



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

*"Quality Healthcare For All"*

**House Committee on Health**  
**Representative Della Au Belatti, Chair**  
**Representative Richard P. Creagan, Vice Chair**

**Rep. Mark J. Hashem**  
**Rep. Jo Jordan**  
**Rep. Bertrand Kobayashi**  
**Rep. Dee Morikawa**

**Rep. Marcus R. Oshiro**  
**Rep. Beth Fukumoto Chang**  
**Rep. Andria P. L. Tupola**

February 6, 2015  
Conference Room 329  
8:40 a.m.  
Hawaii State Capitol

**Testimony Opposing House Bill 1254, Relating to Public Health Facilities**

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

The HHSC Corporate Board **opposes** HB1254. This measure seeks to place HHSC back under the Department of Health. The Board sees no advantage to this change and respectfully submits that the disadvantages of this arrangement that led to HHSC being taken out of the Department in the past have only increased since that time. We respectfully ask that this measure be deferred.

Thank you for the opportunity to testify.

creagan3 - Karina

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From: mailinglist@capitol.hawaii.gov  
Sent: Wednesday, February 04, 2015 9:27 PM  
To: HLTtestimony  
Cc: psgegen@hotmail.com  
Subject: Submitted testimony for HB1254 on Feb 6, 2015 08:40AM

**HB1254**

Submitted on: 2/4/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
pat gegen	Kauai Regional Board - HHSC	Oppose	No

Comments: The Kauai Regional Board opposes this consolidation of HHSC and the removal of the governance by local boards.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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

**Testimony in OPPOSITION to HB1254  
RELATING TO PUBLIC HEALTH FACILITIES**

REPRESENTATIVE DELLA BELATTI, CHAIR  
HOUSE COMMITTEE ON HEALTH

Hearing Date: February 5, 2015

Room Number: 329

**WRITTEN TESTIMONY ONLY**

- 1 **Fiscal Implications:** Undetermined.
- 2 **Department Testimony:** The Department of Health (DOH) respectfully **opposes** HB1254 and
- 3 requests that the House Committee on Health **holds** this bill.
- 4 HB1254 eliminates the present governance structure of the Hawaii Health Systems Corporation
- 5 (HHSC) and subsumes all existing public hospital functions within DOH. This bill is premature in
- 6 that the department is unaware of any recent studies, research, or data to substantiate that
- 7 one governance model or another will improve the quality of public hospital care, patient
- 8 safety, access, labor relations, or financial sustainability.
- 9 Governor Ige's administration, with new leadership at DOH, HHSC, and other relevant agencies,
- 10 should be given the opportunity to address the fundamental structural strains on Hawaii's
- 11 public hospital system without constraints.
- 12 We urge the House Committee on Health to **hold** HB1254.
- 13 Thank you for the opportunity to testify.

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON HEALTH  
ON  
HOUSE BILL NOS. 1075, 1112, 1145, 1146, 1254, AND 1420

February 6, 2015

RELATING TO HAWAII HEALTH SYSTEMS CORPORATION

The following measures on this agenda all attempt to address in various different ways the issue of facilitating sustainability of the Hawaii Health Systems Corporation (HHSC):

- House Bill (H.B.) No. 1075 authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.
- H.B. No. 1112 establishes a process for determining whether the health care services provided by HHSC, or one or more of its regional health care systems, can be delivered more cost-effectively by partnering with a private health care management system.
- H.B. No. 1420 repeals the regional system boards of HHSC and increases the size of the HHSC board and changes its composition.
- H.B. No. 1254 repeals HHSC and re-establishes the Division of Community Hospitals under the Department of Health.
- H.B. No. 1146 creates seven separate collective bargaining units for employees of HHSC.
- H.B. No. 1145 authorizes HHSC to mortgage its real property and clarifies the dollar cap on municipal leasing authority.

The Department of Budget and Finance supports the general intent of transitioning HHSC into “a more economically efficient system of health care delivery.” The issues involved in facilitating HHSC sustainability are complex and multifaceted. For this reason, we would recommend moving all of these bills along to enable further discussion and deliberation.

The Ige Administration will work with the applicable committees during the course of this session to attempt to develop a realistic and workable framework for moving forward to ensure that vital health care services will be provided either through a restructured HHSC or some other appropriate entity.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

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

**The Twenty-Eighth Legislature, State of Hawaii  
House of Representatives  
Committee on Health**

**Testimony by  
Hawaii Government Employees Association  
February 6, 2015**

**H.B. 1075, H.B. 1112, H.B. 1420, H.B. 1254 –  
RELATING TO THE HAWAII HEALTH SYSTEMS  
CORPORATION**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1420 which recentralizes the Hawaii Health Systems Corporation and provides for the Auditor to complete a full financial and management audit of the System. These initial steps are critical and vitally important in accurately assessing the HHSC's current financial state and ensuring that appropriated funds are being prudently spent. The full financial and management picture must be thoroughly and independently assessed prior to the Legislature acting on any of the other aforementioned bills, H.B. 1075, H.B. 1112, and H.B. 1254, which authorizes privatization, establishes a process to determine if the System should privatize, and reestablishes the division of community hospitals under the Department of Health, respectively.

We raise serious reservations and grave concerns over proposed legislation to rapidly privatize the safety net hospital system: it is a risky and dangerous proposition, which may cause irreversible harm to our community. It is unrealistic to believe that Maui County's population of 144,000 residents can sustain similar utilization as Oahu's population of 953,000, without an exorbitant and perpetual state subsidy, a severe reduction of services, or a combination of both. Any type of private acquisition will rely heavily on tax payers' dollars to support the System, while the Legislature relinquishes its oversight on how those tax dollars are spent and cannot guarantee that the private operator remain.

Advancing legislation that enables privatization, without fully assessing the System's financial and management situation is premature. We respectfully implore the Legislature to judiciously complete its due diligence, ensure satisfactory answers to all of its questions, and exhaust every avenue prior to fracturing and selling a portion of the state's assets. We cannot afford any lesser degree of scrutiny or the potential of a failed experiment when it comes to delivering critical safety net services.

Thank you for the opportunity to provide testimony on the aforementioned bills.

Respectfully submitted,

Randy Perreira  
Executive Director

creagan3 - Karina

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alistair Bairos	Individual	Oppose	No

Comments: The central tenets of this bill have been wholly discredited two decades ago. There is no useful purpose in trying on this retreat.

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