

STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of SB 3128
RELATING TO ACT 212, SESSION LAWS OF HAWAII 2021

SENATOR JOY SAN BUENAVENTURA, CHAIR
SENATE COMMITTEE ON HEALTH & HUMAN SERVICES

Friday, February 2, 2024, 1:00PM, Room 225

1 **Fiscal Implications:** None.

2 **Department Position:** The Department of Health (Department) supports this measure.

3 **Department Testimony:** The Behavioral Health Administration (BHA) provides the following
4 testimony on behalf of the Department.

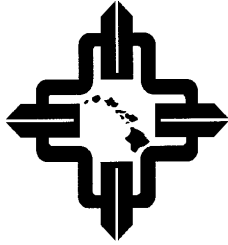
5 This measure repeals the requirement to transfer the Oahu Regional Health Care System
6 (Oahu Region) in its entirety from the Hawaii Health Systems Corporation (HHSC) to the
7 Department.

8 The Department strongly supports this measure and supports the Oahu Region
9 remaining under the HHSC with its own program ID.

10 On December 30, 2021, the Department submitted a report to the Legislature that
11 included a consultant's assessment of the transition plans and associated costs of incorporating
12 the Oahu Region into the Department. The report included a 5-year operating budget pro-
13 forma and a 10-year Capital Improvement Plan. The report detailed the complexity of the
14 transition, the associated cost, and the estimated timeline. The transition cost was estimated at
15 **\$10.3 million** with an annual post-transition cost of \$5 million.

16 The Department believes that the intended goals of the transfer can still be achieved
17 without a costly transition. For example, the Department already rents space from the Oahu
18 Region on the Leahi Hospital campus for three of its programs through Memorandums of

- 1 Understanding. The Department is interested in additional space and will continue to work
- 2 collaboratively with the Oahu Region for any useable space they identify within their facilities.
- 3 Thank you for the opportunity to testify in support of this measure.



OAHU REGION HAWAII HEALTH SYSTEMS CORPORATION

**Committee on Health and Human Services
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair**

February 2, 2024, 1:00 P.M.
Conference Room 225 and Via Videoconference
Hawaii State Capitol

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

SB 3128, RELATING TO ACT 212, SESSION LAWS
OF HAWAII 2021

Chair San Buenaventura, Vice-Chair Aquino, and Members of the Committee on Health and Human Services:

SB 1369 repeals Act 212, Session Laws of Hawaii 2021, as amended by Act 150, Session Laws of Hawaii 2022. The Oahu Region supports this bill for the following two primary reasons:

High Costs to Complete Transition and Maintain Operations with no Additional Services

- Act 212, SLH 2021, as amended by Act 150, SLH 2022 (hereinafter, “Act 212”), provides for the transition of the Oahu Regional Healthcare System (hereinafter, “Oahu Region”) from the Hawaii Health Systems Corporation (“HHSC”) into the Department of Health (“DOH”).
- Upon its passage, a working group comprised of directors, deputy directors, supervisors, and staff from all impacted jurisdictions and departments determined that it would take at least two and a half years to reasonably complete the transition at an estimated cost of \$10.3 million. An additional \$5 million per year (not including the Oahu Region’s annual subsidy requirements) would also be necessary to maintain operations.
- Under the foregoing framework, the funding invested would only cover the costs to place the Oahu Region and its facilities under the DOH, and not provide for any additional public services.
- Given the dilapidated state of many unused areas on the Leahi Hospital campus, the Oahu Region believes that the transition and maintenance funding could be more strategically utilized for capital improvements that could open the campus up for more public benefit and revenue generating initiatives.

All Usable Spaces in the Oahu Region Are or Will Be Appropriately Utilized

- One of the primary reasons for Act 212 was to grant the DOH additional infrastructure and resources in the Oahu Region's facilities to house and treat lower acuity patients from the Hawaii State Hospital and expand the local community's capacity for more social programs such as behavioral health and substance use treatment.
- In the years following passage of Act 212, however, through active engagement with the DOH and other agencies, the Oahu Region has been able to fill all of the usable spaces on the Leahi Hospital campus and developed plans for the usable space at Maluhia in a manner that is consistent with the aims of Act 212.
- First, the Palekana behavioral health program in Leahi Hospital's North Trotter Building, which started in December 2019 as a pilot project to provide residential mental health and substance use treatment for DOH Adult Mental Health Division ("AMHD") patients who would otherwise likely be treated at the Hawaii State Hospital, was expanded from its initial six (6) beds to its current capacity of 28 beds. Based on calculations made by AMHD, the Palekana program at Leahi yields the DOH estimated annual savings of over \$15 million in comparison to housing such participants at the Hawaii State Hospital.
- Second, the Oahu Region worked with the DOH Hansen's Disease Branch to move its residents from the South Trotter Building to an open unit in the Young Building where all of Leahi Hospital's long-term care residents reside. In turn, we partnered with the City and County of Honolulu (hereinafter, "City"), Emergency Medical Services Department ("EMS") and Queen's Medical Center ("QMC") for a medical respite facility in the newly vacated space. The program, which is slated to begin operations in mid-February 2024, will be managed by the City's Crisis Outreach Response and Engagement ("CORE") branch and is intended to house lower acuity hospital patients and homeless individuals in need of medical care. The program will be supported by QMC through the provision of psychiatric and other clinical services. The Oahu Region will also support the program with dietary and general maintenance services. We are hopeful that this project will help increase bed availability at local hospitals for acutely ill patients and effectively assist in transitioning the program's residents back into the community or to an appropriate step-down facility
- Finally, at the Oahu Region's other facility, Maluhia, we have developed a pilot program with QMC to fill the only open unit with waitlisted patients who have not been accepted by other long-term care facilities due to financial and logistical limitations such as lack of guardianship and other Medicaid prohibitive circumstances. Thus far, we have admitted seven (7) waitlisted patients. Through the continuing success of our recruitment efforts, we believe that we will be able to slowly increase the number of our staffed beds and admit more waitlisted patients from both QMC and other local acute facilities.

In short, the Oahu Region supports SB 3128 because we believe that the aims of Act 212 can be sufficiently realized without having to expend the substantial funds required to transition into the DOH. Through our efforts with the DOH and other agencies, the Oahu Region has already been able to stand up a number of important public benefit projects and utilize all of the usable spaces at our facilities. Moreover, if the transition funds were alternatively repurposed to renovate the dilapidated spaces on the Leahi Hospital campus, we are confident that we could continue to properly set up new public benefit or revenue generating programs in these additional spaces while remaining with the Hawaii Health Systems Corporation.

Thank you for the opportunity to testify in support of this important measure.



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

"Quality Healthcare For All"

COMMITTEE ON HEALTH & HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair

Senator Henry J.C. Aquino, Vice-Chair

February 2, 2024

1:00 PM

Hawaii State Capitol

Room 225 & Via Videoconference

Testimony in Support of SB 3128

RELATING TO ACT 212, SESSION LAWS OF HAWAII 2021

Repeals the requirement to transfer the Oahu Regional Health Care System from the Hawai'i Health Systems Corporation to the Department of Health.

Edward N. Chu

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 testimony in **support of SB 3128**.

In 2021, when this Legislature passed Act 212, the HHSC Oahu Region's facilities were viewed as potential sites to assist the Department of Health with addressing the gap in the behavioral health care system between acute psychiatric care facilities and low acuity residential treatment with the idea to utilize Leahi Hospital and Maluhia as subacute level of care facilities.

In the time since its passage, there is a broader, better understanding of the constraints and costs this idea posed. Additionally, Oahu Region has worked with community partners towards fulfilling the general intent of Act 212, while remaining within the HHSC structure.

HHSC is supportive of the Oahu Region's desire to remain with HHSC through the repeal of Act 212, Session Laws of Hawaii.

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