

SB 944, SD1

**MAKING AN APPROPRIATION FOR
COLLECTIVE BARGAINING COST ITEMS
RELATED TO THE TRANSITION OF MAUI
REGION HOSPITALS.**

LAB, FIN

SB944 SD1 (?)

Submit Testimony

Measure Title: MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS RELATED TO THE TRANSITION OF MAUI REGION HOSPITALS.

Report Title: Appropriation; Collective Bargaining Cost Items; Maui Regional Hospitals Transfer (\$)

Description: Makes an appropriation to the department of budget and finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital. (SD1)

Companion: [HB1078](#)

Package: Governor

Current Referral: LAB, FIN

Introducer(s): KOUCHI (Introduced by request of another party)

Sort by Date		Status Text
1/25/2017	S	Introduced.
1/25/2017	S	Passed First Reading.
1/25/2017	S	Referred to CPH/JDL, WAM.
2/2/2017	S	The committee(s) on CPH/JDL has scheduled a public hearing on 02-10-17 8:30AM in conference room 016.
2/10/2017	S	The committee(s) on CPH recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in CPH were as follows: 5 Aye(s): Senator(s) Baker, Nishihara, S. Chang, Espero, Ruderman; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) Ihara, Kidani.
2/10/2017	S	The committee(s) on JDL recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in JDL were as follows: 4 Aye(s): Senator(s) Keith-Agaran, K. Rhoads, Kim, L. Thielen; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Gabbard.

2/15/2017	S	Reported from CPH/JDL (Stand. Com. Rep. No. 300) with recommendation of passage on Second Reading, as amended (SD 1) and referral to WAM.
2/15/2017	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to WAM.
2/17/2017	S	The committee(s) on WAM has scheduled a public hearing on 02-21-17 10:05AM in conference room 211.
2/21/2017	S	The committee(s) on WAM recommend(s) that the measure be PASSED, UNAMENDED. The votes in WAM were as follows: 6 Aye(s): Senator(s) Dela Cruz, Galuteria, Harimoto, Inouye, K. Kahele, Shimabukuro; Aye(s) with reservations: none ; 0 No(es): none; and 5 Excused: Senator(s) Tokuda, English, Riviere, Taniguchi, Wakai.
3/2/2017	S	Reported from WAM (Stand. Com. Rep. No. 590) with recommendation of passage on Third Reading.
3/2/2017	S	One Day Notice 03-03-17.
3/3/2017	S	Report adopted; Passed Third Reading. Ayes, 24; Aye(s) with reservations: none . Noes, 0 (none). Excused, 1 (Senator(s) Gabbard). Transmitted to House.
3/3/2017	H	Received from Senate (Sen. Com. No. 60) in amended form (SD 1).
3/7/2017	H	Pass First Reading
3/7/2017	H	Referred to LAB, FIN, referral sheet 26
3/13/2017	H	Bill scheduled to be heard by LAB on Thursday, 03-16-17 9:00AM in House conference room 309.

A BILL FOR AN ACT

MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS
RELATED TO THE TRANSITION OF MAUI REGION HOSPITALS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to make an
2 appropriation for collective bargaining cost items to facilitate
3 the transition of affected Maui region hospital employees to
4 employment with Maui Health Systems, a Kaiser Hospital LLC. The
5 transition of the operations of the Maui region hospitals was
6 approved by the legislature pursuant to Act 103, Session Laws of
7 Hawaii 2015, and a subsequent transfer agreement approved by the
8 governor, Maui region board of directors, Hawaii health systems
9 corporation, and Kaiser Foundation Hospitals on January 14,
10 2016.

11 Pursuant to section 89-10, Hawaii Revised Statutes,
12 requests for appropriations for collective bargaining cost items
13 negotiated between the employer and exclusive representatives
14 are to be presented to the legislature for their consideration.
15 This measure is requesting a general fund appropriation to make
16 payments to affected Maui region hospital employees pursuant to
17 supplemental agreements negotiated between the employer and



1 exclusive representatives after the transfer agreement was
2 approved.

3 The appropriation for these respective supplemental
4 agreements will ensure that operations will not be negatively
5 impacted and the health care of the community will not be
6 compromised.

7 SECTION 2. There is appropriated out of the general
8 revenues of the State of Hawaii, the sum of \$ or so
9 much thereof as may be necessary for fiscal year for
10 collective bargaining cost items to facilitate the transition of
11 affected Maui region hospital employees from employment with the
12 Maui region hospitals to Maui Health Systems, a Kaiser Hospital
13 LLC.

14 The sum appropriated shall be expended by the department of
15 budget and finance for the purposes of this Act.

16 SECTION 3. The appropriations made under section 2 shall
17 not lapse at the end of the fiscal year for which the
18 appropriations are made; provided that all moneys from the
19 appropriation unencumbered as of June 30, 2018, shall lapse as
20 of that date.

21 SECTION 4. This Act shall take effect on July 1, 2017.



Report Title:

Appropriation; Collective Bargaining Cost Items; Maui Regional Hospitals Transfer

Description:

Makes an appropriation to the department of budget and finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON
SENATE BILL NO. 944, S.D. 1

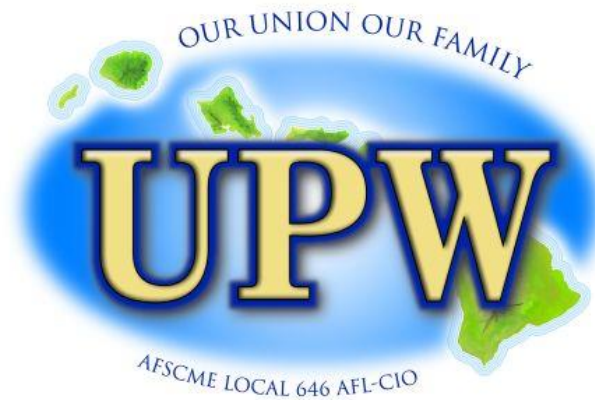
March 16, 2017
9:00 a.m.
Room 309

**MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS
RELATED TO THE TRANSITION OF MAUI REGION HOSPITALS**

The purpose of this measure is to appropriate and authorize funding for collective bargaining cost items to facilitate the smooth transition of affected Maui region hospital employees to employment with Maui Health Systems, a Kaiser Hospital, LLC.

The Department of Budget and Finance supports this measure as funding will be necessary should an agreement be approved by the State, hospital leadership and the exclusive representatives of affected Maui region employees. If all affected employees receive benefits from the agreement, our current estimate for included cost items is approximately \$30 million.

Thank you for your consideration of our comments.



THE HAWAII STATE HOUSE OF REPRESENTATIVES

The Twenty-Ninth Legislature
Regular Session of 2017

COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair

DATE OF HEARING: Thursday, March 16, 2017
TIME OF HEARING: 9:00 a.m.
PLACE OF HEARING: State Capitol, Rm. 309
415 South Beretania Street

**TESTIMONY ON SENATE BILL 944 SD1 MAKING AN APPROPRIATION FOR
COLLECTIVE BARGAINING COST ITEMS RELATED TO THE TRANSITION OF
MAUI REGION HOSPITALS**

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represent about 1,500 members of the private sector.

SB944 SD1 makes an appropriation to the department of budget and finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital.

The UPW supports this bill and requests the committee to pass it. Thank you for the opportunity to submit this testimony.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association

March 16, 2017

S.B. 944, S.D. 1 – MAKING AN APPROPRIATION FOR
COLLECTIVE BARGAINING COST ITEMS
RELATED TO THE TRANSITION OF
MAUI REGION HOSPITALS

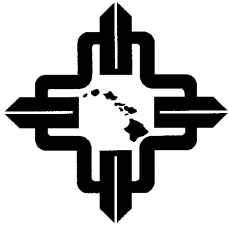
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of S.B. 944, S.D. 1 which appropriates funds for collective bargaining cost items related to the privatization of the Maui Region of the Hawaii Health Systems Corporation.

The affected employees have been in limbo regarding their employment and retirement benefits for too long. The HHSC Maui Region's transfer to Kaiser is slated to take effect on July 1, 2017 and employees deserve to know their full benefit package and options so that they can make the best decisions for themselves and their families.

Thank you for the opportunity to testify in support of passing this appropriations vehicle bill to continue this important dialogue.

Respectfully submitted,

Randy Perreira
Executive Director



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

"Quality Healthcare For All"

House Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair

March 16, 2017
Conference Room 309
9:00 a.m.
Hawaii State Capitol

Testimony Supporting the Intent of Senate Bill 944, SD1 Making an Appropriation for Collective Bargaining Cost Items Related to the Transition of Maui Region Hospitals.

Makes an appropriation to department of budget and finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital.

Linda Rosen, M.D., M.P.H.
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 **supporting the intent** of SB 944, SD1 that makes an appropriation to Department of Budget and Finance for collective bargaining cost items related to the transition of the operation of Maui regional hospitals to Maui Health Systems, a Kaiser Hospital.

HHSC fully supports the transfer of the operations of its Maui Region hospitals to Maui Health Systems, a Kaiser Hospital. Additionally, HHSC supports the language in this bill that the additional costs of the voluntary severance benefit and the special retirement benefit contemplated in Act 1, SSLH 2016 and in this bill be paid through a general fund appropriation to the Department of Budget and Finance. However, HHSC respectfully requests that the appropriation not diminish the amount of general fund appropriations requested by HHSC to fund the four remaining HHSC regions for fiscal years 2018 and 2019.

HHSC is currently facing a cash flow deficit in fiscal year 2017 which will leave HHSC's facilities with extremely low levels of cash on hand as compared to industry norms. HHSC is already asking for an increase in its general fund appropriation base of approximately \$36.5 million and \$34.7 million for fiscal years 2018 and 2019, respectively, just to achieve a break-even cash flow for those fiscal years. Further, the

House Draft of the State Budget (H.B. 100 H.D.1) does not provide for any of the general fund appropriation increases that HHSC has asked for, and also does not provide any operating appropriations for the Maui Health System which would be required in order for the transition of Maui Region operations to Kaiser Permanente to occur. The payment of any benefits contained in supplemental agreements that would be funded by this bill would represent additional costs to HHSC as the employer. Given the fragile financial condition that HHSC is in (which is exacerbated by the results of the H.B. 100 H.D.1), HHSC cannot afford to pay for these benefits without a general fund appropriation. Further, HHSC's priority is to make sure that the safety-net hospitals that it operates has sufficient funding to operate efficiently and effectively for this fiscal year and the next biennium of fiscal years 2018 and 2019.

Thank you for the opportunity to testify before this committee.

SB 944, SD1
Late Testimony