and establishes a working group to develop a comprehensive plan for the transition. We appreciate the incorporation of our requested amendments to add protections for HHSC employees during the 2020 Legislative Session and the ongoing conversation about this issue.

While we are generally supportive of the proposed 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 continue to be many unanswered questions regarding the impact to staff operations. We want to ensure that if the budget transfer necessitates negotiation or consultation, that there is ample time to complete the requisite process. Further, 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 appreciate the opportunity for us to have a seat on the working group to ensure that our members have a voice at these meetings.

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 and we want to actively participate in a smooth transition for our members to the Department of Health. Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira  
Executive Director