



OAHU REGION HAWAII HEALTH SYSTEMS CORPORATION

**Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair**

February 23, 2024, 10:30 A.M.
Conference Room 211 and Via Videoconference
Hawaii State Capitol

Sean Sanada
Oahu Region Chief Administrative Officer
Hawaii Health Systems Corporation
Re: Testimony in Support of Intent

SB 2837, SD1, RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM, HAWAII HEALTH SYSTEMS CORPORATION

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

SB 2837, SD1 requires the transfer of the Maui State Veterans Home to the Oahu Regional Health Care System (hereinafter, "Oahu Region") and then to the Department of Health, as part of the Oahu Region transfer pursuant to Act 212, Session Laws of Hawaii 2021.

The Oahu Region recognizes that, despite the high need, there is currently no state veterans home on the island of Maui to provide long-term care services for their veteran community. The Oahu Region further recognizes that management, operation, and staffing of the Maui state veterans home should be placed under a state agency with the expertise to manage a long-term care facility. Assuming that the Maui Regional Healthcare System or other state agency is unable to generate the resources required to manage a new facility on the island, the Oahu Region is willing to take on this role.

Should our participation become necessary, however, please bear in mind that construction of the Daniel K. Akaka State Veterans Home on Oahu (hereinafter, "DKASVH") will not be completed until March 2024. Thus, while much time and effort has gone into operational planning and construction support, we have yet to fully grasp the magnitude of our responsibilities in regard to this venture. Accordingly, we respectfully ask for the legislature's continued understanding and support as we deal with the many unforeseen legal and logistical issues that will likely arise for the DKASVH and, if given the responsibility, the planned Maui facility.

The Oahu Region concurs with the amendments that have been recommended by the Corporation.

Thank you for the opportunity to provide testimony on this important measure.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

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

Testimony by
Hawaii Government Employees Association

February 23, 2024

S.B. 2837, S.D. 1 — RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM,
HAWAII HEALTH SYSTEMS CORPORATION.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly opposes the purpose and intent of S.B.2837, S.D. 1, which requires the transfer of the Maui State Veterans Home to the Oahu Regional Health Care System and then to the Department of Health, as part of the Oahu Regional Health Care System transfer pursuant to Act 212, Session Laws of Hawai'i 2021.

The Hawaii Government Employees Association raises serious questions and concerns about this measure. For decades, Maui stakeholders, including Maui Legislators, have been outspoken proponents about keeping Maui based health facilities under the jurisdiction of their island. And quite frankly, we don't think Maui stakeholders and community members want another island to dictate what they can and cannot do. The Maui Health System Corporation still exist and can be reactivated for this purpose, or the Maui Veterans home can be directly transferred and fall under the jurisdiction of the State Department of Health. So why would a state-run Maui Veterans home be transferred and fall under the jurisdiction of the Oahu Regional Health Care system?

Thank you for the opportunity to provide testimony in opposition of S.B. 2837, S.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director



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

"Quality Healthcare For All"

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice-Chair

February 23, 2024
10:30 AM
Hawaii State Capitol
Room 211 & Via Videoconference

**Supporting the Intent of SB 2837 SD1, with a Request for Amendments
RELATING TO THE OAHU REGIONAL HEALTH CARE SYSTEM, HAWAII HEALTH
SYSTEMS CORPORATION**

Requires the transfer of the Maui State Veterans Home to the Oahu Regional Health Care System and then to the Department of Health, as part of the Oahu Regional Health Care System transfer pursuant to Act 212, SLH 2021. Takes effect 12/31/2050.

Edward N. Chu
President & Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony to **support the intent of SB 2837 SD1, with a request for amendments.**

Should it be the will of the Legislature to pass this measure, we respectfully request the following amendments be included to statutorily allow for the inclusion of the Maui State Veterans home into the Oahu regional health care system **by amending Section 323F-2(b)(1), Hawaii Revised Statute** with the following language:

"(b) The corporate organization shall be divided into five regional systems, as follows:

- (1) The Oahu regional health care system **which may include the State Veterans home on Maui;**"

Furthermore, to address the Maui home-rule concerns raised by HGEA by broadening the options to allow the project to move forward, we suggest the following:

. SECTION 2. (a) No later than June 30, 2027, the Maui state veterans home on Maui shall be assimilated into the Oahu regional health care system **or another state agency** in a manner and to an extent that may be negotiated between the Oahu

regional health care system **or another state agency** and the department of defense. After assimilation, the physical assets and the ground lease of the Maui state veterans home shall become property of the Oahu regional health care system **or another state agency** and the Maui state veterans home shall be managed by the Oahu regional health care system **or another state agency**.

Thank you for the opportunity to provide testimony on this matter.

TESTIMONY ON SENATE BILL 2837 SD1
A BILL RELATING TO THE OAHU REGIONAL HEALTHCARE SYSTEM,
HEALTH SYSTEMS CORPORATION

PRESENTATION TO
SENATE COMMITTEE ON WAYS AND MEANS

BY

Thomas M. Driskill, Jr
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February 23, 2024

10:30 AM

Chair Donovan M. Dela Cruz, Vice Chair Sharon Y. Moriwaki and Members of the Committee

I am Tommy Driskill and I am testifying in strong **SUPPORT** of SB 2837 SD1, Relating to the Oahu Regional Healthcare System, Hawaii Health Systems Corporation.

Based upon my past years of experience as President/CEO, Hawaii Health Systems Corp (HHSC) Aug 1997 to Dec 2009, during which time I oversaw the planning, construction, opening and initial operation of the Yukio Okutsu State Veterans Home, Hilo and my work over the past two years and nine months overseeing construction of the Daniel K. Akaka State Veterans Home (DKA SVH), Kapolei for the Director, Office of Veterans Services, DOD, SOH, I feel uniquely qualified to strongly **SUPPORT** this legislation.

In 2021/2022, The Department of Defense (DOD) worked hard to align the DKA SVH under their administration with a goal of ultimately providing oversight of a contracted manager once the new facility was operationalized. Moving through that process, DOD determined they had **NEITHER** the medical expertise for continued operational oversight of a long-term care facility, **NOR** the legal flexibility to contract, administer and provide operational oversight for a long-term care facility. Additionally, DOD lacked legislative authority to create 501-c3 tax-free structures like HHSC. Faced with this challenging situation, Representative Ryan Yamane, District 19, introduced HB 1893 to the 2022 legislature. Recognizing the need for proper contract management oversight, this bill mandated ownership transfer of the DKA SVH from DOD to the Oahu Region, HHSC not later than June 30, 2023. The 2022 legislature passed the bill as HB 1893 HD1, SD2 CD1 and it was later signed into law by Governor David Ige as ACT 285 Session Laws of Hawaii 2022. Without this transfer of oversight authority, the DKA SVH would never have become a reality. However, thanks to legislative intervention, our 120 bed Long-Term Care facility in Kapolei for Veterans, their spouses and Gold Star parents is now 99% complete. The contract manager selection process will culminate in February 2024, furniture and equipment delivery begins in March 2024, substantial construction completion / beneficial occupancy certification is anticipated in Spring 2024 and initial patient intake to begin in Summer/Fall 2024.

In addition to our 1st SVH, a 95 bed facility in Hilo, our new 2D SVH, a 120 bed facility in Kapolei, will help meet our Veterans and community long-term care needs, but a greater need still exists especially on our neighbor islands with particular emphasis on Maui. Accordingly, the Hawaii Office of Veterans Services submitted a pre-application to the Office of State Veterans Homes, US Department of Veterans Affairs, in March, 2023 for a 3D SVH to be located on Maui. That pre-application was accepted in April, 2023 and is under continuing review. The 3D SVH, Maui is scoped to be a 60 bed, 82,500 sq ft facility, costing approximately \$93M with construction cost to be approximately shared 35% State and 65% Federal.

Today we face basically the same situation on Maui that we faced with DKA SVH on Oahu in that DOD has neither the medical expertise nor the authority to contract, administer and provide operational oversight for a long-term care facility on Maui. Further exacerbating the situation is the fact that there is not currently a viable Maui Region, HHSC capable of providing oversight. If the Maui community opts to reconstitute their Maui Region, HHSC Board of Directors and hire staff to accept ownership / provide operational oversight for a 3D SVH Maui, that will be great. But, until such time as that happens, some other state agency must be identified to assume that responsibility. The legislation we are strongly supporting herein will establish authority so that operation of a 3D SVH Maui can be properly overseen by a State Agency qualified to provide this oversight. In the absence of a viable Maui Region, HHSC, the Oahu Region, HHSC has that capability and is willing to assume operational oversight until such time as the Maui Region, HHSC can be reconstituted or into perpetuity if necessary. Should the Committee support proper operational oversight by Oahu Region, HHSC while retaining an option for the Maui Region, HHSC to step into that role at a later time, that option can be accommodated by adding wording "or some other qualified state agency" at the appropriate points in SECTION 2(a) of SB2837 SD1. As an alternative, the committee could pass SB2837 SD1 with no changes, then, if the Maui Region, HHSC does reconstitute itself at a later time, this legislation could be amended to have Maui Region, HHSC supplant Oahu Region, HHSC. DOD has no preference, but deems putting proper operational oversight authority by a qualified state agency in place in 2024 is essential if this project is to go forward without delay.

In order to ask our Governor to submit a request to our State Legislature in 2025 for a \$35M State match portion of the 3D SVH Maui construction cost (to trigger the \$58M Federal match), two things must be accomplished in 2024:

- We must put in place legislative authority so that proper operational oversight can be provided for a 3D SVH Maui by a qualified state agency. SB2738 SD1 will provide that authority.
- We must identify state land on Maui where our new facility can be constructed. This effort is on-going as we speak.

If we fail to accomplish either of these two tasks this year, then at a minimum, this project will be set back at least another year best case. When we point out that under the most optimal circumstances, if all approvals can be obtained in a timely fashion, the very earliest we could hope to open our 3D SVH Maui for patient intake would be CY 2029 and more likely it would be CY 2030. Adding another year to this already arduous process would result in simply further delaying sorely needed care for our most deserving Veterans, their spouses and Gold Star parents.

Thank you for your consideration of this important legislation which we strongly support on behalf of both our Maui Veterans and our State-wide Hawaii Veterans, their families and our Gold Star Parents.

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