



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
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H.B. 1075, H.D. 2 – RELATING TO HEALTH

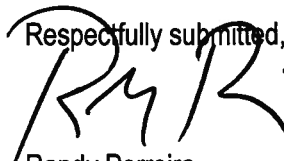
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly opposes the purpose and intent of H.B. 1075, H.D. 2, which authorizes the Maui regional health care system to enter into an agreement to transition to a private nonprofit corporation.

As written, H.B. 1075, H.D. 2, creates an excessively favorable and singularly beneficial deal for private acquisition by establishing a nominal \$1 fixed long-term lease agreement for 25 years for the private operator, maintaining employees for no less than 6 months only if they satisfy the private operator's job requirements, obligating the State to assume all current liabilities, and binding future Legislatures and all tax payers to millions of dollars of operating subsidies and 50% of the costs for any capital improvement projects for 10 years. In this scenario, it is made abundantly clear: in the hasty blitz to sell, the taxpayers and the employees will suffer at the expense of the private operator's profit.

Policy as complex and multifarious as this deserves intensive and thoughtful scrutiny from the Legislature. We respectfully argue that the first step in this process, prior to any other considerations, should be a thorough and independent financial and management audit. We raise serious reservations and grave concerns over proposed legislation to rapidly privatize the safety net hospital system: it's a risky and dangerous proposition, which may cause irreversible harm to our community. It is unrealistic to believe that Maui County's population of 154,000 residents can sustain similar utilization as Oahu's population of 953,000, without an exorbitant and perpetual state subsidy, a severe reduction of services, or a combination of both. Any type of private acquisition will rely heavily on tax payers' dollars to support the system, while the Legislature relinquishes its oversight on how those tax dollars are spent and cannot guarantee that the private operator remain.

Advancing legislation that enables privatization, without fully assessing the system's financial and management situation is premature. We respectfully implore the Legislature to judiciously complete its due diligence, ensure satisfactory answers to all of its questions, and exhaust every avenue prior to fracturing and selling a portion of the state's assets. We cannot afford any lesser degree of scrutiny or the potential of a failed experiment when it comes to delivering critical safety net services.

We respectfully request that the Committees defer H.B. 1075 and consider the resolutions provided in H.B. 1112, H.D. 1, which recentralizes the Hawaii Health Systems Corporation and calls for the Auditor to complete a full financial and management audit of the System, prior to privatizing our hospitals.

Respectfully submitted,

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