

Monday, April 13, 2020

10:00 a.m.

Via Videoconference

State Capitol

415 South Beretania Street

House of Representatives

Thirtieth Legislature

Regular Session of 2020

House Select Committee on COVID-19 Economic and Financial Preparedness

**Report of the Select Committee's Fourth Meeting,**

**Held on Monday, April 13, 2020**

The House of Representatives established the House Select Committee on COVID-19 Economic and Financial Preparedness (Committee) pursuant to House Resolution No. 54 (Regular Session of 2020). The membership of the Committee includes selected members of the House of Representatives, state government officials, and business leaders from private industry and non-profit organizations located in each of the primary counties.

The Committee is tasked with:

- (1) Identifying the potential economic and financial impact to the State;
- (2) Developing short-term and long-term mitigation plans; and
- (3) Monitoring COVID-19 conditions and outcomes.

The fourth meeting of the Committee discussed the preconditions that must be met prior to and continued actions that must be taken during the reopening of the State's economy. The issue of reopening the economy is a discussion that is occurring internationally, nationally, and in Hawaii.

#### I. CARES ACT PAYCHECK PROTECTION PROGRAM

The Hawaii Restaurants Association brought up concerns regarding the Paycheck Protection Program under the newly passed federal Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, specifically the eight-week time frame in which to spend loan funds. The Hawaii Restaurant Association is working with the federal Administration and Congress to resolve unforeseen conflicts and address some of the problems associated with the Program.

#### II. REOPENING OF HAWAII'S ECONOMY

The brief titled "How to Control Hawaii's Coronavirus Epidemic and Bring Back the Economy: The Next Steps", published on April 3, 2020, by the University of Hawaii Economic Research Organization (UHERO) and East-West Center, which is patterned after national research, served as a building block for much of the discussion about reopening the State's economy.

UHERO noted that there needs to be a so-called Hawaii 2.0 Economy Plan to reopen Hawaii's economy. Any such plan will need cross jurisdictional support between the state and each county and requires

complete transparency and accountability. Although the plan must be developed quickly, the goal is not to set a firm date for reopening the economy but rather to establish a set of metrics that can be objectively measured to determine the appropriate time to reopen the economy. In fact, reopening the economy must first and foremost be balanced against protecting the health of Hawaii's people as reopening too quickly could be detrimental to the collaborative fight against the treatment, containment, and prevention of the coronavirus. To prevent a second wave of the coronavirus and further economic harm to the State, prior to reopening the economy consideration should be given to matters such as what restrictions might be in place after the economy reopens; what kind of events would trigger subsequent stay-at-home orders; and other reliable and transparent outcomes that can measure Hawaii's success or failure against the fight of the coronavirus pandemic.

Once adopted and implemented, the plan will drive future investments in state government, including the Department of Health and Department of Labor and Industrial Relations, which will need greater information-technology enhancements and additional staff. One estimate is that approximately 60,000 to 70,000 jobs could return within three months of the State's economy reopening. UHERO plans to undertake a joint business survey with The Chamber of Commerce Hawaii and local banks to determine which businesses are in position to relaunch immediately.

### III. PRECONDITIONS TO RELAXING THE SHUTDOWN

Hawaii's stay-at-home and social-distancing orders have had the desired effect of helping to flatten the curve of the pandemic and only expose a small fraction of Hawaii's population to the novel coronavirus. However, that success has resulted in recognition of the major concern for our most vulnerable residents. Widespread contraction or a cluster of the virus amongst that population would lead to detrimental impacts to the health care system, supply chains, and the economy. The new COVID-19 cluster at Maui Memorial Medical Center is a good example of how quickly and easily the disease can spread. Hawaii needs to be able to identify new infections promptly and needs clear, real-time data, which can serve as circuit breakers to address any future spread of the disease.

According to information from the East-West Center, preconditions to relaxing the shutdown of Hawaii's economy include rapid testing for COVID-19 and quick contact tracing. In looking at when the State can relax its shutdown, the following testing system requirements were mentioned:

- A testing system with rapid turnaround, which provides results within 24 hours;
- Greater reliance on local laboratories to test samples, rather than shipping samples to the continental United States for testing;
- Ample capacity to support diagnosis and testing of close contacts, health care workers, and front-line employees at places like stores;

- Clear metrics of performance (e.g., average time to test a sample and the percent of tests done locally), which are publicly accessible;
- Sustained laboratory capacity, at least until a vaccine is developed; and
- Improved contact tracing, including rapid interviews within 24 hours; adequate staffing to conduct interviews and follow up with contacts across all islands; and transparency and openness with the public, including providing information about COVID-19 clusters so that the public will be aware of the types of settings where the virus is spreading.

Other necessary requirements include sufficient amounts of personal protective equipment for health and other front-line workers. After this priority supply has been met, masks of a surgical quality need to be made widely available to the general public. There also needs to be widespread public support for the continuation of measures like social distancing, wearing face masks in public, and avoiding crowds. For these measures to succeed, the public needs to be actively involved and understand that they are an essential part of helping the State contain the virus.

Additional steps will be needed even after the shutdown restrictions have been relaxed for the health and safety of the State's residents. The 14-day quarantine order for people arriving in Hawaii should be maintained. Stay-at-home orders can be relaxed, but workplaces and businesses must continue to impose social distancing requirements, which could mean physically reconfiguring workspaces and

customer spaces and modifying business practices (e.g., requiring appointments so that there is not a long line of customers). However, senior citizens and others with an elevated vulnerability to the novel coronavirus may still need to stay at home as much as possible. A coordinated reopening of schools and workplaces will also be necessary to reduce the chances of logistical problems for workers with school-aged children.

#### IV. UPDATE FROM THE INCIDENT COMMANDER

Major General Kenneth Hara, Incident Commander of Hawaii's coronavirus response, asked if the recommendations for relaxing the shutdown had been passed on to the Department of Health or the Hawaii Emergency Management Agency and noted that information must be forwarded to the appropriate individuals. The Major General also commented that Governor David Ige had appointed Mr. Alan Oshima to the newly-created role of Economic Recovery and Resiliency Navigator and that the Major General and Mr. Oshima are working closely together.

According to Major General Hara, there are four main lines of effort in the State's response to and recovery from COVID-19: (1) prevent and protect; (2) medical response; (3) public outreach; and (4) supply-chain management. Non-essential state workers who cannot telework from home have been requested to be repurposed to assist the Department of Labor and Industrial Relations, Hawaii Emergency Management Agency, and Hawaii Tourism Authority.

Adequate quarantine facilities are needed, including for first responders. Travel restrictions have been largely successful.

According to the Major General, the Federal Aviation Administration (FAA) has been contacted, and simply preventing incoming travel from out-of-state is illegal and is impossible for the FAA to enforce. One possible solution may be to restrict out-of-state travelers' ability to book lodging in Hawaii; the Major General is working with the Attorney General regarding this matter. Development of a web-based program to track out-of-state travelers is also under way.

Increased and better testing is also needed. Currently, testing only confirms at a specific point-in-time if a person is positive or negative for the novel coronavirus but does not indicate if a person remains infectious. More sophisticated testing, such as for antibodies, is necessary. Although stay-at-home orders have helped flatten the curve, some individuals still violate the orders. The Department of Health has been asked to provide vignettes on disease clusters and how they are spreading.

Personal protective equipment is actively being sought, but there is competition internationally for the same supplies. Federal reimbursements are being actively pursued for expenditures that have already been made. Moreover, there are ongoing efforts to leverage public/private partnerships and volunteer management. The Major General is working to obtain reduced costs at restaurants for the needy and working with the counties on addressing the needs of the homeless population. The Hawaii Emergency Management Agency is waiting for guidance from the Centers for Disease Control and Prevention and Food and Drug Administration on the use of technological solutions for contact tracing.

V. CURRENT AND PROJECTED COVID-19 TESTING NEEDS AND CAPACITY

The Committee discussed several aspects of coronavirus testing. Specifically, the Director of Health commented that testing is helpful to confirm the existence of COVID-19 but not in formulating a response. The Director believes that measures like social distancing, contact tracing, surveillance, and quarantine are more important. The Director noted that the situation in Hawaii is manageable so far because of the limited number of positive cases. The Director noted that the current focus should be on identifying cases and contact tracing. Access to and availability of rapid testing will be very important as out-of-state individuals start entering Hawaii again during the economic-recovery period.

The Committee discussed the problems and issues associated with increasing local testing capacity. It was noted that the ability of laboratories in Hawaii to perform tests each day is limited by the lack of supplies, including extraction supplies, testing swabs, and viral transport mediums to transport the test samples. The Major General noted that the Hawaii Emergency Management Agency is already in the process of obtaining additional supplies, including through the Strategic National Stockpile and additional orders through the Federal Emergency Management Agency. However, the competitive problem of high international demand for these supplies remains.

Currently, there are three local medical and clinical testing laboratories: Diagnostic Laboratory Services, Inc.; Clinical Labs of Hawaii; and the State Laboratory. According to Major General Hara, the two private laboratories can each perform between 180 to 200 tests



per day and the State Laboratory can perform about 300 per day. Thus, approximately 700 tests per day can be conducted locally, within a 24-hour turnaround time. However, there are concerns that too much mass testing, including of asymptomatic individuals, can unnecessarily drain scarce supplies.

#### VI. UPDATE FROM THE HAWAII MEDICAL SERVICE ASSOCIATION

The Hawaii Medical Service Association (HMSA) provided an overview regarding Hawaii's economic recovery, post COVID-19. HMSA noted that there is no vaccine, cure, or evidence of herd immunity at this time for COVID-19. As Hawaii gains control of this first outbreak, it must be careful not to trigger a second or third outbreak in its attempts to recover. However, steps must be taken quickly to restore the State's economy, or ramifications to public health will be large and long-lasting. A disciplined, thoughtful, coordinated, and unified approach is therefore crucial.

HMSA also noted the importance of public/private partnerships. A unified strategy that is agreed to by all stakeholders and communicated transparently, fosters public confidence and maintains public safety, and based on available science and data is needed. One such model could be the approach adopted by New Zealand. Finally, HMSA noted that screening, testing, tracking, and quarantine are four areas that must be considered for Hawaii's economy to successfully recover.

## VII. THE TOURISM ECONOMY

The tourism economy will likely take longer to revive than the local economy. As noted in the prior meeting of the Committee, the worst-case scenario is that tourism will not recover until a vaccine for COVID-19 is developed and widely available, which could take 12 to 18 months. The best-case scenario would be for tourism to recover by the late summer or early fall. However, this scenario is contingent on tourists' perceiving that Hawaii is a safe destination to visit and Hawaii residents' feeling that tourists are not a source of the novel coronavirus. Many factors are beyond the State's control, such as a willingness for visitors from major markets like California and Japan to resume travel. Promoting airline passenger confidence by using antibody/antigen tests for inbound and outbound passengers could assist in these efforts. Cruise-ship tourism may not restart until after the development of a COVID-19 vaccine. Because the tourism economy will take longer to recover, the focus should be on the non-tourism economy first.

## VIII. ADDITIONAL CONSIDERATIONS

A streamlined approach may be needed to address the multiple issues related to the COVID-19 pandemic and reopening Hawaii's economy. One suggestion was to create a dedicated department within state government, similar to the federal Department of Homeland Security that was established in the aftermath of the terrorist attacks of September 11, 2001. Providing the public with a center or focal point for recovery efforts will increase public confidence.

IX. NEXT MEETING

The Committee adjourned at 11:29 a.m. The next Committee meeting will convene on Monday, April 20, 2020, at 10:00 a.m. via videoconference. Ms. Lisa Maruyama, President and CEO of the Hawaii Alliance of Nonprofit Organizations, requested an update on the spend-down of federal stimulus monies. In addition, there will be a discussion on how the grid regarding ideal public health infrastructure required before reopening Hawaii's local and tourism economies, as proposed by HMSA, will be structured and executed.