



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 4, 2016

TO: The Honorable Representative Dee Morikawa, Chair
House Committee on Human Services

FROM: Rachael Wong, DrPH, Director

SUBJECT: **HB 2348 – RELATING TO PERMANENT EXEMPT POSITIONS IN THE
DEPARTMENT OF HUMAN SERVICES**

Hearing: Tuesday, February 4, 2016; 8:30 a.m.
Conference Room 329, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this administration request.

PURPOSE: The purpose of this bill is to restore the second deputy director position for the Department, and establish the community/project development director and the policy director. The measure proposes to convert six identified positions in the Med-QUEST division to permanent exempt status. The measure appropriates funds for the second deputy director position, a private secretary for that deputy director, the community/project development director, and the policy director.

The Department of Human Services has the largest operating budget of any state department, approximately \$3,100,000,000, including 73% of the State's federal operating funds. The Department also has the fifth largest staff of any department, with over 2,000 employees staffing its four divisions and three administratively attached agencies in 88 offices throughout the state. The Department is transforming its practices to a whole-family, multi-generational approach, 'Ohana Nui, that ties together health, education, early childhood

development, and supporting self-sufficiency of Hawaii's families. Because DHS serves 1 in 4 Hawaii residents, investing in DHS is investing in a healthier Hawaii and the future of our families.

Currently, the Department has only one deputy director. Act 223, Session Laws of Hawaii 1994, deleted the second deputy director position, which was prompted by the State's poor economy at that time.

The Department is proposing to establish the community/project development director and policy director positions within the office of the Director. These positions will assist with managing the numerous projects assigned to the department, including addressing homelessness; the individual and family functions of the State-based Marketplace using the Federal Platform (SBM-FP, previously under the Hawaii Health Connector); ensuring continued access to health coverage for State residents from the Compact of Free Association nations; and building a collaborative, and integrated multi-generational service model for children and families. The new mandates and initiatives have increased the demands on the Director's office as they require changes to the operations of multiple divisions, and coordination with and participation of other state and federal agencies, community agencies and key stakeholders.

The Med-QUEST division Medicaid program is the most effective and cost efficient way to provide health care coverage to low-income adults and children. The program is complex as it requires compliance with complex federal regulations and integration of current health care trends in service delivery, while meeting the unique needs of Hawaii's population.

The Med-QUEST division, seeks to convert six identified management level positions within the Med-QUEST division to permanent exempt status (division administrator, finance officer, health care services branch administrator, medical director, clinical standards administrator, and research/health analytics manager) because they require unique knowledge and experience typically gained through employment in health care-related organizations (e.g., hospitals, clinics, insurance companies, etc.) or the federal government, or require clinical credentials or licenses. The conversion to permanent exempt status for these positions is necessary to allow flexibility to hire and retain highly qualified staff to manage critical on-going functions over the \$2 billion medical assistance programs.

The Department is seeking permanent exempt status for these positions because Chapter 76-16 (b)(17), HRS, provides that position exemptions created after July 1, 2014, shall

expire after three years unless affirmatively extended by an act of the legislature. The Med-QUEST positions are currently subject to expire on June 30, 2016.

This limitation on the duration of exempt positions creates several challenges. First, successfully filling these positions requires attracting seasoned, knowledgeable individuals with expertise in specialized areas that may not be reflective of the current civil service classification system. Secondly, the department needs the flexibility of permanent exempt status to easily restructure and redefine the roles and responsibilities of these positions to meet evolving demands, while offering some measure of employment stability. Thirdly, DHS needs to be able to attract qualified candidates by offering competitive salaries which may at times be beyond or contrary to current civil service compensation provisions. Lastly, permanent exempt status for these positions will provide the necessary flexibility to hire and retain qualified staff to meet the department's on-going needs – needs which have existed for decades and will continue indefinitely.

Thank you for the opportunity to testify on this bill.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

LATE

The Twenty-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Human Services

Testimony by
Hawaii Government Employees Association

February 4, 2016

**H.B. 2348 – RELATING TO PERMANENT
EXEMPT POSITION IN THE DEPARTMENT OF
HUMAN SERVICES**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes the intent of H.B. 2348, which *permanently* expands the number of positions exempted from civil service in the Department of Human Services; however, we do not object to the creation of a second deputy director position. The expansion of exempt positions in state government is in direct conflict with Article XVI, Section 1 of the Hawaii State Constitution and Chapter 76, Hawaii Revised Statutes, which establish a merit-based civil service system free from coercive political influences.

While we understand the complexity and highly specialized skills needed to fill these positions, we cannot support the *permanent* exemption from civil service for multiple positions within the Med-QUEST Division. The use of exempt employees, which are considered “at will” by the state, is completely contrary to the principles of civil service. The exemption from civil service as delineated in Chapter 76-16(b)(17), HRS, is set for a maximum of three years unless extended by the Legislature. This allows for an appropriate amount of time to review and determine whether an exemption is justified. We respectfully request your consideration to amend Section 2 of the bill, by removing the permanent exemption from H.B. 2348, to read:

(27) positions in the Med-QUEST division of the department of human services division which include an administrator, finance officer, health care services branch administrator, medical director, clinical standards administrator, and research/health analytics manager; and positions in the director's office of the department of human services which include a community/project development director, and policy director provided that these exemptions shall expire three years after its enactment unless affirmatively extended by an act of the legislature;

Thank you for the opportunity to testify on H.B. 2348, with the requested amendment.

Respectfully submitted,

Randy Perreira
Executive Director