
A BILL FOR AN ACT

RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION.

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

1 SECTION 1. Section 323F-7, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:

3 "(c) Notwithstanding any other law to the contrary, the
4 corporation and any of the regional system boards shall exercise
5 the following duties and powers:

6 (1) Developing corporation-wide policies, procedures, and
7 rules necessary or appropriate to plan, operate,
8 manage, and control the system of public health
9 facilities and services without regard to chapter 91;
10 provided that each regional system board shall be
11 responsible for its own policies, procedures, and
12 rules necessary or appropriate to plan, operate,
13 manage, and control the public health facilities
14 within its own regional system consistent with
15 corporation policies;

16 (2) Evaluating the need for additional health facilities
17 and services; provided that each regional system board



1 shall be responsible for the evaluation within its own
2 regional system;

3 (3) Entering into and performing any contracts, leases,
4 cooperative agreements, partnerships, or other
5 transactions whatsoever that may be necessary or
6 appropriate in the performance of its purposes and
7 responsibilities, and on terms the corporation, or
8 regional system boards, may deem appropriate, with
9 either:

10 (A) Any agency or instrumentality of the United
11 States, or with any state, territory, or
12 possession, or with any subdivision thereof; or

13 (B) Any person, firm, association, partnership, or
14 corporation, whether operated on a for-profit or
15 not-for-profit basis;

16 provided that the transaction furthers the public
17 interest; and provided further that if any dispute
18 arises between any contract, lease, cooperative
19 agreement, partnership, or other transaction entered
20 into by the corporation and a regional system board
21 with regard to matters solely within that regional



1 system, after July 1, 2007, the contract, lease,
2 cooperative agreement, partnership, or other
3 transaction entered into by the regional system board
4 shall prevail; and provided further that such
5 agreements are consistent with corporation policies;

6 (4) Conducting activities and entering into business
7 relationships as the corporation board, or any
8 regional system board, deems necessary or appropriate,
9 including but not limited to:

10 (A) Creating nonprofit corporations, including but
11 not limited to charitable fund-raising
12 foundations, to be controlled wholly by the
13 corporation, any regional system board, or
14 jointly with others;

15 (B) Establishing, subscribing to, and owning stock in
16 business corporations individually or jointly
17 with others; and

18 (C) Entering into partnerships and other joint
19 venture arrangements, or participating in
20 alliances, purchasing consortia, health insurance
21 pools, or other cooperative arrangements, with



1 any public or private entity; provided that any
2 corporation, venture, or relationship entered
3 into under this section furthers the public
4 interest; provided further that this paragraph
5 shall not be construed to authorize the
6 corporation or a regional system board to
7 abrogate any responsibility or obligation under
8 paragraph (15);

9 provided that each regional system board shall be
10 responsible for conducting the activities under this
11 paragraph in its own regional system consistent with
12 policies established by the corporation board;

13 (5) Participating in and developing prepaid health care
14 service and insurance programs and other alternative
15 health care delivery programs, including programs
16 involving the acceptance of capitated payments or
17 premiums that include the assumption of financial and
18 actuarial risk; provided that each regional system
19 board shall be responsible for conducting the
20 activities under this paragraph in its own regional

- 1 system consistent with policies established by the
2 corporation board;
- 3 (6) Executing, in accordance with all applicable bylaws,
4 rules, and laws, all instruments necessary or
5 appropriate in the exercise of any powers of the
6 corporation or regional system boards;
- 7 (7) Preparing and executing all corporation-wide budgets,
8 policies, and procedures or any regional system
9 budgets, policies, and procedures; provided that the
10 regional system boards shall submit their regional and
11 facility budgets to the corporation to be consolidated
12 into a corporation-wide budget for purposes of
13 corporation-wide planning and appropriation requests.
14 Regional system and facility budgets shall be received
15 by the corporation and shall be included in the
16 corporation-wide budget upon submittal to the
17 corporation;
- 18 (8) Setting rates and charges for all services provided by
19 the corporation without regard to chapter 91; provided
20 that the duty and power of the corporation board shall
21 be limited to approving the rates and charges



1 developed by the regional system boards for the
2 regional system's facilities and services. Rates and
3 charges may vary among regional systems and facilities
4 and may be consolidated with the rates of other
5 regional systems into one charge master. Third-party
6 payer contracts may be negotiated at the corporation-
7 wide level with input from the regional systems,
8 taking into consideration the rates set by the
9 regional system boards. For purposes of securing
10 revenue bonds, the corporation or regional system
11 board may covenant to set, and if necessary increase,
12 rates and charges as needed to pay debt service and
13 related obligations plus a coverage factor;

- 14 (9) Developing a corporation-wide hospital system that is
15 subject to chapters 76 and 89; provided that
16 employment of regional system and facility personnel
17 shall be the responsibility of the regional system
18 boards pursuant to corporation-wide policies and
19 procedures, applicable laws, rules, regulations, and
20 collective bargaining agreements;



- 1 (10) Developing the corporation's corporation-wide capital
2 and strategic plans or any regional system board's
3 capital and strategic plans; provided that each
4 regional system board shall be responsible for
5 development of capital and strategic plans in its own
6 regional system that shall be consistent with, and
7 incorporated into, the overall corporation-wide plans;
8 and provided further that the corporation and each
9 regional system board shall be entitled to undertake
10 the acquisition, construction, and improvement of
11 property, facilities, and equipment to carry out these
12 capital and strategic plans;
- 13 (11) Suing and being sued; provided that only the
14 corporation may sue or be sued; and provided further
15 that the corporation and regional system boards shall
16 enjoy the same sovereign immunity available to the
17 State;
- 18 (12) Making and altering corporation board and regional
19 system board bylaws for its organization and
20 management without regard to chapter 91 and consistent
21 with this chapter; provided that each regional system



1 board shall be responsible for the final approval of
2 its regional system board bylaws;

3 (13) Adopting rules without regard to chapter 91 governing
4 the exercise of the corporation's or regional system
5 boards' powers and the fulfillment of its purpose
6 under this chapter;

7 (14) Entering into any contract or agreement whatsoever,
8 not inconsistent with this chapter or the laws of this
9 State, and authorizing the corporation, regional
10 system boards, and chief executive officers to enter
11 into all contracts, execute all instruments, and do
12 all things necessary or appropriate in the exercise of
13 the powers granted in this chapter, including
14 [~~securing~~];

15 (A) Securing the payment of bonds; provided that the
16 corporation board shall delegate to a regional
17 system board its authority to enter into and
18 execute contracts or agreements relating to
19 matters exclusively affecting that regional
20 system; provided further that a regional system
21 board shall exercise this power consistent with



1 corporation-wide policies; and provided further
2 that contracts or agreements executed by a
3 regional system board shall encumber only the
4 regional subaccounts of that regional system
5 board; and

6 (B) Entering into a contract or agreement with any
7 person, firm, association, partnership, or
8 corporation, whether operated on a for-profit or
9 not-for-profit basis, to provide food services at
10 facilities of the corporation;

11 (15) Issuing revenue bonds up to \$100,000,000 subject to
12 the approval of the governor or the director of
13 finance; provided that:

14 (A) All revenue bonds shall be issued pursuant to
15 part III, chapter 39;

16 (B) The corporation and any regional system board
17 shall have the power to issue revenue bonds in
18 any amount without regard to any limitation in
19 chapter 39; and

20 (C) The corporation shall have the power to incur
21 debt, including the issuance of revenue bonds in



1 any amount, and the regional system boards shall
2 have the power to issue revenue bonds in any
3 amount upon approval by the corporation board;

4 (16) Reimbursing the state general fund for debt service on
5 general obligation bonds or reimbursable general
6 obligation bonds issued by the State for the purposes
7 of the corporation or any regional system board;

8 (17) Pledging or assigning all or any part of the receipts,
9 revenues, and other financial assets of the
10 corporation or the regional system boards for purposes
11 of meeting or securing bond or health systems
12 liabilities; provided that each regional system board
13 shall be responsible for conducting the activities
14 under this paragraph in its own regional system. Any
15 pledge or assignment by the corporation or any
16 regional system board to secure revenue bonds or
17 health system liabilities shall be valid and binding
18 in accordance with its terms against the pledgor,
19 creditors, and all others asserting rights thereto
20 from the time the pledge or assignment is made,
21 without the need of physical delivery, recordation,



1 filing, or further act. The corporation shall not
2 take or omit to take any act that would interfere
3 with, impair, or adversely affect any pledge or
4 assignment by a regional system board pursuant to this
5 chapter. In connection with issuing revenue bonds or
6 related obligations, consistent with corporation
7 policies and procedures, any regional system board may
8 make such other covenants, binding on the regional
9 system board and the corporation, that the regional
10 system board determines to be necessary or appropriate
11 to establish and maintain security for the revenue
12 bonds or related obligations;

13 (18) Owning, purchasing, leasing, exchanging, or otherwise
14 acquiring property, whether real, personal, or mixed,
15 tangible or intangible, and of any interest therein,
16 in the name of the corporation, which property is not
17 owned or controlled by the State but is owned or
18 controlled by the corporation; provided that:

19 (A) Regional system boards shall have custodial
20 control over facilities and physical assets in
21 their respective regional systems. A regional



1 system board may own, purchase, lease, exchange,
2 or otherwise acquire property, whether real,
3 personal, or mixed, tangible or intangible, and
4 of any interest therein, other than property
5 owned or controlled by the corporation, in the
6 name of the regional system board; provided
7 further that a regional system board shall be
8 subject to section 323F-3.5; and

9 (B) Each regional system board shall be responsible
10 for conducting the activities under this
11 paragraph in its own regional system;

12 (19) Maintaining, improving, pledging, mortgaging, selling,
13 or otherwise holding or disposing of property, whether
14 real, personal, or mixed, tangible or intangible, and
15 of any interest therein, at any time and manner, in
16 furtherance of the purposes and mission of the
17 corporation or any regional system board; provided
18 that the corporation or any regional system board
19 legally holds or controls the property in its own
20 name; provided further that other than to secure
21 revenue bonds and related obligations and agents, and



1 to transition into a new entity, the corporation or
2 any regional system board shall not sell, assign,
3 lease, hypothecate, mortgage, pledge, give, or dispose
4 of all or substantially all of its property; and
5 provided further that each regional system board shall
6 be responsible for conducting the activities under
7 this paragraph in its own regional system, and control
8 over such property shall be delegated to each regional
9 system board; provided further that this paragraph
10 shall not be construed to authorize the sale, pledge,
11 or mortgage of real property under the control of the
12 corporation or a regional system board;

13 (20) Purchasing insurance and creating captive insurers in
14 any arrangement deemed in the best interest of the
15 corporation, including but not limited to funding and
16 payment of deductibles and purchase of reinsurance;
17 provided that only the corporation shall have the
18 power to create captive insurers to benefit public
19 health facilities and operations in all regional
20 systems; and provided further that a regional system
21 board may purchase insurance for its regional system



1 in collaboration with the other regional systems and
2 the corporation until captive coverage is provided by
3 the corporation;

4 (21) Acquiring by condemnation, pursuant to chapter 101,
5 any real property required by the corporation to carry
6 out the powers granted by this chapter;

7 (22) Depositing any moneys of the corporation or any
8 regional system board in any banking institution
9 within or without the State, and appointing, for the
10 purpose of making deposits, one or more persons to act
11 as custodians of the moneys of the corporation or any
12 regional system board; provided that regional system
13 boards may deposit moneys in banking institutions
14 pursuant to corporation-wide guidelines established by
15 the corporation board;

16 (23) Contracting for and accepting any gifts, grants, and
17 loans of funds, property, or any other aid in any form
18 from the federal government, the State, any state
19 agency, or any other source, or any combination
20 thereof, and complying, subject to this chapter, with
21 the terms and conditions thereof; provided that the



1 regional system boards shall be responsible for
2 contracting for and accepting any gifts, grants,
3 loans, property, or other aid if intended to benefit
4 the public health facilities and operations
5 exclusively in their respective regional systems; and
6 provided further that all contracting for or
7 acceptance of gifts, grants, loans, property, or other
8 aid shall be consistent with corporation-wide policies
9 established by the corporation board;

10 (24) Providing health and medical services for the public
11 directly or by agreement or lease with any person,
12 firm, or private or public corporation, partnership,
13 or association through or in the health facilities of
14 the corporation or regional system boards or
15 otherwise; provided that the regional system boards
16 shall be responsible for conducting the activities
17 under this paragraph in their respective regional
18 systems;

19 (25) Approving medical staff bylaws, rules, and medical
20 staff appointments and reappointments for all public
21 health facilities of the corporation or any regional



1 system board, including but not limited to determining
2 the conditions under which a health professional may
3 be extended the privilege of practicing within a
4 health facility, as determined by the respective
5 regional system board and consistent with corporation-
6 wide policies, and adopting and implementing
7 reasonable rules, without regard to chapter 91, for
8 the credentialing and peer review of all persons and
9 health professionals within the facility; provided
10 that regional system boards shall be the governing
11 body responsible for all medical staff organization,
12 peer review, and credentialing activities to the
13 extent allowed by law;

- 14 (26) (A) Investing any funds not required for immediate
15 disbursement in property or in securities that
16 meet the standard for investments established in
17 chapter 88 as provided by the corporation board
18 or any regional system board; provided that
19 proceeds of bonds and moneys pledged to secure
20 bonds may be invested in obligations permitted by
21 any document that authorizes the issuance or



1 securing of bonds; and provided further that the
2 investment assists the corporation or any
3 regional system board in carrying out its public
4 purposes; selling from time to time securities
5 thus purchased and held, and depositing any
6 securities in any bank or financial institution
7 within or without the State. Any funds deposited
8 in a banking institution or in any depository
9 authorized in this section shall be secured in a
10 manner and subject to terms and conditions as the
11 corporation board or a regional system board may
12 determine, with or without payment of any
13 interest on the deposit, including without
14 limitation time deposits evidenced by
15 certificates of deposit. Any bank or financial
16 institution incorporated under the laws of this
17 State may act as depository of any funds of the
18 corporation or a regional system board and may
19 issue indemnity bonds or may pledge securities as
20 may be required by the corporation or regional
21 system board; provided that regional system



1 boards may exercise the powers under this
2 subsection with respect to financial assets of
3 the regional system consistent with corporation-
4 wide policies; and

5 (B) Notwithstanding subparagraph (A), contracting
6 with the holders of any of its notes or bonds as
7 to the custody, collection, securing, investment,
8 and payment of any moneys of the corporation or
9 regional system board and of any moneys held in
10 trust or otherwise for the payment of notes or
11 bonds and carrying out the contract. Moneys held
12 in trust or otherwise for the payment of notes or
13 bonds or in any way to secure notes or bonds, and
14 deposits of such moneys, may be secured in the
15 same manner as moneys of the corporation or
16 regional system board, and all banks and trust
17 companies are authorized to give security for the
18 deposits;

19 (27) Entering into any agreement with the State, including
20 but not limited to contracts for the provision of
21 goods, services, and facilities in support of the



1 corporation's programs or the regional system boards'
2 programs, and contracting for the provision of
3 services to or on behalf of the State; provided that
4 the regional system boards shall be responsible for
5 entering into agreements to provide goods, services,
6 and facilities in support of programs in their
7 respective regional systems consistent with
8 corporation-wide policies;

9 (28) Having a seal and altering the same at pleasure;

10 (29) Waiving, by means that the corporation or regional
11 system board deems appropriate, the exemption from
12 federal income taxation of interest on the
13 corporation's or regional system boards' bonds, notes,
14 or other obligations provided by the Internal Revenue
15 Code of 1986, as amended, or any other federal statute
16 providing a similar exemption;

17 (30) Developing internal policies and procedures for the
18 procurement of goods and services, consistent with the
19 goals of public accountability and public procurement
20 practices, and subject to management and financial
21 legislative audits; provided that the regional system



1 boards shall be responsible for developing internal
2 policies and procedures for each of their regional
3 systems consistent with the corporation's policies and
4 procedures; and further provided that:

5 (A) The regional system boards and the corporation
6 board shall enjoy the exemption under section
7 103-53(e);

8 (B) The regional system boards shall enjoy the
9 exemption under chapter 103D; and

10 (C) The corporation shall be subject to chapter 103D;

11 (31) Authorizing and establishing positions; provided that
12 regional system boards shall be responsible for hiring
13 and firing regional and facility personnel consistent
14 with corporation policies, except a regional chief
15 executive officer shall only be hired or dismissed
16 upon the approval of the regional system board as
17 further set forth in section 323F-8.5;

18 (32) Having and exercising all rights and powers necessary
19 or incidental to or implied from the specific powers
20 granted in this chapter, which specific powers shall
21 not be considered as a limitation upon any power



1 necessary or appropriate to carry out the purposes and
2 intent of this chapter; provided that the regional
3 system boards shall be responsible for having and
4 exercising all powers and rights with respect to
5 matters in their regional systems consistent with the
6 law; and

7 (33) Each regional system, through its regional system
8 board, shall:

9 (A) Develop policies and procedures necessary or
10 appropriate to plan, operate, manage, and control
11 the day-to-day operations of facilities within
12 the regional system that are consistent with
13 corporation-wide policies;

14 (B) Exercise custodial control over and use of all
15 assets of the corporation that are located in the
16 regional system pursuant to this chapter; and

17 (C) Expend funds within its approved regional system
18 budget and expend additional funds in excess of
19 its approved regional system budget upon approval
20 of the corporation board."

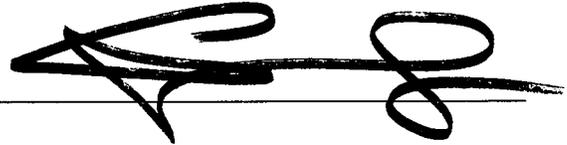
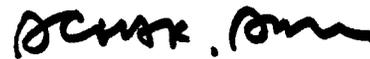


1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

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JAN 20 2017



H.B. NO. 469

Report Title:

Hawaii Health Systems Corporation; Food Services; Cafeteria Service; Privatization

Description:

Authorizes the Hawaii health systems corporation to enter into a contract for the privatization of food services at Hawaii health systems corporation facilities.

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

