

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

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

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

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

**TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON HEALTH  
ON  
HOUSE BILL NO. 2392, H.D. 1**

**March 14, 2022  
1:00 p.m.  
Room 225 and Videoconference**

**RELATING TO HEALTH**

The Department of Budget and Finance (B&F) supports this bill.

House Bill No. 2392, H.D. 1, appropriates an unspecified amount of general funds in FY 22 to the Department of Health (DOH) for COVID-19 pandemic mitigation, including vaccinations, distribution of supplies, testing, monitoring, reporting, and related staffing.

B&F supports the immediate passage of this bill and notes that a Governor's Message requesting expeditious consideration of this bill will be sent to the Legislature shortly. B&F also supports DOH amendments to this bill to respectfully request general fund appropriations of \$99,433,565 in FY 22 and \$71,000,000 in FY 23 to DOH for COVID-19-related Federal Emergency Management Agency (FEMA) reimbursable expenditures. The general funds from the appropriations in this bill will be used to immediately pay invoices to avoid late payment interest charges, and DOH will apply for full FEMA reimbursement for the general funds spent for the COVID-19-related expenditures.

B&F notes that, with respect to the general fund appropriation in this bill, 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:

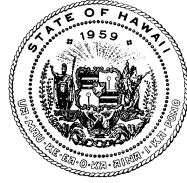
- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support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



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

**Testimony in SUPPORT of HB 2392 HD1  
RELATING TO HEALTH**

SENATOR JARRETT KEOHOKALOLE, CHAIR  
SENATE COMMITTEE ON Health

Hearing Date: March, 14, 2022

Room Number: 225

**Department Testimony:** The Department of Health strongly supports HB 2392, HD1, Relating to Health, with the offered amendments. This measure is necessary to continue to support Department operations and COVID response.

The Department requests that this measure be amended by adding in the appropriation amounts of \$99,433,564.58 for fiscal year 2021-2022 and \$71,000,000 for fiscal year 2022-2023. The Department requires these appropriations to support COVID-19 related services that will be FEMA reimbursed at 100 percent.

The Department of Health currently has four projects approved by FEMA; one for vaccinations (November 1, 2020 – April 1, 2022), two for medical surge staffing (August 16, 2021 – November 14, 2021 (Delta) and January 10, 2022 – April 1, 2022 (Omicron)), and one for community testing (July 26, 2021 – December 31, 2021). The Department is working with HIEMA to submit an additional project for community testing for January 1, 2022 – March 31, 2022. All of these projects, including the community testing project currently in process, are to be reimbursed at 100 percent.

To date, the Department has fronted \$35,183,149.24 in General Funds to support community testing across four divisions, Adult Mental Health Division, Developmental Disabilities Division, Family Health Services Division, and Communicable Diseases and Public Health Nursing. Of that, a reimbursement from FEMA of \$21,813,744.07 is anticipated in the short term. Additionally, the Department has also requested \$7,454,276 in budget restriction. This leaves our programs at a deficit of \$5,915,129.17. In addition to this deficit, the Department

has also been billed \$29,274,144.18 for community testing services provided in January, creating a current shortfall of \$35,189,273.35. Unfortunately, FEMA reimbursement has been slow coming and to assist the Department in accessing funds sooner, HIEMA and the Department have opted to start a new project for community testing in lieu of extending the existing project through March 31, 2022.

While the Department currently does not have outstanding expenses for medical surge staffing, we anticipate expenses of \$48,900,000 in this fiscal year and \$71,000,000 in the next fiscal year.

As we are approaching the fourth quarter, the Department does not have funds available to continue to front costs and wait for reimbursement while maintaining our current level of services to the State and community. The funds requested in this emergency appropriation represent a bridge loan to the Department to enable the State to continue to provide community testing services through March 31, 2022, pay for testing and medical surge staffing services previously rendered, and make our programs whole. Attached to this testimony is a worksheet detailing the funding needs.

The Department has been working with the Governor's Office and the Department of Budget and Finance on this request and the GM should be sent down shortly. We appreciate the Legislature's consideration and support as we navigate the pandemic together.

**Offered Amendments:** The Department respectfully requests Section 2 of the bill be amended to read as follows:

“SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$99,433,564.58 or so much thereof as may be necessary for fiscal year 2021-2022 and \$71,000,000 or much thereof as may be necessary for fiscal year 2022-2023 for coronavirus disease 2019 pandemic mitigation, including distribution of supplies, testing, reporting, and related medical surge and testing support staffing.

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

The Department defers to the Legislature on the inclusion of a purpose clause, but should the Legislature choose to include one, the Department suggests the following language:

“The Legislature finds that the role of public health is to ensure availability and accessibility of health services, especially in the current pandemic environment. The virulence and transmissibility of the Delta and Omicron variants pushed the State’s public health resources to the limit and necessitated additional services beyond what had been anticipated. To meet those needs, the Department of Health sought funds from the Federal Emergency Management Agency (FEMA) through the Hawaii Emergency Management Agency to support community testing and medical surge staffing.

The State has been approved for FEMA funding at a 100 percent reimbursement rate. However, in order to pay the contractors who have been providing essential services to the State, the Department of Health has used General Funds to pay obligations. At this time, the Department of Health does not have additional General Funds that can pay these obligations without jeopardizing its base operations and services. The Department of Health has current obligations of \$35,189,273.35 for community testing. An additional \$15,344,291.23 for community testing and \$48,900,000 for medical surge staffing in expenses is projected before the end of Fiscal Year 2022 and \$71,000,000 for medical surge staffing before the end of Fiscal Year 2023.

The Legislature recognizes that as these expenses are approved by FEMA, all expenses will be reimbursed and the net cost to the State will be zero. The Legislature also recognizes the necessity and value of these emergent and urgent public health services to the community.”

**DOH EA Covid Needs (If bill passes in March)**

<b>Current Outstanding Obligations</b>	
<b>Community Testing</b>	
Invoices Before Jan	(\$34,824,145.38)
Point of Care Test Kits	(\$359,003.86)
Jan Invoice	(\$29,274,144.18)
Feb Invoice (est)	(\$11,336,691.82)
March Invoice (est)	(\$4,007,599.41)
Interest Estimate (Jan - Mar)	\$0.00
<b>Community Testing Total</b>	<b>(\$79,801,584.65)</b>
Surge Staffing (Delta)	(\$48,900,000.00)
Surge Staffing (Omicron)	(\$71,000,000.00)
<b>Total Surge Staffing</b>	<b>(\$119,900,000.00)</b>
<b>Total Debits</b>	<b>(\$199,701,584.65)</b>
FEMA Reimbursement	\$21,813,744.07
Restriction Release	\$7,454,276.00
<b>Total Credits</b>	<b>\$29,268,020.07</b>
<b>Total Amount Needed</b>	<b>(\$170,433,564.58)</b>
<b>Total Amount Needed FY 22</b>	<b>(\$99,433,564.58)</b>
<b>Total Amount Needed FY 23</b>	<b>(\$71,000,000.00)</b>



March 14, 2022

The Honorable Jarrett Keohokalole, Chair  
The Honorable Rosalyn H. Baker, Vice Chair  
Senate Committee on Health

Re: HB 2392 HD1 – Relating to Health

Dear Chair Keohokalole, Vice Chair Baker, and Committee Members:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2392, HD1, which makes an emergency appropriation for coronavirus disease 2019 pandemic mitigation, including vaccination response activities. Effective 7/1/2050.

HMSA supports the intent of this measure to provide resources to the Department of Health to respond to effectively to the COVID-19 pandemic. We believe that vaccinations are a critical intervention that dramatically decreases the severity of illness as well as the transmission of disease.

Thank you for the opportunity to testify on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew W. Sasaki". The signature is fluid and cursive, with the first name "Matthew" being the most prominent part.

Matthew W. Sasaki  
Assistant Vice President  
Government & External Relations



**Testimony to the Senate Committee on Health  
Monday, March 14, 2022; 1:00 p.m.  
State Capitol, Conference Room 225  
Via Videoconference**

**RE: HOUSE BILL NO. 2392, HOUSE DRAFT 1, RELATING TO HEALTH.**

Chair Keohokalole, Vice Chair Baker, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 2392, House Draft 1, RELATING TO HEALTH.

By way of background, the HPCA represents Hawaii's FQHCs. FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

This bill, as received by your Committee, would appropriate an unspecified amount of general funds for fiscal year 2021-2022 for coronavirus disease 2019 pandemic mitigation, including vaccinations, distribution of supplies, testing, monitoring, reporting, and related staffing.

This bill would take effect on July 1, 2050.

Ever since COVID-19 hit Hawaii's shores, FQHCs have worked with our partner health care providers and the State Department of Health, the Counties of Hawaii, Kauai, and Maui, and the City and County of Honolulu to plan and implement the enormous task of immunizing Hawaii's citizens. The federal government has helped enormously by fast-tracking the vaccine and paying for the hundreds of millions of doses that will need to be distributed throughout our Nation.

However, the federal government is not paying for the administrative costs of delivering this medication to citizens. This includes, among other things, the purchase of needles, syringes, personal protection equipment, as well as the time of health care professionals away from their normal duties to perform this added responsibility.



**Testimony on House Bill No. 2392, House Draft 1**  
**Monday, March 14, 2022; 1:00 p.m.**  
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The immunization plan is just one example of how COVID has had a profound systemic impact on all government services provided by the State of Hawaii. There are many more issues just like this that the Administration has had to address immediately and decisively, including those related to civil defense, transportation, human services, health and public safety just to name a few.

This bill would provide desperately needed resources to ensure that public is able to receive vaccinations and boosters as they are needed.

Lastly, we note that while masking and vaccination requirements are easing due to the significant drop in infection cases, we must continue to be prepared and vigilant should another variant surface. **In light of this, we respectfully urge your favorable consideration of this measure.**

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.

**LATE**

**HB-2392-HD-1**

Submitted on: 3/13/2022 4:45:06 PM

Testimony for HTH on 3/14/2022 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

The Covid 19 was a big Fake the hole reason for this is Communist Control. The Vaccine is the Kill Shot I now of 25 people that died from the Shot. The Goenor Lt Govenor and the State of Hawii are responsible for letting these deaths Happen this is on you Head!!