



# OAHU REGION HAWAII HEALTH SYSTEMS CORPORATION

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

April 6, 2023, 10:00 A.M.  
Conference Room 211 & VC  
Hawaii State Capitol

Sean Sanada  
Oahu Region Chief Administrative Officer  
Hawaii Health Systems Corporation

**Re: Testimony in Support, Request for Modification of Appropriated Amount**

HB 406, HD2, SD1 RELATING TO HEALTH

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Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee on Ways and Means:

HB 406, HD2: (1) requires the department of health (hereinafter, "DOH") and Oahu regional health care system (hereinafter, "Oahu Region") to develop a strategic plan for the utilization of all Oahu regional health care system facilities and report to the legislature prior to the regular session of 2024; (2) extends the assimilation deadline for the Daniel K. Akaka state veterans home to June 30, 2024; (3) requires the Oahu Region and department of defense to provide a joint progress report to the legislature regarding construction of and the hiring of an operator for the Daniel K. Akaka state veterans home; and (4) appropriates capital improvement funds to the Oahu Region for a joint project with the City and County of Honolulu to construct a transitional housing and treatment center on the Leahi Hospital campus.

The Oahu Region respectfully offers the following testimony in support:

### **Strategic Plan for Utilization of the Oahu Region's Facilities**

- The Oahu Region and DOH understand that there is a current and immediate need for behavioral health and substance use services on Oahu. That being said, it should be emphasized that the Oahu Region and DOH – in addition to working on the Oahu Region transition to DOH pursuant to Act 212, SLH 2021 – contemporaneously explored projects that could be quickly implemented in the Oahu Region's facilities under existing conditions.
- One of the successful results of our work with the DOH was the Palekana behavioral health program, which started in December 2019 as a pilot project to provide lower acuity mental health and substance use treatment for Hawaii State Hospital patients.

While the program initially started with only six (6) beds, we were able to expand the bed space to its current capacity of 28 beds. Based on calculations made by the DOH Adult Mental Health Division (“AMHD”), the Palekana program at Leahi yields the DOH estimated annual savings of over \$15 million in comparison to housing such participants at the Hawaii State Hospital.

- The Oahu Region has recently been working with the DOH to shift some of the existing programs at Leahi Hospital to new areas in an effort to maximize the amount of remaining space that is immediately usable. Given the success of the Palekana program, we would like to commit this remaining space to expand Palekana’s bed capacity.
- At the Oahu Region’s other facility, Maluhia, there is one unit that could currently be utilized for a DOH program. Toward that end, we have been evaluating a number of projects that would be appropriate based upon regulatory and logistical considerations.
- Although it is true that there is a reasonable measure of unused space at Leahi Hospital, it should also be noted that much of this space currently rests in a dilapidated state and will require millions of dollars and years of construction to fabricate it for clinical use. Nevertheless, as such construction could be materially expedited through the reasonable exercise of the Oahu Region’s procurement exemptions, it is our plan to continue working with the DOH and other relevant parties to develop additional plans for expanded programming once the unusable spaces become commercially operational.
- Given our ongoing efforts to responsibly and effectively utilize the Oahu Region’s facilities, the Oahu Region supports submitting a strategic plan that outlines the process and anticipated goals.

### **Extension of the Deadline to Assimilate the Daniel K. Akaka State Veterans Home into the Oahu Region**

- Although the Oahu Region has been actively playing a consultative and otherwise supporting role in the development of the Daniel K. Akaka State Veterans Home in Kapolei, the department of defense (“DOD”), with the vital assistance of the department of accounting and general services (“DAGS”), is the primary party overseeing its construction. The Oahu Region’s responsibility for the facility is intended to formally take place once the facility is completed.
- The Daniel K. Akaka State Veterans Home was initially slated to be completed in the spring of 2023. Due to COVID-19 and the impact this pandemic had on part production, shipping, and other supply chain issues, the facility is now expected to be completed sometime in 2024.
- Act 285, SLH 2022, which facilitates the transfer of the Daniel K. Akaka State Veterans Home from the DOD to the Oahu Region, set the deadline for the transfer on June 30, 2023.
- Given that the Daniel K. Akaka State Veterans Home will not be fully constructed until 2024, the Oahu Region supports the one-year deadline extension granted by the instant measure.

### **Joint Project with the City and County of Honolulu**

- During the course of our strategic planning, the Oahu Region has been collaborating with the Emergency Medical Services Department of the City and County of Honolulu

(hereinafter, "CMS") to develop a program to help alleviate the waitlist issues being faced by acute facilities throughout Oahu.

- We recently identified a large unused space on the Leahi Hospital campus that could be quickly fabricated to provide medical services and transitional housing for approximately forty (40) individuals at any given time. The direct beneficiaries of these services would be lower acuity patients who do not require acute beds but remain at our local hospitals because there is no place for them to be safely discharged. Other beneficiaries include similarly injured or sick individuals who are found in the community and can be taken directly to this facility instead of the ER.
- If funded and we are able to expedite all necessary permits, we are hopeful to be operational within 6-12 months. It is our intent to utilize the Oahu Region's procurement exemption to streamline construction. While meals and maintenance services would be provided by Oahu Region staff, the program would otherwise be facilitated by EMS.
- Based upon our joint assessment of the proposed space, the funding required to complete all necessary construction is approximately \$2M. As this will be a joint venture with EMS, the Oahu Region's contribution – if approved by the legislature – would be \$1M with the remaining costs to be covered by the City and County of Honolulu.
- Accordingly, the Oahu Region stands in strong support of HB 406, HD2, SD1, which provides the Oahu Region with an appropriation of \$1M in FY24 and \$1M in FY25 to cover the Oahu Region's share of construction costs for a transitional treatment and housing facility on the Leahi Hospital campus.
- **Given that the Oahu Region's total contribution for this project is \$1M, we respectfully request that the additional \$1M currently appropriated for FY25 be removed from instant bill.**

Thank you for the opportunity to testify on HB 406, HD2, SD1.



STATE OF HAWAII  
**DEPARTMENT OF DEFENSE**  
**OFFICE OF THE VETERANS' SERVICES**  
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TESTIMONY ON HOUSE BILL 406, HD2, SD1  
A BILL RELATING TO HEALTH

PRESENTATION TO

COMMITTEE ON WAYS AND MEANS

BY

RONALD P. HAN JR., DIRECTOR, STATE OFFICE OF VETERANS SERVICES

April 6, 2023

Chair Dela Cruz, and Vice Chair Keith-Agaran, and Members of the Ways and Means Committee.

I'm Ron Han, Director, State Office of Veterans Services, and I am offering testimony with **COMMENTS** for HB 406, HD2, SD1, Relating to Health.

There are two provisions of HB 406, HD2, SD1 that we would like to amplify: First, the extension of the assimilation of the Daniel K. Akaka State Veterans Home (DKA SVH) to 6/30/24 from State DOD to Hawaii Health Systems Corporation (HHSC)-Oahu Region. We have been working with HHSC-Oahu Region, the Department of Accounting and General Services, the State Attorney General's Office, and the State DOD for ten months since the implementation of HB 1893 that would have transferred the DKA SVH to HHSC-Oahu Region by June 30, 2023. Deputy State Attorney General Michael Vincent working with the Corporation Counsel of HHSC-Oahu Region, determined that a Memorandum of Agreement (MOA) would be most suitable if the date would have to be extended vice using legislation. Consequently, with the 15<sup>th</sup> revision of this MOA, both HHSC-Oahu Region and State DOD have completed required signoffs to affect this date change.

Secondly, on the provision for HHSC-Oahu Region and State DOD to provide a joint progress report to the legislature regarding the construction and the hiring of an operator for the DKA SVH. We believe it is most appropriate that these two agencies continue to work collaboratively to provide and to package this joint progress report for the legislature since we have been meeting weekly for over nine months. During these sessions updates are provided on the status of construction and the multiple drafts that have been amended and reviewed for the operator proposal for DKA SVH.

Thank you for this opportunity to provide comments on this measure.

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

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**LATE**

The Thirty-Second Legislature, State of Hawaii  
The Senate  
Committee on Ways and Means

Testimony by  
Hawaii Government Employees Association

April 6, 2023

H.B. 406, H.D. 2, S.D. 1 — RELATING TO HEALTH

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes the purpose and intent of H.B. 406, H.D. 2, S.D. 1, Section 2(C) which allows for the hiring of an operator for the Daniel K. Akaka State Veterans Home.

We agree that the Daniel K. Akaka State Veterans Home should be placed under the Oahu Regional Health Care System and are supportive of the eventual transfer of the Oahu Regional Health Care System to the Department of Health. However, we do not support, and we strongly oppose the provision in this legislation stating the Daniel K. Akaka State Veterans Home will be run by an operator. Employees of the Daniel K. Akaka State Veterans Home should be public employees and treated no differently to staff in the same or similar job classes at other Oahu Region long-term care facilities and the Department of Health where the Oahu Regional Health Care System will eventually be transferred.

**We respectfully ask that the bill be amended to state that employees of the Daniel K. Akaka State Veterans Home will be considered state/public employees and will not be exempt from Chapters 76, 87A, 88, and 89, Hawaii Revised Statutes.**

Thank you for the opportunity to provide testimony in opposition of H.B. 406, H.D. 2, S.D. 1.

Respectfully submitted,

Randy Perreira  
Executive Director