



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N  
*Quality Healthcare For All*

May 10, 2017

CEO – 17 – 010

TO: Affected Employees of the Maui Region

FROM: Linda Rosen, M.D., M.P.H. *L. Rosen, MD, MPH*  
Corporate Chief Executive Officer

SUBJECT: Maui Region Hospital Transfer Severance Benefit

Pursuant to Act 103 (SLH 2015), an agreement transferring the operation and management of the Hawaii Health Systems Corporation (HHSC) Maui Region health care facilities, which includes Maui Memorial Medical Center, Kula Hospital and Lanai Community Hospital, from the State to Maui Health Systems, a Kaiser Permanente LLC was signed on January 14, 2016. The transfer will take effect on July 1, 2017.

The legislature recently passed Senate Bill 207 C.D.1 (SLH 2017), authorizing the expenditure of general funds for a one-time lump sum cash bonus severance benefit to the affected Maui region hospital employees of the HHSC who are entitled to reduction-in-force rights under chapter 89, Hawaii Revised Statutes. The bill provides that each affected Maui region hospital employee shall receive a one-time lump sum cash bonus severance benefit, to be calculated at the rate of five percent of the individual employee's annual base salary for each year of service worked up to and including July 20, 2016, not to exceed ten years, and shall not exceed fifty percent of the employee's annual base salary.

The corporate office of HHSC will process the severance payouts for all affected Maui region hospital employees as quickly as possible after July 1, 2017. As soon as we know more information about when the checks will be issued, we will provide an update.

We have also attempted to anticipate some of your questions on the attached question and answer ("Q&A") sheet relating to this severance benefit. If you have questions regarding this matter, not included in the attached Q&A, please contact the Maui region Human Resources office. Thank you for your service to the Maui County community and the State of Hawaii.

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## Questions & Answers ("Q&A")

1. Who will receive the one-time lump sum cash bonus severance benefit?

Answer: Senate Bill 207 C.D.1 (SLH 2017) provides that all affected Maui region hospital employees of the Hawaii Health Systems Corporation (HHSC) entitled to the reduction-in-force rights under chapter 89, Hawaii Revised Statutes, resulting from the transfer of HHSC's Maui Memorial Medical Center (MMMC), Kula Hospital and Lanai Community Hospital to Maui Health System, a Kaiser Foundation Hospitals LLC will receive a one-time lump sum cash bonus severance benefit.

2. What is Senate Bill 207 C.D.1 (SLH 2017)?

Answer: Senate Bill 207 C.D.1 (SLH 2017) was passed this year by the Legislature and does two things. It authorizes funding for a one-time lump sum cash bonus severance benefit to all affected Maui region hospitals as outlined above in item 1 and repeals Act 1 (SLH2016), which means that the special retirement benefit in provided in Act 1 is no longer available.

3. What is the calculation of this one-time lump sum cash bonus severance benefit?

Answer: The one-time lump sum cash bonus severance benefit is calculated at the rate of five percent (5%) of the individual employee's annual base salary for each year of service worked up to and including July 20, 2016, not to exceed ten years, and shall not exceed fifty percent (50%) of the employee's annual base salary.

4. Does the annual base salary include the differential amounts (i.e., shortage differential, temporary differential, etc.)?

Answer: No.

5. Is the one-time lump sum cash bonus severance benefit adjusted based on an employee's full-time-equivalent (fte)?

Answer: Yes.

6. Are affected employees as defined above in item 1 required to participate in the reduction-in-force to receive the one-time lump sum cash bonus severance?

Answer: No.

7. If an employee who has received the one-time lump sum cash bonus severance benefit and returns or is reemployed in public service, is the employee required to repay the severance benefit?

Answer: No.

8. Are the employees in the other regions who were bumped by Maui region employees as a result of Act 103 reduction-in-force entitled to the one-time lump sum cash bonus severance benefit?

Answer: No.

9. Is the one-time lump sum cash bonus severance benefit subject to taxes?

Answer: Yes.

10. Does Senate Bill 207 C.D.1 (SLH 2017) offer special retirement benefit?

Answer: No.