

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

Testimony in SUPPORT of SB 3128 SD2 HD1
RELATING TO ACT 212, SESSION LAWS OF HAWAII 2021

REPRESENTATIVE KYLE T. YAMASHITA, CHAIR
HOUSE COMMITTEE ON FINANCE

Tuesday, April 02, 2024, 4:00 PM, Room 308

1 **Fiscal Implications:** The Department estimates \$225,000 in funding will be necessary to
2 implement the working group and reporting requirements contained in the HD1 version of the
3 bill and requests that any funding does not supplant the requests outlined in the Governor's
4 executive budget request.

5 **Department Position:** The Department of Health (Department) supports the original intent of
6 this measure, and respectfully requests that the committee revert to the language in the SD2
7 version of the bill.

8 **Department Testimony:** The Behavioral Health Administration (BHA) provides the following
9 testimony on behalf of the Department.

10 The HD1 of this measure pushes out the requirement to transfer the Oahu Regional
11 Health Care System (Oahu Region) in its entirety from the Hawaii Health Systems Corporation
12 (HHSC) to the Department from December 31, 2025 to December 31, 2026. While the
13 Department appreciates the Legislature keeping this measure alive and the continued
14 discussion, the Department strongly believes that the transfer is no longer necessary and
15 prefers the original version and subsequent Senate Drafts, which repealed the transfer entirely

16 On December 30, 2021, the Department submitted a report to the Legislature that
17 included a consultant's assessment of the transition plans and associated costs of incorporating
18 the Oahu Region into the Department. The report cost \$452,834.13 and included a 5-year

1 operating budget pro-forma and a 10-year Capital Improvement Plan. The report detailed the
2 complexity of the transition, the associated cost, and the estimated timeline. The transition
3 cost was estimated at **\$10.3 million** with an annual post-transition cost of \$5 million. As this
4 report will need to be updated to meet the requirements of the HD1, the Department
5 estimates an appropriation of \$225,000 in FY24-25 to complete this work.

6 The Department believes that the intended goals of the transfer can still be achieved
7 without a costly transition. For example, the Department already rents space from the Oahu
8 Region on the Leahi Hospital campus for three of its programs through Memorandums of
9 Understanding. The Department is interested in additional space and will continue to work
10 collaboratively with the Oahu Region for any usable space they identify within their facilities.
11 Therefore, the Department strongly supports the original intent of this measure and supports
12 the Oahu Region remaining under the HHSC with its own program ID.

13 Thank you for the opportunity to testify in support of this measure.

14 **Suggested Amendments:** The Department respectfully requests the SD2 version of this bill
15 replace the current contents.



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

"Quality Healthcare For All"

COMMITTEE ON FINANCE
Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice-Chair

April 2, 2024
4:00 PM
Hawaii State Capitol
Room 308 & Via Videoconference

Testimony with Comments on SB 3128, SD2, HD1

Extends the transfer of the O'ahu Regional Health Care System (O'ahu Region) from the Hawai'i Health Systems Corporation to the Department of Health to 12/31/2026. Requires the working group established by Act 212, SLH 2021, to submit a report to the Legislature on updates to the operating and budget plan and pro forma capital improvements plan and a breakdown of costs related to the transfer. Requires the O'ahu Region to enter into an agreement with the Department of Health regarding the O'ahu Region taking care of low acuity patients in the Department's custody by the end of 2024. Requires the O'ahu Region to report to the Legislature. Effective 7/1/3000.

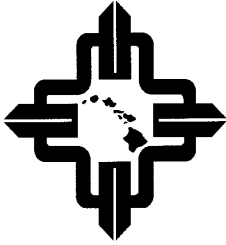
Edward N. Chu
President & Chief Executive Officer
Hawai'i Health Systems Corporation

On behalf of the Hawai'i Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony with comments on **SB 3128, SD2, HD1**

In 2021, when this Legislature passed Act 212, the HHSC O'ahu Region's facilities were viewed as potential sites to assist the Department of Health with addressing the gap in the behavioral health care system between acute psychiatric care facilities and low acuity residential treatment with the idea to utilize Le'ahi Hospital and Maluhia as subacute level of care facilities. In the time since its passage, there is a broader, better understanding of the constraints and costs this idea posed. Those concerns remain. Additionally, O'ahu Region has worked with community partners towards fulfilling the general intent of Act 212, while still within the HHSC structure. HHSC remains supportive of the O'ahu Region's desire to stay with HHSC through the repeal of Act 212, Session Laws of Hawai'i. The time and resources that would be dedicated to continuing to implement this transition are otherwise better invested in building out the programs that are underway through the established partnership between DOH and the O'ahu Region.

As both the Department of Health and O'ahu Region no longer believe the transition is necessary to accomplish the goal of working together to improve the healthcare delivery system, we respectfully request that the SD2 version of this measure be passed.

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



OAHU REGION HAWAII HEALTH SYSTEMS CORPORATION

**Committee on Finance
Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice-Chair**

April 2, 2024, 4:00 P.M.
Via Video Conference
Conference Room 308
Hawaii State Capitol

Sean Sanada
Oahu Region Chief Administrative Officer
Hawaii Health Systems Corporation

Re: Comments

**SB 3128, SD2, HD1 RELATING TO ACT 212, SESSION LAWS
OF HAWAII 2021**

Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee on Finance:

SB 3128, SD2, HD1 extends the deadline under Act 212, Session Laws of Hawaii 2021, as amended by Act 150, Session Laws of Hawaii 2022 (hereinafter, "Act 212") to transition the Oahu Regional Health Care System (hereinafter, "Oahu Region") from the Hawaii Health Systems Corporation ("HHSC") to the Department of Health (hereinafter, "DOH") until 2026.

SB 3128, SD2, HD1 also requires: (1) the Oahu Region and the DOH to enter into an agreement in regard to taking care of low acuity patients in the DOH's custody by the end of 2024; (2) the Act 212 "working group" to submit an updated report to the legislature on the costs to complete the transition prior to the 2026 session; and (3) the Oahu Region to submit a report to the 2026 legislature regarding partnerships and the use of its facilities as part of the continuum of care for long-term care and mental and behavioral health services in the State.

In its prior iteration – SB 3128, SD2 – this Bill repealed Act 212 and required the Oahu Region and DOH to enter into an agreement in regard to taking care of low acuity patients in the DOH's custody. The Oahu Region supported and preferred this iteration because completing and maintaining the transition would come at a very high perpetual cost with no net gain in services for the community. Moreover, through collaborative efforts with other government and health care agencies, the Oahu Region has already been able to address some of the primary aims of Act 212 by fully utilizing the available spaces on its campuses with services that address behavioral health and substance use treatment, homelessness, and waitlisted patients in our local acute facilities. In regard to caring for low acuity DOH patients, the Oahu Region actively supports admitting appropriate DOH patients to Leahi Hospital and will continue doing so with or without an underlying agreement.

Despite the foregoing, if it is the will of this Legislature that the Oahu Region and DOH further explore the financial viability of the Act 212 transition, the Oahu Region will continue to participate in the process. Based on our discussions with the DOH, however, it is our understanding that an appropriation may be necessary in order to complete the report required in Part I of SB 3128, SD2, HD1.

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