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MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON HEALTH, HUMAN SERVICES, &
HOMELESSNESS
ON
HOUSE BILL NO. 1893

February 1, 2022
9:00 a.m.
Via Videoconference

RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 1893 transfers the Daniel K. Akaka State Veterans Home (DKASVH) to the O'ahu Regional Health Care System (O'ahu Region); amends Act 212, SLH 2021, by extending the deadline by which the transfer of O'ahu Region from the Hawai'i Health Systems Corporation (HHSC) to the Department of Health (DOH) shall take place; clarifies that during the transition period, O'ahu Region's operational budget requests shall be submitted with HHSC's budget requests and any appropriations for O'ahu Region shall be designated under program ID HTH 215; exempts the working group for the transition of O'ahu Region from Chapter 92, HRS; and appropriates an undetermined sum of general funds for FY 23 for the creation of a comprehensive business plan and transfer framework for existing O'ahu Region facilities and the future DKASVH.

B&F defers to DOH, HHSC, and O'ahu Region on the potential operational impacts of this measure to their respective agencies. The measure requires that

DKASVH be assimilated into O'ahu Region no later than December 31, 2022, or a date determined by the Governor, subject to negotiations between HHSC and the Department of Defense. The measure also provides that the transition of O'ahu Region into DOH be completed by December 31, 2023. Similar to H.B. No. 1579, B&F notes that the December 31st deadline takes place in the middle of a fiscal year and recommends that the completion date be amended to coincide with the change of the fiscal year to allow for appropriate budget adjustments to effectuate the transfer of O'ahu Region from HHSC to DOH.

Finally, B&F further notes that the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR



KENNETH S. HARA
MAJOR GENERAL
ADJUTANT GENERAL

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TESTIMONY ON HOUSE BILL 1893
A BILL RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

PRESENTATION TO
COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

BY

KENNETH S. HARA,
MAJOR GENERAL, STATE ADJUTANT GENERAL

FEBRUARY 1, 2022

Chair Yamane, and Vice Chair Tam, and Members of the Committee.

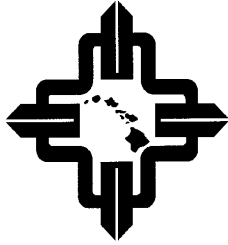
I'm Major General Kenneth Hara, State Adjutant General, and I am testifying in strong **SUPPORT** of HB 1893, Relating to the Oahu Regional Health Care System.

The purpose of this legislation is to transfer the Daniel K. Akaka State Veterans Home to the Oahu Regional Health Care System of the Hawaii Health Systems Corporation (HHSC) so that when the Oahu Regional Health Care System is transferred from HHSC to the Department of Health (DOH) pursuant to Act 212, Session Laws 2021, the Daniel K. Akaka State Veterans Home will become part of DOH.

The Department of Defense (DOD) lacks the medical expertise for continued operational oversight of a long-term care facility, and more importantly, the legal flexibility to contract, administer and provide operational oversight for a long-term care facility. This was discovered during my staff's engagement in several discussions with the State Attorney General's Office in preparation for the "Request for Proposal" for the Administrator/Operator for the Daniel K. Akaka State Veterans Home. Furthermore, DOD lacks legislative power including the ability to create 501-c3 tax-free structures like HHSC. Without this important legislation, there is a likelihood that this State Home will not be operational and will not be able to accept patients after construction is completed in April 2023.

Once again, I request for your support and advocacy for this measure that will align the administrative health care responsibilities of the Daniel K. Akaka State Veterans Home under the Oahu Regional HHSC and eventually DOH. This critical measure, once enacted, will provide vital health care services and benefits to our Veterans and their eligible loved ones who have served our Great Nation and State.

Point of Contact: MG Kenneth Hara/email: kenneth.s.hara@hawaii.gov / (808) 672-1211.



**OAHU REGION
HAWAII HEALTH SYSTEMS CORPORATION**

**Committee on Health, Human Services, and Homelessness
Representative Ryan I. Yamane, Chair
Representative Adrian K. Tam, Vice-Chair**

February 1, 2022, 9:00 A.M.
(Via Video Conference)
Conference Room 329
Hawaii State Capitol

Sean Sanada
Oahu Region Chief Administrative Officer
Hawaii Health Systems Corporation

Re: Testimony in Support of Intent and Comments

HB 1893, Relating to the Oahu Regional Health Care System

Chair Yamane, Vice-Chair Tam, and Members of the Committee on Health, Human Services, and Homelessness:

Aloha! We begin by thanking you, your colleagues, and your predecessors on this Committee for your support and guidance as we have tried our best to navigate the many challenges posed by COVID-19 while, at the same time, developing important plans for the future of our facilities. Needless to say, we have placed a high value on the input provided regarding our current operations and strategic projects including the transition of our facilities into the Department of Health (“DOH”).

HB 1893 requires the transfer of the Daniel K. Akaka state veterans home (hereinafter, “VA Home”) – which is being constructed to provide long term care services for veterans, their spouses, and gold-star parents – to the Hawaii Health Systems Corporation, and then to the Department of Health as part of the Oahu Regional Health Care System. HB 1893 also extends the date of the transfer of the Oahu Regional Health Care System to the Department of Health by one (1) year. We will address each of the foregoing items individually.

Daniel K. Akaka State Veterans Home

In regard to the transfer of the VA Home to HHSC, the Oahu Regional Health Care System (hereinafter, “Oahu Region”) **supports the intent** of this measure as it aims to place the VA Home under a state agency with experience managing long term care facilities. While the Oahu Region Board has not yet had a full opportunity to thoroughly vet all aspects of this endeavor, we can assert that it makes natural sense for the Oahu Region – which already operates two long-term care facilities – to assume management authority over the VA Home. That being

said, we must nonetheless express that this undertaking will require extensive planning, preparation, and additional resources in order to be successful. Moreover, similar to the Yukio Okutsu State Veterans' Home in Hilo – we believe that it is important for the VA Home, while ultimately managed by the Oahu Region, to be initially operated by a private entity with specific expertise in VA regulations.

As a collateral matter, the language of HB 1893 in its current form appears to contemplate a transfer of the VA Home to the “Hawaii Health Systems Corporation.” Inasmuch as all of the HHSC regions operate, manage, and/or control the facilities within their respective region, we believe that the transfer of the VA Home should more appropriately be to the “Oahu regional health care system.” This is reflected in the proposed amendments attached to this written testimony.

Oahu Region Transition to DOH

As previously stated in our testimony in support of Act 212, SLH 2021, we maintain that the Oahu Region is distinctly different from the other regions within the Hawaii Health System Corporation (HHSC). While the facilities in these regions generally serve as the primary acute care providers for their respective communities, the Oahu Region's facilities differ in that they almost exclusively provide safety-net, long-term care and adult-day health services to patients who are unable to find much-needed care in a private setting. 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. That being said, we believe that the Oahu Region could operate more independently and efficiently if our facilities are separated from HHSC and are no longer required to contend with the differently situated acute care facilities in the other regions for much needed resources.

Although 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. Likewise, our facilities are anticipated to take on even more importance as we work to expand our capacity for mental health and substance use treatment.

In accordance with Act 212, SLH 2021, the Oahu Region and DOH duly began the process of transitioning the Oahu Region into the DOH upon its passage. This process commenced with the procurement of a transition consultant by the DOH and the establishment of the statutory “working group.” As you are aware, the working group was comprised of directors, supervisors, and staff from all jurisdictions and departments that would be impacted by the transition. Collectively and individually, working group members assessed the steps necessary in their subject matter areas (e.g., HR, procurement, IT, etc.), including timelines, to effectuate and maintain the transition. They also identified the corresponding resources required and reported them to our consultant to assist in the preparation of the 5-year pro forma operating and budget plan mandated by Act 212, SLH 2021.

Here, it must be pointed out that, under the 5-year operating budget pro forma – which was completed and presented to the legislature in December 2021 – the department heads and supervisors in both jurisdictions have determined that an additional 2 1/2 – 3 years are reasonably required to successfully complete the Oahu Region's transition out of HHSC and into the DOH. Arguably, this timeline may need to be further extended with the proposed transition of the VA Home into the Oahu Region and then to the DOH. It is for these reasons that we are requesting an extension of the transition deadline to December 31, 2025. This is reflected in the proposed amendments attached to this written testimony.

Another item that must be highlighted from the 5-year operating budget pro forma is the cost of the transition. Briefly stated, based on information discerned during the working group's interactions/discussions, it was determined that the DOH and supporting executive branch departments will need roughly fifty-one (51) additional FTEs in order to effectuate the transition and thereafter maintain the Oahu Region's operations. Combined with the costs of administrative expenses and supplies, our consultants concluded that the total amount necessary to complete the transition is approximately \$4.1 million and the estimated costs to sustain the Oahu Region under the DOH is an additional \$6.6 million per year.

Alternate Option to Transition

In completing the 5-year operating budget pro forma and recognizing the extensive additional costs necessary to transition the Oahu Region out of HHSC and into the DOH, our consultants revisited the original intent of the transition to explore whether there was another viable alternative available for us to realize the same goals.

From the beginning, the DOH and Oahu Region sought this transition with mutually beneficial aims. The DOH was in great need of new infrastructure and resources that could be fabricated to house and treat lower acuity patients from the Hawaii State Hospital. This would grant the Hawaii State Hospital and other DOH facilities more space for higher acuity admissions. For the Oahu Region, separating from HHSC would make our facilities more independent and efficient by freeing us from having to contend with the distinctly different acute facilities in the other regions for much needed resources. Additionally, we believed that, as part of the DOH, it would be easier for us to utilize DOH funding sources to expand our capacity for mental health and substance use treatment.

With the foregoing in mind, our consultants concluded that another option existed whereby the DOH and Oahu Region could very likely obtain the same goals at both a significantly reduced cost and in a shorter time frame. Specifically, it was recommended that the Oahu Region separate from HHSC and reestablish itself as the Oahu Regional Long-Term Care Health System. Under this framework – which could be accomplished statutorily – the Oahu Region would operate autonomously from HHSC but, like HHSC, be administratively attached strictly for budgetary purposes to the DOH.

As a new attached/quasi agency, the Oahu Region would maintain all of the rights and benefits it currently enjoys – including, but not limited to, its own Board of Directors, procurement exemptions, classification system, and ability to set up and run separate business/non-profit entities (including mental health and substance use ventures). Moreover, if the Oahu Region and HHSC agree to contract for continued IT and vendor management services (as opposed to

hiring numerous FTEs for similar support under the DOH), the Oahu Region could keep administrative costs low and still avoid the challenges it has faced being part of a corporation designed more appropriately for acute facilities.

In terms of costs, the consultants tabulated the total amount necessary to complete this alternate transition to be approximately \$1.7 million and the estimated annual maintenance to be roughly \$1.35 million.

While we anticipate that more edits may become necessary to address unforeseen legal and logistical issues as HB 1893 moves forward, we will continue to support the intent of this measure and greatly appreciate the opportunity to provide important comments and proposed amendments.

RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM.

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

PART I

SECTION 1. The legislature finds that the Daniel K. Akaka state veterans home is currently under construction with an expected completion date of spring 2023. State veterans homes are facilities that provide long-term care for veterans, their spouses, and gold-star parents. State veterans homes are funded primarily through veterans affairs and medicare or medicaid funds.

The legislature further finds that the Daniel K. Akaka state veterans home is currently being constructed by the department of defense and the department of accounting and general services. However, management, operation, and staffing of the Daniel K. Akaka state veterans home should be placed under a state agency able to manage a long-term care facility.

The purpose of this Act is to transfer the Daniel K. Akaka state veterans home to the Oahu regional health care system so that when the Oahu regional health care system is transferred from the Hawaii health systems corporation to the department of health pursuant to Act 212, Session Laws of Hawaii 2021, the

Daniel K. Akaka state veterans home will become part of the department of health.

SECTION 2. (a) No later than December 31, 2022, or a date determined by the governor, the Daniel K. Akaka state veterans home on Oahu shall be assimilated into the Oahu regional health care system in a manner and to an extent that may be negotiated between the ~~[Hawaii health systems corporation]~~Oahu regional health care system and the department of defense. After assimilation, the physical assets and the ground lease of Daniel K. Akaka state veterans home shall become the property of the ~~[Hawaii health systems corporation]~~Oahu regional health care system and the Daniel K. Akaka state veterans home shall be ~~[operated]~~managed by the ~~[Hawaii health systems corporation]~~Oahu regional health care system.

(b) None of the liabilities of Daniel K. Akaka state veterans home in existence at the time the Daniel K Akaka state veterans home is assimilated into the Oahu regional health care system shall become liabilities of the ~~[corporation]~~Oahu regional health care system.

(c) The ~~[Hawaii health systems corporation]~~Oahu regional health care system, at its discretion, may retain any or all medical and nonmedical employees of Daniel K. Akaka state veterans home.

(d) The [~~corporation~~] Oahu regional health care system, without regard to sections 321-B and 323F-31, Hawaii Revised Statutes, may adjust the levels of services provided by Daniel K. Akaka state veterans home.

(e) The Daniel K. Akaka state veterans home shall be exempt from chapter 102 and section 103-53, Hawaii Revised Statutes, and its board of directors, if any, shall be exempt from part I of chapter 92, Hawaii Revised Statutes.

(f) The purchase of goods and services by or on behalf of the Daniel K. Akaka state veterans home shall be exempt from chapters 103D and 103F, Hawaii Revised Statutes.

(g) Employees of the Daniel K. Akaka state veterans home shall be exempt from chapters 76, 87A, 88, and 89, Hawaii Revised Statutes, and shall not be considered employees of the State.

PART II

SECTION 3. Act 212, Session Laws of Hawaii 2021, is amended as follows:

1. By amending section 6 to read:

"SECTION 6. (a) The budget of the Oahu regional health care system shall be transferred from the Hawaii health systems corporation to the department of health; provided that:

- (1) The Oahu regional health care system's budget codes and all related allocated funds of the Oahu regional health care system shall be reflected in the state budget and all other related tables; [~~and~~]
- (2) The organizational structure of the Oahu regional health care system shall remain unchanged, unless modified and approved by the working group established pursuant to section 9 of this Act, and as approved by the conditions established in this part or as required by law[~~-~~];
- (3) During the transition period, all requests for operational funds necessary for the Oahu regional health care system to maintain its operations at Leahi Hospital and Maluhia shall be made by the Oahu regional health care system and shall be submitted with budget requests made by the Hawaii health systems corporation; provided further that, when appropriated, funding for the Oahu regional health care system shall be designated under HTH 215, the program ID assigned to the Oahu regional health care system; and
- (4) After assimilation of the Daniel K. Akaka veterans home into Oahu regional health care system, but before transfer of the Oahu regional health care system, all

requests for operational funds necessary for the Daniel K. Akaka veterans home shall be made by the Oahu regional health care system and shall be submitted with budget requests made by the Hawaii health systems corporation; provided further that, when appropriated, funding for the Oahu regional health care system shall be designated under HTH 215, the program ID assigned to the Oahu regional health care system.

(b) The transfer of positions and respective class specifications of the Oahu region from the Hawaii health systems corporation's personnel system to the department of health, as set forth in a transition document submitted by the working group established pursuant to section 9 of this Act no later than twenty days prior to the convening of the regular session of 2022, shall be completed no later than December 31, [~~2022,~~] [~~2023~~]2025; provided that:

(1) All employees of the Oahu region who are employed as of December 31, [~~2022,~~] [~~2023~~]2025, shall be transferred to the department of health before the transition of the Oahu regional health care system into the department of health is complete;

- (2) All employees of the Oahu region who occupy civil service positions shall be transferred to the department of health by this Act and retain their civil service status, whether permanent or temporary, and shall maintain their respective functions as reflected in their current position descriptions during the transition period; provided that any changes determined necessary by the working group established pursuant to section 9 of this Act shall follow standard union consultation process prior to implementation;
- (3) 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 employment laws;
- (4) The personnel structure of the Oahu regional health care system shall remain unchanged, unless modified and approved by the working group and as approved by the conditions established pursuant to this Act;

- (5) 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, 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;
- (6) 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 chapter 89, Hawaii Revised Statutes; and
- (7) The rights, benefits, and privileges currently enjoyed by employees, including those rights, benefits, and privileges under chapters 76, 78, 87A, 88, and 89, Hawaii Revised Statutes, shall not be impaired or diminished as a result of these employees being transitioned to the department of health pursuant to

this Act. 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 or other agreements and any successor agreement."

2. By amending subsection (b) of section 7 to read:

"(b) Notwithstanding any law to the contrary, the terms of the following members of the board of directors of the Hawaii health systems corporation shall expire on December 31, [~~2022~~] [~~2023~~]2025:

- (1) The regional chief executive officer of the Oahu regional health care system; and
- (2) The two board members residing on the island of Oahu appointed pursuant to section 323F-3(b)(7), Hawaii Revised Statutes."

3. By amending section 8 to read:

"SECTION 8. (a) During the transition planning period commencing on July 1, 2021, to and including the completion of the transition of the Oahu regional health care system into the department of health no later than December 31, [~~2022~~] [~~2023~~]2025, the Oahu regional system board may:

- (1) Develop and implement its own policies, procedures, and rules necessary or appropriate to plan, operate, manage, and control its facilities without regard to chapter 91, Hawaii Revised Statutes;
- (2) Enter into and perform any contract, lease, cooperative agreement, partnership, or other transaction whatsoever that may be necessary or appropriate in the performance of its purposes and responsibilities, and on any terms the regional system board may deem appropriate with either:
 - (A) Any agency or instrumentality of the United States, or with any state, territory, possession, or subdivision thereof; or
 - (B) Any person, firm, association, partnership, or corporation, whether operated on a for-profit or not-for-profit basis; provided that the transaction furthers the public interest;
- (3) Conduct activities and enter into business relationships the regional system board deems necessary or appropriate, including but not limited to:
 - (A) Creating nonprofit corporations, including but not limited to charitable fundraising

- foundations, to be controlled wholly by the regional system board or jointly with others;
- (B) Establishing, subscribing to, and owning stock in business corporations individually or jointly with others; and
 - (C) Entering into partnerships and other joint venture arrangements, or participating in alliances, purchasing consortia, health insurance pools, or other cooperative agreements, with any public or private entity; provided that any corporation, venture, or relationship entered into under this subsection shall further the public interest;
- (4) Execute, in accordance with all applicable bylaws, rules, and laws, all instruments necessary or appropriate in the exercise of any powers of the regional system board;
 - (5) Make and alter regional system board bylaws and rules for its organization and management without regard to chapter 91, Hawaii Revised Statutes;
 - (6) Enter into any contract or agreement whatsoever, not inconsistent with the laws of the State, execute all instruments, and do all things necessary or

appropriate in the exercise of the powers granted under chapter 323F, Hawaii Revised Statutes, including securing the payment of bonds; provided that contracts or agreements executed by the regional system board shall only encumber the regional subaccounts of the regional system board;

- (7) Own, purchase, lease, exchange, or otherwise acquire property, whether real, personal, or mixed, tangible or intangible, and any interest therein, in the name of the regional system board; provided that the regional system board shall be subject to the requirements of section 323F-3.5, Hawaii Revised Statutes;
- (8) Contract for and accept any gifts, grants, and loans of funds or property, or any other aid in any form from the federal government, the State, any state agency, or any other source, or any combination thereof, in compliance, subject to chapter 323F, Hawaii Revised Statutes, with the terms and conditions thereof; provided that the regional system board shall be responsible for contracting for and accepting any gifts, grants, loans, property, or other aid if

intended to exclusively benefit the Oahu region public health facilities and operations;

- (9) Provide health and medical services to the public directly or by agreement or lease with any person, firm, or private or public corporation, partnership, or association through or in the health facilities of the regional system board or otherwise; provided that the regional system board shall be responsible for conducting the activities under this paragraph solely within the Oahu regional system;
- (10) Approve medical staff bylaws, rules, and medical staff appointments and reappointments for all public health facilities of the regional system board, including but not limited to determining the conditions under which a health professional may be extended the privilege of practicing within a health facility, as determined by the regional system board, and adopting and implementing reasonable rules, without regard to chapter 91, Hawaii Revised Statutes, for the credentialing and peer review of all persons and health professionals within the facility; provided that the regional system board shall be the governing body responsible for all medical staff organization,

peer review, and credentialing activities to the extent allowed by law;

- (11) Enter into any agreement with the State, including but not limited to contracts for the provision of goods, services, and facilities for the support of the regional system board's programs, and contracting for the provision of services to or on behalf of the State;
- (12) Develop internal policies and procedures for the procurement of goods and services, consistent with the goals of public accountability and public procurement practices, and subject to management and financial legislative audits; provided that the regional system board shall enjoy the exemptions under section 103-53(e) and chapter 103D, Hawaii Revised Statutes;
- (13) Authorize, establish, and abolish positions; and
- (14) Employ or retain any attorney, by contract or otherwise, for the purpose of representing the regional system board in any litigation, rendering legal counsel, or drafting legal documents for the regional system board.

(b) During the transition period commencing on July 1, 2021, to and including the completion of the transition of the Oahu regional health care system into the department of health no later than December 31, [~~2022,~~] [~~2023~~]2025, the Oahu regional system board shall continue to enjoy the same sovereign immunity available to the State.

(c) During the transition period commencing on July 1, 2021, to and including the completion of the transition of the Oahu regional health care system into the department of health no later than December 31, [~~2022,~~] [~~2023~~]2025, the Oahu regional system board shall be exempt from chapters 36, 37, 38, 40, 41D, 103D, 103F, part I of chapter 92, and section 102-2, Hawaii Revised Statutes."

4. By amending section 9 to read:

"SECTION 9. (a) There is established a working group of the Oahu regional health care system [~~and~~], department of health, and the department of defense to develop, evaluate, and implement any additional steps necessary to complete the transition of the Oahu regional health care system into the department of health.

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

- (1) The director of health or the director's designee, who shall serve as co-chair and who, along with the chair of the Oahu regional system board or the chair's designee, shall have final authority over transfer activities to be implemented by the working group;
- (2) The adjutant general or the adjutant general's designee;
- ~~[(2)]~~ (3) The chair of the Oahu regional system board or the chair's designee, who shall serve as co-chair and who, along with the director of health or the director's designee, shall have final authority over transfer activities to be implemented by the working group;
- ~~[(3)]~~ (4) The chief executive officer of the Oahu regional health care system or the chief executive officer's designee;
- ~~[(4)]~~ (5) One or more department of health staff members as deemed necessary by the director of health or the director's designee; and
- ~~[(5)]~~ (6) One or more Oahu regional health care system staff members as deemed necessary by the chief executive officer of the Oahu regional health care system or the chief executive officer's designee.

(c) In addition, the working group shall include the following members who shall serve in a consultative capacity:

- (1) One representative from the behavioral health administration of the department of health;
- (2) One representative from the department of human resources development;
- (3) One representative from the department of accounting and general services;
- (4) One representative from the department of the attorney general;
- (5) One representative from the department of budget and finance;
- (6) One representative from the office of planning;
- (7) The chair of the Hawaii health systems corporation board or the chair's designee;
- (8) One representative from the Hawaii health systems corporation human resources department;
- (9) One representative from the Hawaii health systems corporation finance department;
- (10) One representative from the state procurement office;
- (11) One representative from the Hawaii Government Employees Association, who shall be invited to participate;

- (12) One representative from the United Public Workers, who shall be invited to participate;
- (13) Community representatives as recommended and invited by the co-chairs; and
- (14) Others as recommended and invited by the co-chairs.

(d) In carrying out its purpose, the working group shall develop a comprehensive business plan and transfer framework to govern and manage the additional steps necessary to complete the transfer of the Oahu region into the department of health. The comprehensive business plan and transfer framework shall include but not be limited to the following:

- (1) Preparation of a five-year pro forma operating plan and budget for the continuing operations of Leahi hospital and Maluhia;
- (2) Preparation of a five-year proposed operating plan and budget for the operations of the Daniel K. Akaka veterans home;
- ~~[(2)]~~ (3) Preparation of a ten-year pro forma capital improvement plan and budget for the continuing operations of Leahi hospital and Maluhia;
- (4) Preparation of a ten-year proposed capital improvement plan and budget for the operations of the Daniel K. Akaka veterans home;

~~[(3)]~~ (5) Identification and preparation of proposed legislation to address any matters not covered by this Act that may be necessary to complete the transfer of the Oahu regional health care system into the department of health;

~~[(4)]~~ (6) Identification of all real property, appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other property made, used, acquired, or held by the Oahu regional health care system to effectuate the transfer of the same to the department of health;

~~[(5)]~~ (7) Identification of all debts and other liabilities that will remain with the Hawaii health systems corporation and the remaining debts and liabilities to be transferred to the department of health;

~~[(6)]~~ (8) Identification of all contractual arrangements and obligations of the Oahu regional health care system, including but not limited to those related to personal service contracts, vendor contracts, and capital improvement projects;

~~[(7)]~~ (9) Development and implementation of any and all policies and procedures necessary to ensure that the facilities within the Oahu regional health care system

remain compliant with all federal, state, and local laws and regulations; and

~~[(8)]~~ (10) Development and implementation of procedures to extricate the Oahu regional health care system from system-wide services secured or provided by the Hawaii health systems corporation or enable the Oahu region to continue to utilize those services on a temporary or permanent basis through interagency agreement.

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

(f) The working group shall submit a report to the legislature no later than twenty days prior to the convening of the regular ~~[session]~~ sessions of 2022 and 2023 that shall include the five-year pro forma operating and budget ~~[plan]~~ plans, ten-year pro forma capital improvement ~~[plan]~~ plans, proposed legislation to address any matters not covered by this Act that may be necessary to complete the transfer of the Oahu regional health care system into the department of health, and a timeline of major milestones necessary to effectuate the

transfer of personnel, assets, liabilities, and contracts needed to complete the transfer pursuant to this Act. The report shall also document the completion of the transfer and dissolution of the Oahu regional health care system.

(g) The working group shall be dissolved on December 31, ~~[2022,]~~ [2023] 2025, or upon completion of the transition of the Oahu regional health care system into the department of health, whichever is first.

(h) The working group shall be exempt from chapter 92, Hawaii Revised Statutes."

5. By amending section 14 to read:

"SECTION 14. This Act shall take effect on July 1, 2021; provided that part II of this Act shall take effect on December 31, ~~[2022,]~~ [2023] 2025."

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ _____ or so much thereof as may be necessary for fiscal year 2022-2023 for the creation of a comprehensive business plan and transfer framework for the transfer of the Oahu regional health care system and its current facilities, Leahi hospital and Maluhia, and future facility, the Daniel K. Akaka veterans home, to the department of health.

The sum appropriated shall be expended by the department of health for the purposes of this Act.

PART III

SECTION 5. Chapter 321, Hawaii Revised Statutes, is amended by adding two new sections to part I to be appropriately designated and to read as follows:

"§321-A Daniel K. Akaka state veterans home; department authority. After the transfer of the Oahu regional health care system into the department is completed pursuant to Act 212, Session Laws of Hawaii 2021, all rights, privileges and obligations previously held by the Oahu regional health care system in relation to [acquisition of] the Daniel K. Akaka state veterans home shall continue to be held by the department. As such, the [by the department, the] department may:

- (1) Conduct long-term care for veterans, their spouses and gold-star parents at the Daniel K. Akaka state veterans home;
- (2) Pay rent to the Hawaii housing finance and development corporation for the use of the Daniel K. Akaka state veterans home property pursuant to an existing lease;
- (3) Use moneys from the Department of Veterans Affairs established pursuant to An Act to Provide Aid to State and Territorial Homes for Disabled Soldiers and

Sailors of the United States, approved August 27, 1888, or under any other Act or Acts of Congress for the benefit of the state veterans homes and other sources to fund the department's operations at the state veterans homes;

(4) Without regard to chapter 91, develop and implement its own policies, procedures, and rules necessary or appropriate to plan, operate, manage, and control the Daniel K. Akaka state veterans home;

(5) Enter into and perform any contract, lease, cooperative agreement, partnership, or other transaction that may be necessary or appropriate in the performance of its purposes and responsibilities, and on terms the department may deem appropriate with any:

(A) Agency or instrumentality of the United States;

(B) State, territory, possession, or subdivision thereof; or

(C) Person, firm, association, partnership, or corporation, whether operated on a for-profit or not-for-profit basis; provided that the transaction furthers the public interest;

- (6) Conduct activities and enter into business relationships that the department deems necessary or appropriate, including:
- (A) Creating nonprofit corporations, including nonprofit corporations for charitable fundraising, to be controlled wholly by the department or jointly with another entity; and
- (B) Entering into partnerships and other joint venture arrangements or participating in alliances, purchasing consortia, health insurance pools, or other cooperative agreements with any public or private entity; provided that any corporation, venture, or relationship entered into under this section shall further the public interest;
- (7) Make and alter facility bylaws and rules for the organization and management of the Daniel K. Akaka state veterans home without regard to chapter 91;
- (8) Contract for and accept any gifts, grants, and loans of funds or property, or any other aid in any form from the federal government, the State, any state agency, or any other source, or any combination

thereof, and in compliance with the terms and conditions thereof;

(9) Provide health and medical services to the public directly or by agreement or lease with any person, firm, or private or public corporation, partnership, or association through or in the Daniel K. Akaka state veterans home or otherwise; and

(10) Approve medical staff bylaws, rules, and medical staff appointments and reappointments for the Daniel K. Akaka state veterans home, including to determine the conditions under which a health professional may be extended the privilege of practicing within the Daniel K. Akaka state veterans home, as determined by the department or facility management, and adopting and implementing reasonable rules, without regard to chapter 91, for the credentialing and peer review of all persons and health professionals within the facility; provided that the department or facility management shall be the governing body responsible for all medical staff organization, peer review, and credentialing activities to the extent allowed by law.

§321-B Reduction or elimination of direct patient care services. (a) No planned substantial reduction or elimination

of direct patient care services at the Daniel K. Akaka state veterans home shall be undertaken unless all of the following requirements are met:

- (1) An initial determination is made by the department as to critical and emergency services, which shall not be subject to reduction or elimination pursuant to this section;
- (2) The plan of the facility to substantially reduce or eliminate any direct patient care services at the Daniel K. Akaka state veterans home shall first be presented to the director of health for approval;
- (3) Subsequent to the requisite director approval, the department shall present the plan to the community in which the facility is located at a community informational meeting, in order to obtain community input on the plan; and
- (4) After the community informational meeting, but at least twenty days prior to the implementation of the approved plan, the director shall give notice of the implementation of the plan to the governor, president of the senate, and speaker of the house of representatives.

(b) Upon meeting the requirements of subsection (a), the approved plan shall be implemented unless legislation has been enacted that:

- (1) Requires the reinstatement and continuation of direct patient care services that are subject to reduction or elimination under the plan; and
- (2) Includes an appropriation of additional moneys sufficient to adequately fund the mandated reinstatement and continuation of the direct patient care services that are subject to reduction or elimination under the plan."

SECTION 6. In codifying the new sections added by section 5 of this Act and referenced in section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 7. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 8. Act shall take effect on July 1, 2022.



STATE OF HAWAII
DEPARTMENT OF DEFENSE
OFFICE OF THE VETERANS' SERVICES
459 PATTERSON ROAD, E-WING, ROOM 1-A103
HONOLULU, HAWAII 96819-1522
Telephone Number 433-0420

TESTIMONY ON HOUSE BILL 1893
A BILL RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

PRESENTATION TO
COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

BY

RONALD P. HAN JR., DIRECTOR, STATE OFFICE OF VETERANS SERVICES

FEBRUARY 1, 2022

9:00 AM

Chair Yamane, and Vice Chair Tam, and Members of the Committee.

I'm Ron Han, Director, State Office of Veterans Services, and I am testifying in strong **SUPPORT** of HB 1893, Relating to the Oahu Regional Health Care System with the following comments.

The purpose of this legislation is to transfer the Daniel K. Akaka State Veterans Home to the Oahu Regional Health Care System of the Hawaii Health Systems Corporation (HHSC) so that when the Oahu Regional Health Care System is transferred from HHSC to the Department of Health (DOH) pursuant to Act 212, Session Laws 2021, the Daniel K. Akaka State Veterans Home will become part of DOH.

After several discussions with the State Attorney General's Office in preparation for the "Request for Proposal" for the Administrator/Operator for the Daniel K. Akaka State Veterans Home, it was noted that the Department of Defense (DOD) lacks the medical expertise for continued operational oversight of a long-term care facility, and more importantly, the legal flexibility to contract, administer and provide operational oversight for a long-term care facility. Furthermore, DOD lacks legislative power including the ability to create 501-c3 tax-free structures like HHSC. Without this important legislation, there is a possibility this state veterans home will not be operational and will not be able to accept patients after construction is completed in April 2023.

The DOD, along with the Department of Accounting and General Services (DAGS), is currently in charge of the construction of the Daniel K. Akaka State Veterans Home on the island of Oahu, which is projected to be completed by spring of 2023. State Veterans homes provide

long-term care for veterans, their spouses, and gold-star parents. HHSC currently oversees the operation of the Yukio Okutsu State Veterans Home in Hilo and is the State Agency most capable in managing and operating the Daniel K. Akaka State Veterans Home as a long-term care facility. Similarly, when the Oahu Regional Health Care System, which includes Leahi Hospital and Maluhia, both long-term care facilities, is transferred to DOH pursuant to Act 212, Session Laws 2021, the Daniel K. Akaka State Veterans Home, should be part of the transfer.

The State Office of Veterans Services has the following comments and recommendations:

Page 5 line 1 is missing the word "state" from the Daniel K. Akaka state veterans home.

Page 5 line 5 is missing the word "state" from the Daniel K. Akaka state veterans home.

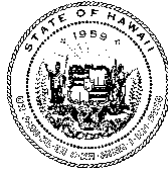
Page 19 lines 2-3 is missing the word "state" from the Daniel K. Akaka state veterans home.

Page 19 lines 8-9 is missing the word "state" from the Daniel K. Akaka state veterans home.

Once again, thank for your support and kokua for this measure that will align the administrative health care responsibilities of the Daniel K. Akaka State Veterans Home under the Oahu Regional HHSC and eventually DOH. This will provide critically needed health care services and benefits to our Veterans and their eligible loved ones who are honored to call Hawaii their home.

Point of Contact: Ron Han/ email: ronald.p.han@hawaii.gov / (808) 433-0422.

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
HEALTH, HUMAN SERVICES, AND HOMELESSNESS

TUESDAY, FEBRUARY 1, 2022, 9:00 A.M.
CONFERENCE ROOM 329, STATE CAPITOL

H.B. 1893

RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

Chair Yamane, Vice Chair Tam, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 1893. The Department of Accounting and General Services (DAGS) strongly supports the intent of the bill to transfer the Daniel K. Akaka State Veterans Home to the Oahu Regional Health Care System of the Hawaii Health Systems Corporation (HHSC) so that when the Oahu Regional Health Care System is transferred from the Hawaii Health Systems Corporation to the Department of Health pursuant to Act 212, Session Laws 2021, the Daniel K. Akaka State Veterans Home will become part of the Department of Health (DOH).

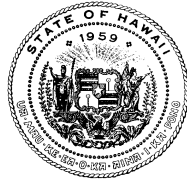
DAGS understands and agrees with the State Office of Veterans Service's (OVS's) recognition that the Department of Defense (DOD) lacks the medical expertise and the legal flexibility to contract, administer and provide operational oversight for a long-term care facility, as well as legislative authority to create 501-c3 tax-free structures as does HHSC.

H.B. 1893

Page 2

DAGS defers to the OVS testimony regarding recommended revisions to H.B. 1893.

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



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.bha.testimony@doh.hawaii.gov

Testimony COMMENTING on H.B. 1893
RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

REPRESENTATIVE RYAN YAMANE, CHAIR
HOUSE COMMITTEE ON HEALTH, HUMAN SERVICES AND HOMELESSNESS

Hearing Date: 2/1/2022

Hearing Time: 9:00 a.m.

1 **Department Position:** The Department of Health (“Department”) agrees in concept with this
2 measure and offers the following comments.

3 **Department Testimony:**

4 As specified in Act 212, SLH 2021, the Department commenced the transition of the
5 Oahu Regional Health Care System, a part of the Hawaii Health Systems Corporation, to the
6 Department. The transition includes the transition of the Oahu Region’s property, including the
7 Leahi Hospital and Maluhia facilities, employees, funding and all other things necessary to the
8 operation of the Oahu Region. This report was submitted to the Legislature on December 30,
9 2021.

10 The report identifies the transition plans and associated costs of incorporating the Oahu
11 Region into the Department. It also includes the 5-year operating budget pro-forma and the
12 10-year Capital Improvement Plan.

13 The report details the complexity of the transition, the associated cost and estimated
14 timeline. The transition would cost an estimated \$10.3 million with an annual post-transition
15 cost of \$5 million. At best, the timeframe would take us to 12/31/2024 for completion. Thus,
16 we requested the committee to extend the transition date to 12/31/2025 in H.B. 1579. The

1 addition of the Daniel K. Akaka state veterans' home would require additional resources and
2 time that were not factored into this report.

3 The report also identifies an alternative structure that would enable the Oahu Region to
4 maintain a quasi-association with the Department, much as HHSC currently has with the
5 Department. It would cost approximately \$1.7 million for transition with an annual post-
6 transition cost of \$1.36 million while achieving the same goal. However, the addition of the
7 Daniel K. Akaka state veterans' home is not factored into this cost or timeline.

8 The Department seeks further clarification from the Legislature regarding the preferred
9 structure.

10 **Offered Amendments:** We respectfully request the Legislature extend the transition date of
11 the Oahu Regional Health Care System to 12/31/2025.

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

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
250 SOUTH HOTEL STREET, SUITE 107
HONOLULU, HAWAII 96813
TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: House Committee on Health, Human Services, & Homelessness

From: Cheryl Kakazu Park, Director

Date: February 1, 2022, 9:00 a.m.
State Capitol, Conference Room 329 and Via Videoconference

Re: Testimony on H.B. No. 1893
Relating to the Oahu Regional Health Care System

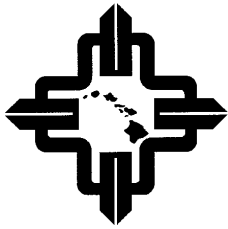
Thank you for the opportunity to submit testimony on this bill, which would extend the deadline for transfer of the Oahu Regional Health Care System to the Department of Health and would transfer the Daniel K. Akaka State Veterans Home to the Hawaii Health Systems Corporation. The Office of Information Practices (OIP) takes no position on the substance of this bill, but offers comments and a technical amendment regarding the exemption of the Oahu Regional Health Care Transition Working Group from chapter 92, part I of which is the Sunshine Law.

The Oahu Regional Health Care Transition Working Group is an existing group that has not previously been exempted from the Sunshine Law, part I of chapter 92, HRS. The bill does not explain why its exemption is now necessary. The transition overseen by this group is one of general interest to Oahu residents. In the absence of any justification for exempting this group from the Sunshine Law's requirements, **OIP recommends that the exemption at page 22, lines 3-4, be deleted from this bill for the Oahu Regional Health Care Transition Working Group.** However, if there are reasons not explained in the bill why full

compliance with the Sunshine Law has been problematic for this group, **OIP would be happy to work with interested parties on a permitted interaction or other partial exception to the Sunshine Law’s usual requirements tailored to the specific problems the group has experienced.** OIP also notes that the Sunshine Law is only part I of chapter 92, and the rest of the chapter includes provisions addressing an assortment of topics including quorum, authorized copy charges for government records, and neighborhood boards, so **as a technical matter an exemption from the Sunshine Law should be an exemption from part I of chapter 92 rather than from chapter 92 as a whole.**

OIP also notes that the bill would exempt the “board of directors, if any” for the Daniel K. Akaka State Veterans Home from part I of chapter 92. If the board of directors is not created by statute it may not be subject to the Sunshine Law in any event, and since the board of directors for a veterans’ home is unlikely to be engaged in policymaking affecting the broader public, OIP views this proposed exemption as being not inconsistent with the Sunshine Law’s general purpose to open up government decisionmaking to public view. Thus, **OIP does not object to the proposed exemption for the Daniel K. Akaka State Veterans Home board of directors.**

Thank you for considering OIP’s testimony and suggested amendment.



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

"Quality Healthcare For All"

COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

Representative Ryan I. Yamane, Chair
Representative Adrian K. Tam, Vice Chair

February 1, 2021
9:00 am
Hawaii State Capitol
Via Videoconference

Testimony Providing Comments on H.B. 1893
RELATING TO THE DEPARTMENT OF HEALTH

Requires the transfer of the Daniel K. Akaka state veterans home to the Hawaii Health Systems Corporation and then to the Department of Health as part of the Oahu Regional Health Care System. Extends the date of the transfer of the Oahu Regional Health Care System to the Department of Health by 1 year.

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

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present **comments with suggested amendments** on **H.B. 1893**.

We would like to comment on Section 2 that names the Hawaii Health Systems Corporation as the entity to negotiate *the assimilation of the Daniel K. Akaka state veterans home into the corporation*. We note that the language in Section 2 appears to closely follow §323F-32, HRS, which covers the affiliation of Kahuku Hospital with HHSC and perhaps the naming of the corporation was not intentional. The Oahu regional board has the power to assimilate the veterans home into the Oahu regional system as set forth in §323F-7, HRS. As the stated purposed of HB 1893 is to transfer the Daniel K. Akaka state veterans home to the Oahu regional health care system and eventually to the Department of Health, we suggest in Section 2 of this measure that the term "Oahu regional health care system" be substituted where the corporation is named as follows:

SECTION 2. (a) No later than December 31, 2022, or a date determined by the governor, the Daniel K. Akaka state veterans home on Oahu shall be assimilated into the

Oahu regional health care system in a manner and to an extent that may be negotiated between the ~~Hawaii health systems corporation~~ **Oahu regional health care system** and the department of defense. After assimilation, the physical assets and the ground lease of Daniel K. Akaka state veterans home shall become the property of the ~~Hawaii health systems corporation~~ **Oahu regional health care system** and the Daniel K. Akaka state veterans home shall be operated by the ~~Hawaii health systems corporation~~ **Oahu regional health care system** .

(b) None of the liabilities of Daniel K. Akaka state veterans home shall become liabilities of the corporation **Oahu regional health care system**.

(c) The ~~Hawaii health systems corporation~~ **Oahu regional health care system**, at its discretion, may retain any or all medical and nonmedical employees of Daniel K. Akaka state veterans home.

(d) The corporation **Oahu regional health care system**, without regard to sections 321-B and 323F-31, Hawaii Revised Statutes, may adjust the levels of services provided by Daniel K. Akaka state veterans home.

(e) The Daniel K. Akaka state veterans home shall be exempt from chapter 102 and section 103-53, Hawaii Revised Statutes, and its board of directors, if any, shall be exempt from part I of chapter 92, Hawaii Revised Statutes.

(f) The purchase of goods and services by or on behalf of the Daniel K. Akaka state veterans home shall be exempt from chapters 103D and 103F, Hawaii Revised Statutes.

(g) Employees of the Daniel K. Akaka state veterans home shall be exempt from chapters 76, 87A, 88, and 89, Hawaii Revised Statutes, and shall not be considered employees of the State.

Thank you for the opportunity to provide testimony on this matter.

TESTIMONY ON HOUSE BILL 1893
A BILL RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

PRESENTATION TO
COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

BY

KATHLEEN M. MCNAMARA

FEBRUARY 1, 2022

9:00 AM

Chair Yamane, and Vice Chair Tam, and Members of the Committee.

I am Kathleen M. McNamara and I am testifying in strong **SUPPORT** of HB 1893, Relating to the Oahu Regional Health Care System. I retired as a clinical psychologist working with the veterans of Hawaii for over 27 years. I am keenly aware of how important the presence of a Veterans Home is to our veteran community. However, I also am very aware of the importance to our veterans that they believe they can trust that services offered for them will be stable and predictable. Consequently I am strongly supporting House Bill 1893.

I understand that the purpose of this legislation is to transfer the Daniel K. Akaka State Veterans Home to the Oahu Regional Health Care System of the Hawaii Health Systems Corporation (HHSC). Thus, when the Oahu Regional Health Care System is transferred from HHSC to the Department of Health (DOH) pursuant to Act 212, Session Laws 2021, the Daniel K. Akaka State Veterans Home will become part of DOH.

I recognize that the Department of Defense (DOD) has worked hard to align the Daniel K. Akaka State Veterans Home under their administration to acquire an administrator/operator, but they do not have the medical expertise for continued operational oversight of a long-term care facility. More importantly, DOD does not have the legal flexibility to contract, administer and provide operational oversight for a long-term care facility. Additionally, DOD lacks legislative authority to create 501-C3 tax-free structures like HHSC.

Thank you for your consideration and support of this measure to ensure the Veterans of the State of Hawaii are properly cared for and aligned with the appropriate State healthcare entity.

Kathleen M. McNamara, Ph.D.
kmcnamara7@aol.com
808-876-0098

TESTIMONY ON HOUSE BILL 1893
A BILL RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

PRESENTATION TO
COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

BY

Thomas M. Driskill, Jr, COL, USA, MSC (Ret)
Healthcare Coordinator
Office of Veterans Services
Department of Defense
State of Hawaii

FEBRUARY 1, 2022

9:00 AM

Chair Yamane, and Vice Chair Tam, and Members of the Committee.

I'm Tommy Driskill and I am testifying in strong **SUPPORT** of HB 1893, Relating to the Oahu Regional Health Care System.

Based upon my past years of experience as President/CEO, Hawaii Health Systems Corp (HHSC) Aug 1997 to Dec 2009, during which time I oversaw the planning, construction, opening and initial operation of the Yukio Okutsu State Veterans Home in Hilo, I feel uniquely qualified to fully **SUPPORT** the purpose of this legislation to transfer the Daniel K. Akaka State Veterans Home (DKA SVH) to the Oahu Regional Health Care System HHSC so that when the Oahu Regional Health Care System is transferred from HHSC to the Department of Health (DOH) pursuant to Act 212, Session Laws 2021, the DKA SVH will become part of DOH.

The Department of Defense (DOD) has worked hard to align the DKA SVH under their administration to acquire an administrator/operator, but they do not have **EITHER** the medical expertise for continued operational oversight of a long-term care facility, **NOR** the legal flexibility to contract, administer and provide operational oversight for a long-term care facility. Additionally, DOD lacks legislative authority to create 501-c3 tax-free structures like HHSC. The only state agency with the right legislative authorities already in place to oversee a long-term care facility is HHSC. If DKA SVH is not placed under HHSC in sync with effective dates set out in this legislation, then in all probability DKA SVH will remain vacant for an unknown period of time upon completion of facility construction and equipping.

Additional Summary Details:

- DKA SVH is a 120 bed, two story Skilled Nursing Facility, with 130,000 sq ft located on seven acres in Kapolei with total cost \$98.4M jointly funded by both Federal and State appropriations. Following Hilo, DKA SVH will be our second SVH here in Hawaii.

- Construction on the DKA SVH started in April 2021 and is currently at 35% completion. The project is projected to complete in April 2023 with patient admissions starting in October 2023.
- DOD has already executed a 99 years lease with HHFDC, owner of the seven acer parcel in Kapolei, with no payments up to 2025 followed by a 50% rent cap starting 2026 dependent on the revenue reimbursement. Note: The bill proposes that HHSC replace DOD as the owner and operator. DOD will coordinate this transition with HHFDC to ensure there will no issues with changing the agency and updating the lease.
- DOD is still in coordination with the Village of Kapolei Association regarding annexation and assessment of the property, but will defer that coordination for the time being.
- DOD has completed and received approval on 2 out of 3 Certificate of Need (CON) public hearings to date, final hearing is scheduled for Feb 10, 2022.
- In collaboration with HHSC, DOD will continue to provide oversight for the construction and equipping of DKA SVH plus administer the RFP process up to point of contactor selection notification and contact solidification.
- Following the current RFP plan, once fully operational, DKA SVH will be a profitable selfsustaining facility.
- **The DKA SVH does not require any State appropriation in the 2022 legislative session or future sessions.**

Thank you for your consideration and support of this measure to ensure the Veterans of the State of Hawaii are properly cared for and aligned with the appropriate State healthcare entity.

Thomas M Driskill Jr
tmdriskill@gmail.com
808-499-9917

TESTIMONY ON HOUSE BILL 1893
A BILL RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

PRESENTATION TO
COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

BY

Bridget Komine

FEBRUARY 1, 2022

9:00 AM

Chair Yamane, and Vice Chair Tam, and Members of the Committee.

I'm Bridget Komine and I am testifying in strong **SUPPORT** of HB 1893, Relating to the Oahu Regional Health Care System.

The purpose of this legislation is to transfer the Daniel K. Akaka State Veterans Home to the Oahu Regional Health Care System of the Hawaii Health Systems Corporation (HHSC) so that when the Oahu Regional Health Care System is transferred from HHSC to the Department of Health (DOH) pursuant to Act 212, Session Laws 2021, the Daniel K. Akaka State Veterans Home will become part of DOH.

The Department of Defense has worked hard to align the Daniel K. Akaka State Veterans Home under their administration to acquire an administrator/operator, but they do not have the medical expertise for continued operational oversight of a long-term care facility, and more importantly, the legal flexibility to contract, administer and provide operational oversight for a long-term care facility. Additionally, DOD lacks legislative authority to create 501-c3 tax-free structures like HHSC.

Thank you for your consideration and support of this measure to ensure the Veterans of the State of Hawaii are properly cared for and aligned with the appropriate State healthcare entity.

Bridget Komine
Mauka5a@gmail.com
(808) 469-2204

HB-1893

Submitted on: 1/31/2022 8:50:24 AM

Testimony for HHH on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Blair Suzuki	Individual	Support	No

Comments:

Chair Yamane, and Vice Chair Tam, and Members of the Committee,

My Name is Blair Suzuki, I'm the Vice Chair for the State Advisory Board on Veterans Services, and I am testifying in strong **SUPPORT** of HB 1893, Relating to the Oahu Regional Health Care System.

The purpose of this legislation is to transfer the Daniel K. Akaka State Veterans Home to the Oahu Regional Health Care System of the Hawaii Health Systems Corporation (HHSC) so that when the Oahu Regional Health Care System is transferred from HHSC to the Department of Health (DOH) pursuant to Act 212, Session Laws 2021, the Daniel K. Akaka State Veterans Home will become part of DOH.

The Department of Defense has worked hard to align the Daniel K. Akaka State Veterans Home under their administration to acquire an administrator/operator, but they do not have the medical expertise for continued operational oversight of a long-term care facility, and more importantly, the legal flexibility to contract, administer and provide operational oversight for a long-term care facility. Additionally, DOD lacks legislative authority to create 501-c3 tax-free structures like HHSC.

Thank you for your consideration and support of this measure to ensure the Veterans of the State of Hawaii are properly cared for and aligned with the appropriate State healthcare entity.

Blair Suzuki

HB-1893

Submitted on: 1/29/2022 2:28:51 PM

Testimony for HHH on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
William Clayton Sam Park	Individual	Support	No

Comments:

TESTIMONY ON HOUSE BILL 1893

A BILL RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

PRESENTATION TO

COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

BY

William Clayton Sam Park

FEBRUARY 1, 2022 9:00 AM

Chair Yamane, and Vice Chair Tam, and Members of the Committee.

I, William Clayton Sam Park, am testifying in strong SUPPORT of HB 1893, Relating to the Oahu Regional Health Care System.

The purpose of this legislation is to transfer the Daniel K. Akaka State Veterans Home to the Oahu Regional Health Care System of the Hawaii Health Systems Corporation (HHSC) so that when the Oahu Regional Health Care System is transferred from HHSC to the Department of Health (DOH) pursuant to Act 212, Session Laws 2021, the Daniel K. Akaka State Veterans Home will become part of DOH.

The Department of Defense has worked hard to align the Daniel K. Akaka State Veterans Home under their administration to acquire an administrator/operator, but they do not have the medical expertise for continued operational oversight of a long-term care facility, and more importantly, the legal flexibility to contract, administer and provide operational oversight for a long-term care facility. Additionally, DOD lacks legislative authority to create 501-c3 tax-free structures like HHSC.

Thank you for your consideration and support of this measure to ensure the Veterans of the State of Hawaii are properly cared for and aligned with the appropriate State healthcare entity.

William Clayton Sam Park/kulakauka7@gmail.com/(808) 221-7481

HB-1893

Submitted on: 1/31/2022 5:47:27 PM

Testimony for HHH on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Joseph Earing	DAGS-Public Works Division	Support	Yes

Comments:

Available to answer questions for HB1893 in support of DAGS oral testimony provided by Deputy Director Audrey Hidano.

TESTIMONY ON HOUSE BILL 1893
A BILL RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM

PRESENTATION TO
COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

BY

Your Name

FEBRUARY 1, 2022

9:00 AM

Chair Yamane, and Vice Chair Tam, and Members of the Committee.

I'm Your Name and I am testifying in strong **SUPPORT** of HB 1893, Relating to the Oahu Regional Health Care System.

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Thank you for your consideration and support of this measure to ensure the Veterans of the State of Hawaii are properly cared for and aligned with the appropriate State healthcare entity.

Your Name/Email Address/Phone number