



COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

NOTICE OF HEARING

DATE: Monday, February 28, 2022
TIME: 12:30 p.m.
PLACE: Conference Room 308 via Videoconference

Testimony in Support of HB1638 HD1, with a request for an Amendment
RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION.

Appropriates funds to conduct a site assessment to identify and evaluate viable locations for a new hospital site in North Kona on the island of Hawaii.

Jim Lee, Regional CEO, West Hawaii Region, HHSC

Thank you for the opportunity to provide testimony in **Support of HB1638, HD1** that appropriates funds to conduct a site assessment to identify and evaluate viable locations for a new hospital site in North Kona on the island of Hawaii – providing this measure does not affect our other budgetary requests. This funding request supports Kona Community Hospital’s mission to provide and enhance comprehensive healthcare services for our West Hawaii community including North Kona, South Kona, and portions of Kau.

Kona Community Hospital provides outpatient, emergency and acute care services to a diverse, multicultural population. Our population is currently growing faster than North and East Hawaii. In 2018, population growth in West Hawaii was projected to increase by 6.1% by 2023. Reflecting this growth, inpatient and emergency department visits among West Hawaii residents have been increasing.

Kona Community Hospital’s current facility is nearly 50 years old. The hospital’s aging infrastructure has major deficiencies, with many critical systems in urgent need of repair and renovation. We struggle almost daily with the very real potential that one system failure or another could shut down hospital operations. With these realities in mind, the West Hawaii Region Board approved a 6-year, phased in master facility plan to address these deficiencies. This master facility plan will enable Kona community Hospital to



prioritize the needs of our current facility and ensure that we are able to provide continuous, consistent, and quality healthcare services to our West Hawaii community.

The intent to begin planning potential hospital sites is greatly appreciated and is aligned with our long-standing goals for West Hawaii. However, we believe that a hospital needs assessment, including related services prior to a site assessment would provide necessary insight into inpatient acute and skilled nursing care, emergency and ancillary services that will be needed by a changing demographic.

Therefore, we respectfully request that this measure be revised to include a hospital needs assessment in addition to the requested site assessment.

Again, mahalo for the opportunity to express my **Support of HB1638 HD1** to conduct a site assessment provided it does not affect our budgetary requests for the 2022 legislative session.

Aloha,

Jim Lee, CEO
West Hawaii Region
Kona Community Hospital
Kohala Hospital
HHSC

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)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1638, H.D. 1

February 28, 2022
12:30 p.m.
Room 308 and Videoconference

MAKING AN APPROPRIATION FOR A KONA HOSPITAL SITE ASSESSMENT

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

House Bill No. 1638, H.D. 1, appropriates \$1,000,000 in general funds for FY 23 to the Hawai'i Health Systems Corporation to conduct a site assessment to identify and evaluate viable locations for a new hospital site in North Kona on the island of Hawai'i.

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.

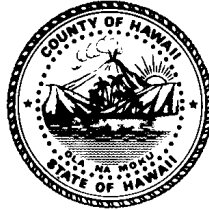
Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- 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.

REBECCA VILLEGAS
Council Member
District 7, Central Kona



PHONE: (808) 323-4267
FAX: (808) 323-4786
EMAIL: Rebecca.villegas@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

West Hawai'i Civic Center, Bldg. A
74-5044 Ane Keohokalole Hwy.
Kailua-Kona, Hawai'i 96740

February 28, 2022

TESTIMONY OF REBECCA VILLEGAS
COUNCIL MEMBER, HAWAI'I COUNTY COUNCIL
ON HB 1638 HD1, RELATING TO MAKING AN APPROPRIATION FOR A KONA
HOSPITAL SITE ASSESSMENT
Committee on Finance
Monday, February 28, 2022 12:30p.m.

Aloha Chair Luke, and Members of the Committee:

I thank you for the opportunity to testify in support of HB 1638 HD1. My testimony is submitted in my individual capacity as a member of the Hawai'i County Council and Chair of the Hawai'i County Council Climate Resilience and Natural Resource Management Committee.

The community of West Hawaii is challenged in terms of available medical services and in need of a new medical facility. Kona community hospital is currently housed in an aging facility that was constructed in 1974. The population in the Kona area has grown and migrated north since the hospital was built almost fifty years ago, so the hospital is no longer located in the area with the highest residential density and need for services. While the highway in North Kona has been expanded, the hospital in South Kona sits on a single-lane highway that is vulnerable to traffic congestion, making it difficult for emergency vehicles and others to reach the hospital quickly.

The expansion is prevented by the facility's wastewater system, which is already at capacity. The hospital's location and need for modernization also makes it difficult to recruit new doctors and other medical personnel and to retain current medical staff. This further exacerbates the physician and health care worker shortage that is being experienced statewide.

For the reasons stated above I urge the Committee on Finance to support this measure and make an appropriation for a Kona Hospital Site Assessment for North Kona. Should you have any questions, please feel free to contact me at (808) 323-4267.

Mahalo for your consideration.

Rebecca Villegas
Council Member, Hawai'i County Council

HB-1638-HD-1

Submitted on: 2/25/2022 5:41:14 PM

Testimony for FIN on 2/28/2022 12:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Douglas Perrine	Individual	Support	No

Comments:

The need for a new Kona hospital has only been growing over the last 20 years and is now reaching the critical point. Starting the process is urgent. Please pass HB1638/

February 27, 2022

House of Representatives
The Thirty-First Legislature
Regular Session of 2022
Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

Re: Agenda #2
Item HB 1638, HD1
HSCR151-22

A Bill making an Appropriation for a Kona Hospital Site Assessment

Honorable Sylvia Luke, Kyle Yamashita, and members of the Finance Committee,

I submit this written testimony in support of House Bill 1638 HD1 requesting an **Appropriation for a New Kona Hospital Site Assessment**. Why is this necessary in this place at this time?

Hospitals are critically important civic buildings and play a central role in the health and welfare of a community. Hospitals are places where the greatest human joys are often realized through childbirth for example, or successful treatments for disease and healing from traumatic injuries. Hospitals are also places that remind us how precious life is and offer places for caring and reflection when we have family and friends in need of emergency or acute care. A thoughtfully designed, well-located hospital binds us all together in ways no other civic buildings or public infrastructure can.

I am in complete agreement with the findings and recommendations of HB 1638, H.D. 1 before you today. The aging Kona Community Hospital in Kealahou has operated well past its useful life expectancy and can no longer serve the needs of the west side of the island population effectively. Consider:

- Kona Community Hospital is simply located too far away from existing and planned population centers. Most of the growth on the west side is north, not south. A new facility should be located closer to, and more central to where the people are, and will be.
- Kona Community Hospital is very difficult to access via older 2-lane roadways subject to multiple constriction points and chronic traffic congestion. There is currently no short term plan to further improve Route 11 to allow better traffic flow, reduce congestion, and speed up travel time for emergency vehicles.
- Kona Community Hospital is simply located too far away from Kona's Keahole Airport, the only major airport on the west side. In times of acute stress for heart attack or stroke victims for example, time is of the essence. While the most comprehensive acute care facilities may never be fully

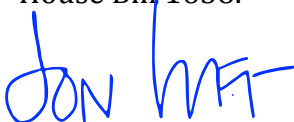
justified or realized on Hawaii Island, access to rapid air transport to other, better facilities on neighboring islands is key to preserving life.

- A well-located replacement for Kona Community Hospital will help reduce costs of healthcare delivery, provide better convenience and be more responsive to west side consumers, improve safety and quality of outcomes, promote healing, advance research and discovery in the medical field, and will no doubt meet operational goals better now, and into the future.
- The potential for expansion or modernization of Kona Community Hospital in its current location is constrained due to poor access to, or limited capacities of existing utilities and infrastructure such as power and sewage treatment.
- The existing Kona Community Hospital physical plant in its aging condition and lacking the most modern technologies and modes of treatment does not have the appeal to attract and retain the highly qualified staff and healthcare specialists we all want. A well-located replacement for Kona Community Hospital would go a long ways to solving this nagging issue.
- Protecting the health and welfare of the public is government's top priority. Our government owes it to the public to take action to implement the vision necessary in providing public accommodation that includes reasonable access to modern healthcare facilities, the best technologies, and the most highly trained healthcare professionals available. These are currently not optimized in Kona, to the detriment of the population.

While a great deal of analysis will still be required to determine the best possible development profile for a new Kona Hospital, including finding the best location, I strongly urge you to take this opportunity now and approve the appropriation for a study to at least legitimize the process of locating a new Kona Hospital facility. We owe it to our Kupuna, our Keiki, our long and short-term residents, our tourists, and everyone who passes through the island.

As a design professional with many years in the planning and development of acute healthcare facilities, I cannot tell you exactly where to place a new Kona Hospital right now to have the most benefit, but I do know the current location and physical plant in Kealahou no longer serves the needs of the west side community very well. *It is well past time to address this serious problem.*

Mahalo for your personal attention to this important matter and please support House Bill 1638.



Jon Luft
73-4540 Iki Place
Kailua-Kona, HI 96740
619 921-3419