



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

*"Quality Healthcare For All"*

**Senate Committee on Ways and Means**  
**Senator Donovan M. Dela Cruz, Chair**  
**Senator Gilbert S.C. Keith-Agaran, Vice Chair**

March 28, 2019  
Conference Room 211  
10:20 a.m.  
Hawaii State Capitol

**Testimony commenting on House Bill 1539, HD 1, SD 1  
Relating to the Hawaii Health Systems Corporation.**

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

The Hawaii Health Systems Corporation (HHSC) board of directors offers the following comments on HB 1539, HD 1, SD 1.

HHSC was created by the Legislature in 1998 as a separate agency to administer the twelve public hospitals located across the state. For the first ten years of its existence, it was centrally administered from Oahu by a board of directors comprised of representatives from all counties. The system had five geographic areas, each with its own local advisory council. Approximately ten years ago, the statute was revised and HHSC was re-organized into five regions, each with its own board of directors who have operational control of the facilities and finances in their region. Since then, the corporate board has provided primarily policy oversight and support to the regions. Many current HHSC corporate board members have previously served on HHSC regional boards.

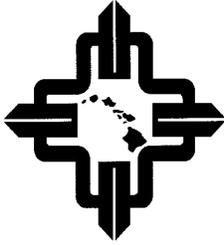
The history of HHSC has been shaped in large part by the changing nature of our neighbor islands. As their population grows, the demand for health services similar to those offered in Honolulu increases. HHSC is currently focused on meeting that demand without asking for ever-increasing taxpayer subsidies. That is why our board supports efforts to reduce our general fund request whenever possible.

This measure can reduce expenditures by streamlining the organization of HHSC to place the responsibility for its two Oahu facilities, Maluhia and Leahi hospitals, under the corporate board. These facilities are approximately six miles from each other and

are exclusively focused on long-term care at the skilled and intermediate nursing level while also providing adult day care. All of HHSC's neighbor island facilities provide long-term care to similar populations, and the corporate board is very familiar with the various aspects of serving the vulnerable elderly including compliance with State and Federal regulations, finances and long-term care quality measures. Also the HHSC corporate office is located at Leahi hospital.

The regional autonomy that HHSC's system provides has been successful on the neighbor islands. On Oahu, given the limited nature of services operated by HHSC in relation to all health services, the benefit of regional control is not as compelling. The corporate board can provide the necessary operational oversight of the two Oahu facilities in a more cost-effective manner than having a completely separate regional administration.

Thank you for the opportunity to testify.



## **OAHU REGION HAWAII HEALTH SYSTEMS CORPORATION**

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**Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice-Chair**

March 28, 2019  
Conference Room 211  
Hawaii State Capitol

Derek Akiyoshi  
Oahu Region Chief Executive Officer  
Hawaii Health Systems Corporation

**Re: Comments**

HB 1539 HD1, SD1 Relating to the Hawaii Health Systems Corporation

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Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran and Members of the Senate Committee on Ways and Means. The Oahu Regional Health System Board of Directors (hereinafter, "OR Board") respectfully offers the following comments on HB 1539 HD1, SD1:

- In its current form, HB 1539 HD1, SD1 grants the OR Board a period of five (5) years to complete and begin execution of its strategic initiatives to address the Oahu Region's long-term financial viability and maximize the use of its facilities, Leahi Hospital and Maluhia, for the greatest public benefit.
- With respect to long-term financial viability, the OR Board and management team have been working on a number of potential ventures intended to generate income from the Leahi property to subsidize our operational costs. Our efforts to date have included discussions regarding potential development a public-private partnership to provide dialysis services, repurposing and leasing underutilized spaces, and working with the SOH Film Office and major producers to reopen the Leahi campus for media productions. We have also become open to the possibility of privatizing our operations if it can be accomplished transparently and with due concern for our patient population and employees.
- In regard to maximizing the use of our facilities, we have been actively working with acute-care facilities to accept more patients from their costly waitlists. These efforts have been expended in response to HCR 95, which was passed by the legislature last year, and a detailed description of the same can be found in the legislative report submitted by the OR Board prior to this legislative session. The Oahu Region has also begun discussions with the State Homeless Coordinator, SOH Department of Human Services, city officials and HPD to address the healthcare needs of the homeless population that are "high utilizers" of local emergency rooms. Based on our preliminary communications, we collectively believe that appropriations from the "Ohana Zones" initiative could be used to renovate unused portions of the Leahi campus into an

important service site. Similarly, in response to Senate Concurrent Resolution 101/ Senate Resolution 73 (as well as the instant measure), which are currently moving through the legislature, the Oahu Region has already met with the DOH Behavioral Health Division to explore a potential partnership to utilize portions of the Leahi Hospital campus for much needed mental health and substance abuse treatment. Further, the Oahu Region recently developed an important partnership with the Hawaii Meals-on-Wheels program to provide approximately 350 meals per week for homebound individuals.

In sum, the OR Board is very grateful for the opportunity currently granted by HB 1539 HD1, SD1. We are confident that, through our dedication to the needs of Oahu's most vulnerable populations and genuine connection with all Oahu Region stakeholders, we will be able to implement a comprehensive strategic plan that is responsive to the financial concerns of the legislature and maximizes the benefits our facilities can provide for our local community.

Thank you for the opportunity to offer testimony on this very important matter.

Hearing Date: Thursday, March 28, 2019  
10:20 AM, Conference Room 211

To: Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S. C. Keith-Agaran, Vice Chair

From: Kimberly Oshiro, kimberlyoshiro@yahoo.com

Re: HB1539 HD1 SD1 Relating to Hawaii Health Systems Corporation Oahu Region  
TESTIMONY IN OPPOSITION

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I respectfully oppose this bill. I think it is important to have a full discussion of options viable with Maluhia and Leahi consumers and taxpayers when considering, proposing, and making decisions.

I understand the healthcare costs by Maluhia and Leahi are increasing and this amended bill appears that options will be explored. When considering options, it is important to keep Maluhia and Leahi as a “safety net”/state facilities (maybe consider putting both facilities under Department of Health?) and not consider privatization (full or partial). A private entity will not be able to manage keeping the current population served at both facilities. Medicaid does not cover 24/7 care at home. There are a few care options, but even those are getting tougher to find for those on Medicaid. The baby boomer population is entering the need of the services (skilled care, intermediate care, adult day health centers, geriatric clinics, Meals on Wheels, tuberculosis unit, etc.) that Maluhia and Leahi provide. Without these services, likely many are not going to get adequate care. This in turn will cause our most vulnerable elderly and disabled populations to suffer with increased risk for hospitalizations and rehospitalizations, need of Adult Protective Services (APS), and possibly family court services/ Office of the Public Guardian (OPG). *This would cost the state money* as Medicaid would have to pay for an increase of expensive hospital services (for those without Medicare or their health plan doesn't cover the total cost), other preventable medical costs, and the state would have to hire more APS and family court/ OPG workers and/or pay their overtime.

It is good that Oahu Region Board is intact in this bill for the time being to represent Oahu. I am unclear if it would be feasible to have an end date for the Oahu Region Board if the other regional boards continue to exist.

Regarding the feasibility of housing, addiction treatment, or mental health treatment services for the homeless, substance abuse, and mentally ill patients; there is a high need in Hawaii. Maluhia and Leahi does currently serve those with mental illness, history of drugs, and/or history of homelessness. This population would need screened to be appropriate for intermediate care facility level of care and safe to interact or be in the same building with frail elderly and physically disabled individuals. It's also important to ensure long term care needs in community are met as well.

Thank you for the opportunity to testify.

**HB-1539-SD-1**

Submitted on: 3/27/2019 8:42:14 AM

Testimony for WAM on 3/28/2019 10:20:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tuechan Young	Individual	Oppose	No

Comments:

I am against HB1539. Privatization of Maluhia and Leahi hospitals is not a solution to the care needs of the vulnerable frail poor elderly Medicaid people in the community. It is unrealistic to expect Oahu region to make profit from serving such a population when low and slow reimbursement received from Medicaid has been the main reason for the negative impact on the financial viability of both facilities. HB1539 does not give a clear answer to the question where the Medicaid patients will be placed after the privatization. Does that mean that working families will have to resume the stressful caregiving roles, and at the same time, to struggle to make ends meet? What if they cannot manage the care of their loved ones and maintain their employments? The cost of living in Hawaii is too high for many blue collar workers who are on the verge of being homeless. Why does HB1539 add more social issues to Hawaii when homelessness and recurrent hospitalization/ER visits can be avoided? **HB 1539, therefore, should not be passed.**

Thank you for this opportunity to provide my testimony against HB 1539.

**HB-1539-SD-1**

Submitted on: 3/27/2019 8:42:22 AM

Testimony for WAM on 3/28/2019 10:20:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael Young	Individual	Oppose	No

Comments:

My name is Michael Young and I oppose the passage of HB1539 HD1 SD1.

This bill seems to be the first step on the road to the privatization of Maluhia and Leahi Hospitals. My opposition is based on the fact that few citizens of Hawaii can afford the costs of long term health care. Maluhia and Leahi Hospitals are community safety nets to provide safe and affordable care for the most vulnerable in our community, the elderly and sick.

Workers who cannot afford to pay for care for their parents will often have to quit their jobs to provide care at home. This situation places the elderly in the hands of their loving but untrained and unqualified adult children who themselves are putting their retirement in financial risk.

The state can sustain Maluhia and Leahi Hospitals by raising taxes. Private companies can only sustain themselves by passing on their costs to the patients. They generally do not not accept Medicaid patients. When the patients and/or their families cannot pay the bills then the private company will stop services.

In my opinion, most Hawaii taxpayers would welcome a tax that would sustain Maluhia, Leahi and even more safety net facilities because taxpayers realize that the passage of HB1539 and privatization means disaster for most of us.

03/27/19

## TESTIMONY AGAINST HB 1539 HD1, SD1

Dear Senate Chair Donavan Dela Cruz, Senate Vice Chair Gilbert Keith –Agaran and Members of the Committee,

My name is Neal Yanagihara, and I am writing to express my concerns and testimony **against House Bill 1539 HD1, SD1**, relating to the removal of Oahu region board and transfer to HHSC board. I am hoping this will never be allowed to occur.

People may speak of how HHSC can absorb the Oahu region. Yet why are other regions allowed to continue to have their own boards (Kauai, Maui, East Hawaii and West Hawaii)? Why does Oahu region get singled out to fall under HSSC domain? Why should HHSC control any board? The HHSC board is made up of members from different regions, each with understandably their own needs or agenda. The Oahu region is made up of volunteers in the community that have a vested interest in Maluhia and Leahi.

This bill will greatly affect Oahu region's ability to provide continuing services and care to the most vulnerable and fragile elderly here on Oahu. With a board that will not have the best interests of Oahu region, I am afraid services will be curtailed, cuts will be made and the poor and disadvantaged will be left with less options.

I feel that I can offer a unique perspective as an employee of Maluhia and a family member whose parent is a resident of Maluhia. As an employee for Maluhia for the past 18 years, I have seen many changes here, some good, some not so good. The majority of residents here use English as a second language and are on Medicaid. My concern is that who will be the advocate for these people? As the gap widens between "the have" and "the have nots", Maluhia/Leahi has been a safety net for those in need and how will we continue to service this population if others are making the decisions. In recent years, Leahi/Maluhia have taken residents from other nursing facilities like St. Francis, Crawford and Island Nursing home as they shut down and needed a place for their residents. Although St Francis has reopened the last I heard the last heard they were still not doing long term care or Medicaid beds.

On Oahu, How many other nursing homes have over 80% of residents on Medicaid? With Medicaid patients you will hardly or never break even or make a profit so where will all the people go? It is easy to say public/private partnership or in the community, yet the bottom line is that these people are doing it to make money the best way possible instead of servicing the best needs of the fragile and elderly. I can tell you stories about fellow therapists and their concerns working private nursing facilities.

Due to massive and continuously changing regulations you need the right leadership and an Oahu board with expertise and knowledge in dealing with these complex and ever changing issues specifically for the elderly and not just anyone with medical knowledge or a medical background.

As a family member I am very grateful for Maluhia. My father was attending adult day health services for almost 2 years. Adult day health is different from day care in that they are able to take care of a participant that requires more assistance with care including incontinence, assistance with ambulation, special diets and other needs. Some day care services are not as comprehensive or offer certain services as day health. By attending day health my dad was able to stay home longer and delayed the need for nursing home/institutional care. The day health program has become very popular in the community.

Unfortunately due to recent hospitalizations he is now residing at Maluhia. He has a good insurance plan, and had other bed offers but we choose Maluhia. I will forever be grateful for all the staff day health and nursing home staff for the care of my father.

I understand as the population ages "Silver Tsunami" the need will be there. The cost of caregiving continues to rise and our expenses are great. I was lead to believe that the purpose of Leahi and Maluhia was to serve the people of Hawaii and be a safety net for those in need. Please allow them to continue this mission.

As changes on the health care industry continue,.. I saw recently that President Trump was discussing medicare cuts/changes, we should not allow this bill to pass. I do not understand the reasoning or logic behind this bill except that it seems it is for the benefit and gratification of a few people with a hidden agenda maybe to privatize or sell off the Oahu region.

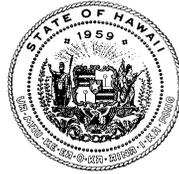
I have already seen other nursing homes close down in my brief tenure here, the continued changes in the healthcare industry are a concern. As the elderly population continues to increase and places like Maluhia and Leahi are not available I foresee problems for the acute care hospitals with backlog and placement for residents/patients with limited options and potential homelessness. I understand that serious decisions need to be made but am concerned when a corporate board will oversee and not have any vested interest in the future of the Oahu region.

I am very concerned regarding the passage of this bill and the continued changes in the health care industry. I am hoping that progress for the care of the elderly continues to be supported, short sited decisions will have greater long term consequences. If you have any questions or need further clarification, please feel free to contact me.

Thank you for considering my testimony.

Sincerely,

**Neal Yanagihara**



**LATE**

**STATE OF HAWAII  
DEPARTMENT OF HEALTH**

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**Testimony COMMENTING on HB1539 HD1 SD1  
RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION**

SENATOR DONOVAN M. DELA CRUZ, CHAIR  
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date and Time: Thursday, March 28, 2019 at 10:20 a.m.

Room: 211

1 **Fiscal Implications:** Undetermined.

2 **Department Testimony:** The Department of Health (DOH) respectfully provides comments on  
3 Section 13 of this measure only.

4 Section 13 of this measure directs the Hawaii Health Systems Corporation (HHSC)  
5 Oahu Regional Board to develop a five-year strategic plan for Leahi Hospital and Maluhia  
6 Hospital including the feasibility of providing housing, addiction treatment, or mental health  
7 treatment services to address unmet health and treatment needs of vulnerable populations on  
8 the island of Oahu. The Oahu Regional Board will consult with the DOH Behavioral Health  
9 Administration, the Governor's Coordinator on Homeless (GCH), and the City and County of  
10 Honolulu.

11 The DOH recognizes a critical need to coordinate a comprehensive continuum of care  
12 that includes community-based mental health and substance use treatment services as part of  
13 that continuum. The DOH acknowledges there is a pressing need for community-based  
14 alternatives for individuals who do not need the level of care provided at the Hawaii State  
15 Hospital (HSH).

16 The HHSC provides safety net services and Leahi Hospital and Maluhia Hospital may be  
17 appropriate sites to implement a vital component of overall program capacity for a mental health  
18 and substance use treatment continuum.

1           The DOH looks forward to participating in a strategic-planning process with the HHSC  
2 Oahu Regional Board and to continued collaboration with legislators, partner agencies, and  
3 community stakeholders to take clear and decisive action towards implementing a more  
4 coordinated continuum of care that includes community-based alternatives to acute inpatient  
5 psychiatric treatment at the HSH.

6           The DOH does not take a position on the merits of other sections in this measure.  
7 Thank you for the opportunity to testify.

8 **Offered Amendments:** None.



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

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



The Thirtieth Legislature, State of Hawaii  
The Senate  
Committee on Ways and Means

Testimony by  
Hawaii Government Employees Association

March 28, 2019

H.B. 1539, H.D. 1, S.D. 1 – RELATING TO THE  
HAWAII HEALTH SYSTEMS CORPORATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO provides comments on the Senate Draft 1 of H.B. 1539 which made significant changes to the original version of the measure. The S.D. 1 now requires Oahu Regional Board approval to privatize, sell or change services at the Oahu regional facilities, amends the membership of the Hawaii Health Systems Corporation (HHSC) board, requires the Oahu Regional Board to create a sustainability plan, creates a right of first refusal for various stakeholders if the HHSC Corporate Board fully or partially privatizes Leahi or Maluhia, and sunsets the Oahu Regional system in 2024 by integrating it into the Corporate Board.

The two hospitals in the Oahu region of the HHSC, Leahi Hospital and Maluhia, provide critical services for our community's kupuna. Together, the hospitals ensure a wide variety of patient needs are met, including traditional long-term care, short-term rehabilitation, and adult day health care. Since the Oahu region serves one of our most vulnerable populations, we do not believe the region was ever intended to financially compete with private-sector hospitals, nor to profit from its patients. We respectfully raise concerns over the continuation of patient care and the impact to operations should the Oahu region be privatized, significantly altered, or eliminated. Given that, it is not unreasonable for the Legislature to seek accountability over the long-term viability of the Oahu Region. However, we respectfully point out that it would be more appropriate if the entire HHSC system, inclusive of all regions and Corporate, were held to the same standards of accountability and planning, versus singling out just the Oahu region. Lastly, while this measure reduces the number of Maui members on the HHSC Corporate Board from 3 to 2, we respectfully question the need to have any Maui-specific board members, since the three privatized Maui Region facilities are now operated by Kaiser Permanente.

Respectfully submitted,

*for* Randy Perreira  
Executive Director