STAND. COM. REP. NO. 396

Honolulu, Hawaii

FEB 1 5 2013

RE: S.B. No. 1306
         S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

    Your Committee on Health, to which was referred S.B. No. 1306
entitled:

    "A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS
    CORPORATION,"

begs leave to report as follows:

    The purpose and intent of this measure is to permit the
regional systems of the Hawaii Health Systems Corporation and
their health facilities to transition to non-public status.

    Your Committee received testimony in support of this measure
from the Maui Region Hawaii Health Systems Corporation, Banner
Health, and numerous individuals. Your Committee received
testimony in opposition to this measure from the United Public
Workers, AFSCME, Local 646, AFL-CIO and numerous individuals.
Your Committee received comments on this measure from the
Department of Budget and Finance and Hawaii Health Systems
Corporation.

    Your Committee finds that the Hawaii Health Systems
Corporation continues to face financial challenges, including
increased operating and capital improvement costs, budget
shortfalls, budgetary restrictions, and declining government and
third-party subsidies. Your Committee further finds that
declining subsidies and deteriorating infrastructure will
inevitably affect quality of care. These challenges require
innovative alternatives, including exploration of a public-private
partnership and a transition into a non-public entity, that can

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help improve and enhance the delivery of health care throughout the State. This measure therefore advances the State's commitment to providing high quality health care by allowing the regional systems of the Hawaii Health Systems Corporation and their health facilities to transition to non-public status.
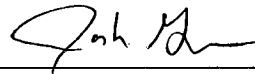
Your Committee has amended this measure by:

(1) Specifying that a transition to non-public status shall only occur upon approval by:

    (A) An affirmative vote of both houses of the Legislature, through concurrent resolution;

    (B) The regional system board; and

    (C) Boards in whose region or regions the health facility assets are located;

(2) Revising language that specified that the employees of the new entity, unless the new entity was a municipal facility, and the private entity shall be exempt from chapters 76, 87A, 88, and 89, Hawaii Revised Statutes, and in no event shall the employees of the new entity or the private entity be considered as employees of the State;

(3) Inserting an effective date of January 1, 2050, to encourage further discussion; and

(4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1306, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1306, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
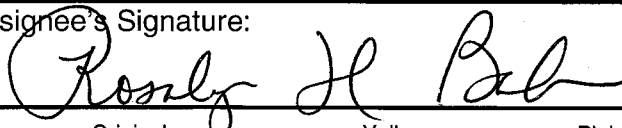behalf of the members of the
Committee on Health,

_____
JOSH GREEN, Chair

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:
SB 1306	HTH, WAM	02/13/2013

☐ The committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312   ☑ Pass, with amendments 2311   ☐ Hold 2310   ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
GREEN, Josh (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
CHUN OAKLAND, Suzanne		✓		
NISHIHARA, Clarence K.	✓			
SLOM, Sam	✓			
TOTAL	4	1	—	—

Recommendation:

☒ Adopted   ☐ Not Adopted

Chair's or Designee's Signature: _Rosalyn H. Baker_

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*Only <u>one</u> measure per Record of Votes

Revised: 01/22/13