

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 1297, S.D.1, PROPOSED H.D.1

April 2, 2015
3:30 P.M.

RELATING TO DISPOSITION OF TAX REVENUES

Senate Bill No. 1297, S.D.1, Proposed H.D.1, specifies that the cigarette tax and tobacco tax law distributions shall be realization of the general fund after July 1, 2015 and appropriates funds.

The Department has a comment on this bill. The bill eliminates, among other things, the direct allocation of 2.0 cents per cigarette which is currently deposited in the Hawaii Cancer Research Special Fund and allocated to the Cancer Research Center for the payment of debt service on certain University of Hawaii Revenue Bonds.

Termination of the direct allocation of this revenue source may be a credit concern for the bond holders and rating agencies. The Department will defer to the University of Hawaii to further assess the potential impact of this bill.

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



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
House Committee on Finance
Thursday, April 2, 2015 at 3:30 p.m.

By

Robert Bley-Vroman, Chancellor

And

Jerris Hedges, MD, MS, MMM

Dean, John A. Burns School of Medicine

Interim Director, University of Hawai'i Cancer Center

University of Hawai'i at Mānoa

SB 1297 SD1 PROPOSED HD1 – RELATING TO DISPOSITION OF TAX REVENUES

Chair Luke, Vice Chair Nishimoto, and members of the committee:

The University of Hawai'i provides the following comments on SB 1297 SD1 Proposed HD1.

Since its inception, the cigarette tax revenue has been used to support vital health care services in the state, including cancer research and prevention, the state trauma system, community health center, and emergency medical service. Act 316, SLH 2006 states that the "...Legislature finds that allocating a significant percentage of tobacco tax revenues to programs that strive to maintain Hawai'i's health such as the cancer research center of Hawai'i, Hawai'i's emergency medical services, critically needed trauma centers, and the community health centers are the most appropriate and effective use of such revenues to help the greatest number of people in our island-state."

The Proposed HD1 of SB 1297 disburses all cigarette tax and tobacco tax revenues to the credit of the general fund and appropriates funding from the state's general fund for certain state programs.

It is important to recognize that the portion of cigarette tax revenue currently benefiting the Hawai'i Cancer Research Special Fund is specifically pledged towards revenue bonds that were sold to construct the University of Hawai'i Cancer Center (Cancer Center) in 2010 and Cancer Center-related research operations. Because the bill caps the funds allocated to the Cancer Center for two (2) years only, we are concerned that once the biennium is over, the general fund dollars will become part of the base that will go to the University of Hawai'i System, or simply not be appropriated by the Legislature. This important funding stream will no longer be earmarked for the Cancer Center. Limiting the revenue capacity by statute from cigarette taxes originally intended to support Cancer Center revenue bonds and research operations could have a significant negative credit rating impact to the outstanding bonds and the loss of new federal dollars into Hawai'i. Therefore, we request that the funds noted in section 3 and 4 be directed to UOH 110 as opposed to UOH 100 or UOH 900.

In order to preserve the funding needed for debt service, we respectfully suggest that money be earmarked specifically for the debt service cost associated with the revenue bonds, similar to the distribution of Transient Accommodation Tax moneys as outlined in Chapter 237D-6.5. **We suggest the addition of a new subsection (E) in section 245-3(a)(11) beginning at page 5 as follows:**

“\$7,800,000 shall be allocated to the University of Hawaii to pay for debt service payments related to the issuance of revenue bonds to finance the cost of construction of a university health and wellness center.”

We appreciate the allocation of \$6,257,539 for the administrative and operating expenses. However, we request that the sum be increased to \$7 million which would ease the fiscal burden of the Cancer Center for the next year and enable it to reorganize its financial obligations.

One of the reasons the Cancer Center was awarded the NCI designation was the support demonstrated by the State of Hawai'i through the cigarette tax revenue. The P30 NCI designation awarded to the Cancer Center enables it to focus on reducing the incidence and burden of cancer in our local communities. Thus, the Cancer Center investigators have studied the rates of cancer among Hawai'i's different ethnic populations, coordinated clinical cancer treatment trials in local hospitals and clinics, researched and explored possible cures for cancer derived from flora and fauna found only in Hawai'i, and conducted research among our school-aged children to reduce the risk of tobacco-related cancers. For Hawai'i's Cancer Center to maintain the NCI designation that supports these benefits for the people of Hawai'i, there must be sustainable and clearly identifiable state support for the Cancer Center. Such may not necessarily be the case if specific special funds are replaced by general fund appropriations by the Legislature.

We are aware of the movement to tax other cigarette and nicotine-containing products that is ongoing both here and in other parts of the country. The dollar amount caps on the cigarette and tobacco tax would restrict this important funding source not only for the Cancer Center but also for other health-related programs designed to deal with smoking and the diseases that result from smoking. Caps should be set at appropriate amounts to enable programs to continue their ongoing work and adjusted upwards as new cigarette and nicotine-containing product taxes are enacted.

Finally, the Proposed HD1 does not address the special fund ceilings contained in the budget bill that would enable or prohibit the use of the cigarette tax reserve that the Cancer Center currently maintains. Although cost-saving measures are being undertaken by both JABSOM and the Cancer Center through the concept of a unified Kaka'ako campus, the reserves will be necessary to sustain the Cancer Center for the next 1-2 years. Therefore, we request that the special fund ceilings remain in the budget through the biennium.

Mahalo for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, April 01, 2015 9:24 AM
To: FINTestimony
Cc: lindaemsipsb@yahoo.com
Subject: Submitted testimony for SB1297 on Apr 2, 2015 15:30PM

SB1297

Submitted on: 4/1/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Rosen	HHSC	Oppose	No

Comments: The Trauma Special Fund supports HHSC hospitals as Level III Trauma Centers providing life-saving services to the injured on the neighbor islands.

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TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Disposition of revenue

BILL NUMBER: SB 1297 Proposed HD-1

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: This bill would provide that cigarette and tobacco tax revenue shall be deposited directly into the general fund after July 1, 2015. Program areas previously funded by cigarette and tobacco tax revenue will then be funded by direct appropriations which would increase transparency and accountability.

BRIEF SUMMARY: Amends HRS section 245-15 to provide that after July 1, 2015, cigarette and tobacco tax revenue shall be deposited into the general fund rather than the various special funds.

Appropriates general funds on July 1, 2015 for fiscal 2016 and fiscal 2017 to the following program areas:

\$7.8 million to the University of Hawaii, Manoa (UOH100), for debt-service associated with the Hawaii cancer research center;

\$6,257,539 for the University of Hawaii (UOH900) for administrative and operating expenses;

\$7,709,926 for emergency medical services and injury prevention system (HTH730) for emergency medical services operating expenses;

\$6,591,362 for emergency medical services and injury prevention system (HTH730) for trauma systems operating expenses;

\$6,427,050 for family health service (HTH560) for community health centers operating expenses.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: Currently, cigarette and tobacco tax revenues are earmarked to various special funds. Through this system, monies are diverted into these funds without any legislative intervention, expenses from the funds largely avoid legislative scrutiny, and it will be difficult to ascertain the effectiveness of the programs funded. It would also be difficult to ascertain whether or not the fund has too little or too much revenue.

The proposed measure would provide that cigarette and tobacco tax revenues shall be deposited into the general fund beginning on July 1, 2015 rather than the various special funds. This would allow the programs previously funded by the special funds to be scrutinized by the legislature to ensure that each program area receives adequate funding. It should be noted that the state auditor stated that these special

SB 1297 Proposed HD-1

funds “give state agencies full control of these unappropriated cash reserves, provide a way to skirt the general fund expenditure ceiling, and over time erode the general fund.”

While the adoption of this measure would greatly increase transparency in government finances this concept should be applied to the numerous other special funds in use throughout state government.

Digested 4/1/15

FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, April 01, 2015 7:53 AM
To: FINTestimony
Cc: sa-fire.holt@kapiolani.org
Subject: Submitted testimony for SB1297 on Apr 2, 2015 15:30PM

SB1297

Submitted on: 4/1/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
sa-fire holt	Kapiolani medical center	Oppose	No

Comments: "Please continue the current Trauma Special Fund. It provides important trauma and injury prevention programs. There is alot of education, injury and prevention knowledge that we try to promote to familys inorder to keep them safe, I myself as a parent support this funding 100%. I would also like to support all those single mothers out there that really looks up to coming to these events that we host to keep kids safe. I do NOT support SB1297"

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HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Ways and Means

The Hon. Jill N. Tokuda, Chair

The Hon. Ronald D. Kouchi, Vice Chair

Testimony on Senate Bill 1297, SD1 proposed HD1

Relating to Disposition of Tax Revenues

Submitted by Nani Medeiros, Public Affairs and Policy Director

April 2, 2015, 3:30 pm, Room 308

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, offers comments on the proposed HD1 draft to Senate Bill 1297, specifying cigarette tax and tobacco tax distributions.

Prior to 2007, community health centers in Hawaii received a general fund appropriation from the Department of Health budget. At that time, such an appropriation was removed in favor of the allocation of monies from the cigarette tax into a community health center special fund.

The proposed HD1 seeks to remove the current system in favor of granting general revenue payments for the operation of community health centers. While the HPCA appreciates such funding, it should be noted that the figure quoted in the proposed draft is based on 2014 data. In the changing face of health delivery in the state - including growing numbers of homeless, uninsured, and increased aging - there is no way to anticipate costs remaining stagnant years into the future.

Additionally, HB1161 is currently still going through the committee process. In that bill, a \$2M dollar transfer is being requested out of community health center special fund from the Department of Health to the Department of Human Services to provide health home services. If both bills were to pass, this could impose a significant drop in funding for community health centers in the state and an inability to implement the Medicaid health home program.

The HPCA again appreciates and supports the allocation of general revenues to health centers, but would caution against a sunset on the existing disposition of cigarette tax revenues. Doing so may endanger many essential providers in Hawaii.

For these reasons, the HPCA offers comments on this measure. Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 31, 2015 3:11 PM
To: FINTestimony
Cc: malaepoint@earthlink.net
Subject: Submitted testimony for SB1297 on Apr 2, 2015 15:30PM

SB1297

Submitted on: 3/31/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
DeborahGoebert	Individual	Oppose	No

Comments: I strongly OPPOSE SB1297. Please continue the current Trauma Special Fund. It provides important trauma and injury prevention programs.

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Cc: rosesabroad@hotmail.com
Subject: Submitted testimony for SB1297 on Apr 2, 2015 15:30PM

SB1297

Submitted on: 3/31/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Rose	Individual	Oppose	No

Comments: The amount of general funds proposed to be added to EMSIPSB's appropriation as replacement for special funds will not be sufficient to maintain and fully continue existing important trauma and injury prevention programs.

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Sent: Tuesday, March 31, 2015 6:08 PM
To: FINTestimony
Cc: david@kingdonconsulting.com
Subject: Submitted testimony for SB1297 on Apr 2, 2015 15:30PM

SB1297

Submitted on: 3/31/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David Kingdon, MPH, Paramedic	Individual	Oppose	No

Comments: I oppose this measure. If passed and enacted, its net effect would be to diminish the funding for trauma programs and injury prevention initiatives. To be honest, these programs are already underfunded. The only reason they are effective is due to the tireless and creative work of those involved. Sustained - and preferably expanded - funding of trauma and injury prevention in Hawaii is essential to the health and safety of our residents and visitors. Thank you for your consideration.

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Sent: Wednesday, April 01, 2015 7:41 AM
To: FINTestimony
Cc: case.golden@gmail.com
Subject: Submitted testimony for SB1297 on Apr 2, 2015 15:30PM

SB1297

Submitted on: 4/1/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Katherine Golden	Individual	Oppose	No

Comments: Please continue the current Trauma Special Fund. It provides important trauma and injury prevention programs. Injury is the leading cause of death and disability for children. These funds ensure that children are getting the health care and prevention services to help them live a healthy and productive lie. I do NOT support SB1297.

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Dear Senators Luke, Nishimoto and members of the Finance Committee,

I am a Trauma Surgeon who has worked in our Hawaii Trauma System for almost 2 decades and I strongly oppose Senate Bill 1297.

Injury is the leading cause of death for people from the ages of 1-44. Hospitalization costs for injury in our state approach \$400 million per year. The key to limiting the costs, both in years of life and financial burden, is in the prevention and early care for the victims of accidents. The Trauma Special Fund is essential to maintaining the quality injury prevention, trauma and emergency medical services that our residents and visitors depend upon. It is overseen by professionals with decades of experience in health care who can preemptively identify and quickly respond to threats to our trauma system.

I appreciate and endorse the desire of the legislature to want transparency and accountability in the use of these special funds. In 2014, our state was rated second best in the nation for "Injury Prevention" by the American College of Emergency Physicians. However, we have continued challenges regarding access to care (44th in the nation), challenges that are directly impacted by Trauma Special Fund support to our EMS and trauma centers. Loss of the Trauma Special Fund would create an immediate, disastrous budget shortfall for our existing programs. The ramifications of poor quality trauma care will be felt in increased costs for hospitalization for our uninsured or underinsured, workman's compensation, and long-term disability.

Just as my patients trust me to use my 12 years of surgical training and 19 years of surgical practice to quickly diagnose, and carefully and confidently operate to save them when they're injured, the legislature needs to trust our EMS and Injury Prevention System Branch to be proactive and nimble in identifying the funding priorities to address our State's most deadly and expensive threat: accidents and injury.

Thank you for your time and consideration,

A handwritten signature in black ink that reads "Susan Steinemann". The signature is written in a cursive, flowing style.

Susan Steinemann, MD, FACS
Trauma Surgeon, the Queen's Medical Center
Associate Professor, University of Hawaii Department of Surgery

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, April 01, 2015 1:58 PM
To: FINTestimony
Cc: Sauwelo@hhsc.org
Subject: *Submitted testimony for SB1297 on Apr 2, 2015 15:30PM*

SB1297

Submitted on: 4/1/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Sandra Auwelo	Individual	Oppose	No

Comments:

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SB 1297 – RELATING TO DISPOSITION OF TAX REVENUES

Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

I must strongly oppose this bill because it will compromise the stability and sustainability of the Trauma System and Emergency Medical Services, both of which are vital to the health and well-being of Hawai'i's citizens. The cigarette and tobacco tax revenue was designed by the Legislature to stabilize and enhance the health of Hawai'i. Passing this bill would dictate that those funds would no longer be directed towards the intended health-promoting programs, and will result in future shortfalls for those services state-wide. This bill undermines the progress and impact made by these important programs, and sets up future needless competition between agencies to address potential fiscal shortfalls, which is precisely what these funds were intended to circumvent by allowing health professionals to focus on providing broad support of the health of the people of Hawai'i rather than participate in budget hearings. I therefore respectfully ask this Committee not to pass SB 1297.

Thank you for the opportunity to testify.



THE QUEEN'S HEALTH SYSTEMS

To: Chair Sylvia Luke
Vice Chair Scott Y. Nishimoto
House Committee on Finance

LATE

From: Paula Yoshioka
Senior Vice President
The Queen's Health Systems

Re: SB 1297 SD 1, Proposed HD 1, Relating to Disposition of Tax Revenues
Hearing—April 2, 2015 at 3:30 PM

The Queen's Health Systems is opposed to the proposed HD 1 of SB 1297 SD 1. This legislation would result in decreased support for critical trauma and emergency services. While we understand the pressure our lawmakers face in addressing the state's financial and budgetary outlook, we are very concerned about the consequences of this legislation.

We are particularly concerned about the potential consequences that this legislation could have on the trauma system of care in the state. The revenue from the cigarette and tobacco tax that is allocated to the trauma systems special fund provides a dedicated and reliable source of funding for the state and hospitals to maintain and build upon the very specialized services needed to treat trauma patients.

Queen's is the primary and the only Level 2 trauma center for the state, providing services to close to 2,700 patients. Trauma services provided at Queen's includes 24/7 on-call coverage and the provision of specialized services and equipment to handle trauma cases. No matter the time of day or night, we are able to provide needed specialty care, such as trauma surgery or neurosurgery. Maintaining this service is costly but critical. The passage of this legislation would likely result in a 50 percent reduction in the support we get from the program, which would compromise our efforts to strengthen the trauma system of care. According to the most recent data on hand, Queen's lost more than \$3.7 million on our trauma services program, mostly for uncompensated costs of care. The trauma special fund helps to offset those losses by \$1.5 million.

In 2006, the legislature found that "allocating a significant percentage of tobacco tax revenues to programs that strive to maintain Hawaii's health such as... critically needed trauma centers... [is] the most appropriate and effective use of such revenues to help the greatest number of people in our island-state." This statement holds true today. Without the dedicated funding provided by the cigarette and tobacco tax revenues, it is likely that facilities in the state will not be able to even maintain our trauma system of care, much less build upon it. Moreover, the appropriations provided in the bill do not cover current encumbrances of the program for fiscal years 2015 and 2016.

This legislation would decrease access to critical care for all Hawaii residents. We would ask that you defer this legislation and maintain the cigarette and tobacco tax allocation for the trauma services special fund to ensure a dedicate source of funding for essential services. Thank you for your time and consideration of this important matter.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.

LATE



2 April 2015

The Honorable Sylvia Luke, Chair, House Committee on Finance
The Honorable Scott Nishimoto, Vice Chair, House Committee on Finance

Subject: **Oppose SB 1297 SD1 HD1 Proposed**

Dear Chair Luke and Members of the Finance Committee,

The Injury Prevention Advisory Committee **strongly opposes SB 1297 SD1 HD1 proposed**, which seeks to stabilize the general fund by providing more reliable sources of funding. The bill does not examine the impact on existing programs that use the Trauma Special Fund for essential trauma services and injury prevention programs. SB 1297 SD1 HD1 proposed also does not make any accommodation to continue services and programs that would not be included under the maximum amount that has been set.

Established in 1990, the Injury Prevention Advisory Committee (IPAC) is an advocacy group committed to preventing and reducing injuries in Hawai'i. IPAC members include representatives from public and private agencies, physicians and professionals working together to address leading areas of injury.

Of particular concern, is the trauma funded injury prevention positions that are necessary for a strong, effective injury prevention program and to make progress in reducing injuries in Hawaii as the leading cause of death for ages 1-40. The Legislature recognized the critical role of injury prevention in the Trauma System by passing Act 276.

In summary, this measure would be detrimental to a stable trauma system of care that Hawaii has worked since 2007 to develop. The bill has serious implications for preventing and reducing the burden of injuries that is possible through effective prevention programs and treatment services. We urge you to **not support SB 1297 SD1 HD1 proposed**, so that we can continue to save lives and prevent injuries through a fully supported coordinated system of trauma care.

Thank you for the opportunity to testify.

Sincerely,

Chair, Injury Prevention Advisory Committee
Injury Prevention Advisory Committee

LATE

55 Merchant Street
Honolulu, Hawai'i 96813-4333

HAWAII PACIFIC HEALTH

Kapi'olani • Pali Momi • Straub • Wilcox

www.hawaiipacifichealth.org

Thursday, April 2, 2015– 3:30 p.m.
Conference Room 308

The House Committee on Finance

To: Representative Sylvia Luke, Chair
Representative Scott Nishimoto, Vice Chair

From: Michael Robinson
Hawai'i Pacific Health

**Re: SB 1297, SD1, Proposed HD1 Relating to Disposition of Tax Revenues
Comments**

My name is Michael Robinson, Executive Director of Government Relations & Community Partnerships for Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-government employer. It is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

HPH respectfully provides these comments on the Proposed HB1 of SB 1297, SD1 which would establish fixed dollar-amount caps on funding received from the cigarette and tobacco taxes. The cigarette tax revenue is needed to support vital health care services in the state, including the state trauma system, cancer research and prevention, community health centers, and emergency medical service. Should the amounts allocated be inadequate, the sustainability of these important programs which provide broad support for the health of the people of Hawai'i would be seriously compromised.

Hawaii Pacific Health operates a level III trauma facility at Wilcox Memorial Hospital, and is in the process of obtaining a level III trauma designation for Pali Momi Medical Center.

Wilcox Memorial Hospital is a not-for-profit hospital dedicated to providing the Kaua'i community with accessible, quality health care. Wilcox is the largest medical facility on Kaua'i and has been recognized as one of the nation's best small hospitals. The Wilcox Memorial Hospital 20-bed Emergency Department is the first neighbor island facility to obtain a trauma level III designation (in 2011). It implemented a triage best practice, "rapid triage and immediate bed placement," to decrease door-to-bed and door-to-doc times, allow some patients to bypass the triage area, and let nurse assessment and ER physician evaluation occur simultaneously. This improves service, quality and safety. In fiscal year 2014, the Wilcox Emergency Department received 24,478 patients.

Pali Momi Medical Center is a not-for-profit hospital which opened in 1989 in Aiea, and has been committed to serving the individuals and families in Central and West Oahu. The hospital was built by members of the community to fill an important need. Pali Momi provides charity care to patients in need of public health services and to patients in underserved areas. Currently Pali Momi is in the process of obtaining a level III trauma designation. This will enable the facility to provide much needed trauma care to our communities in Central and West Oahu.

The cap on cigarette and tobacco tax would have a negative impact on funding for trauma care. This impacts the hospitals' ability to provide trauma as well as health care to patients in need.

Thank you for the opportunity to provide testimony.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, April 02, 2015 8:44 AM
To: FINTestimony
Cc: lisamdau@gmail.com
Subject: Submitted testimony for SB1297 on Apr 2, 2015 15:30PM



SB1297

Submitted on: 4/2/2015

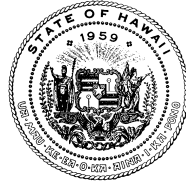
Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Dau	Individual	Oppose	No

Comments: Please continue the current Trauma Special Fund. It provides important trauma and injury prevention programs. I do NOT support SB1297

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

LATE

**Testimony COMMENTING on SB1297 HD1 PROPOSED
RELATING TO DISPOSITION OF TAX REVENUES**

REPRESENTATIVE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: April 2, 2015

Room Number: 308

1 **Fiscal Implications:** Diminished capacity to benefit from increases in future tax revenue
2 increases.

3 **Department Testimony:** The Department of Health (DOH) wishes to address unintended
4 consequences created by SB1297 SD2 HD1 PROPOSED and requests amendments that:

- 5 1. Allow the department to develop an impact assessment and plan for conversion to general
6 funds, and
- 7 2. Delay or phase in implementation to assure a smooth transition, completion of current
8 obligations, and a clear accounting of base funding needs.

9

10 Further assessment and planning is required to identify potential disruption to personnel
11 management and operations, including funding continuity beyond FY16 either in the Executive
12 Budget or an appropriations bill.

13

14 Cigarette tax revenue offsets under-compensated and uncompensated care incurred by public and
15 private hospitals providing care through emergency rooms, counties providing ambulance and
16 other emergency medical vehicle response, and non-profit neighborhood community health
17 clinics delivering preventive services. What is at stake are:

- 18 • Trauma system – the expectation of Hawaii’s residents to have statewide access to the
19 best and most appropriate levels of trauma care for the most severe injuries and accidents;
- 20 • Emergency medical system – the confidence that an ambulance or other emergency
21 medical service will respond to a medical emergency in a timely manner; and

- 1 • Community health centers – access to basic preventive health services, including
2 maternal and child health and geriatric care, for Hawaii’s most vulnerable populations.

3

4 Thank you for the opportunity to testify.

5 **Offered Amendments:** N/A

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, April 02, 2015 12:30 PM
To: FINTestimony
Cc: tmiller@hpsc.org
Subject: *Submitted testimony for SB1297 on Apr 2, 2015 15:30PM*

SB1297

Submitted on: 4/2/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tina Miller	Individual	Oppose	No

Comments:

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 Cc: alater@hhsc.org
 Subject: Submitted testimony for SB1297 on Apr 2, 2015 15:30PM

SB1297

Submitted on: 4/2/2015

Testimony for FIN on Apr 2, 2015 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Anna Marie Later	Individual	Oppose	No

Comments: I strongly oppose SB 1297. Trauma remains a leading cause of death for ages 1-44. While vast improvements in the care of trauma patients have occurred in the past decade in Hawaii--due to the development of our Hawaii State Trauma System--care of traumatically injured patients remain a significant challenge. If funding is reduced for trauma special funds as proposed in this bill, it will affect not only the designated trauma centers and critical access hospitals throughout the state, but the education, injury prevention, performance improvement and patient safety initiatives, and community outreach that is done to minimize disabilities and death and improve the overall health of our communities.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Thursday, April 2, 2015 – 3:30 p.m.
Conference Room #308

House Committee on Finance

To: Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair

From: George Greene, President & CEO
Healthcare Association of Hawaii

Re: **Testimony Providing Comments with Suggested Amendments
SB1297 SD1 PROPOSED HD1— Relating to Disposition of Tax Revenues**

LATE

The Healthcare Association of Hawaii's 160 member organizations include all of the acute care hospitals in Hawaii, all public and private skilled nursing facilities, all the Medicare-certified home health agencies, all hospices, all assisted living facilities, durable medical equipment suppliers and home infusion/pharmacies. Members also represent other healthcare providers from throughout the continuum including case management, air and ground ambulance, blood bank, dialysis, and more. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to testify in **opposition to** the Proposed HD1 of SB1297 SD1, which amends the cigarette tax and tobacco law to specify that all tax revenues from these funding sources are general fund realizations.

While we appreciate the committee's commitment to budget transparency, we have grave concerns that limiting funding streams to our state's trauma system, emergency medical system, community health centers and cancer research and prevention will have an adverse impact on our community's fundamental health infrastructure. If passed, this measure would significantly decrease access to critical care for all Hawaii residents.

Thank you for the opportunity to testify in opposition to SB1297 SD1 Proposed HD1; we respectfully request that this measure be deferred indefinitely.



THE QUEEN'S HEALTH SYSTEMS

To: Chair Sylvia Luke
Vice Chair Scott Y. Nishimoto
House Committee on Finance

LATE

From: Paula Yoshioka
Senior Vice President
The Queen's Health Systems

Re: SB 1297 SD 1, Proposed HD 1, Relating to Disposition of Tax Revenues
Hearing—April 2, 2015 at 3:30 PM

The Queen's Health Systems would like to provide support with amendments for the proposed HD 1 for SB 1297 SD 1. We appreciate the committee's efforts to ensure that important programs funded by declining cigarette tax revenues receive satisfactory financial resources. We would request that the requisite level of funding is provided under section 6 of this legislation to ensure the success of our state's trauma system of care. Our understanding is that the Department of Health will provide this information to your committee.

We support efforts by your committee and various stakeholders to ensure that programs affected by this bill receive funding that correlates with recent revenues and encumbrances. Thank you for the opportunity to provide our comments, and for your time and attention to this matter.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.