



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, and HEALTH

Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair

March 13, 2020
Conference Room 229
9:30 a.m.
Hawaii State Capitol

Support with Amendments

House Bill 2499, HD1

RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION

Amends provisions specifying the number of Maui members on the board of directors of the Hawaii Health Systems Corporation by making the number unspecified.

Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawaii Health Systems Corporation

The Hawaii Health Systems Corporation (HHSC) **supports with amendments** HB 2499, HD1 that amends provisions specifying the number of Maui members on the board of directors of the Hawaii Health Systems Corporation by making the number unspecified.

HHSC requests the following amendments which will adjust the Maui region composition in statute to from three to two members, while adding two members as at-large appointments to the HHSC Corporate Board. This will allow for a broad array of experience and state-wide representation on the Board. Below, please refer to the verbiage in bold for the proposed amendments.

SECTION 1. Section 323F-3, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows:

"(a) The corporation shall be governed by [~~an eighteen-member~~] a **nineteen** -member board of directors that shall carry out the duties and responsibilities of the corporation other than those duties and responsibilities relating to the establishment of any captive

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insurance company pursuant to section 323F-7(c)(20) and the operation thereof.

(b) The members of the corporation board shall be appointed as follows:

- (1) The director of health as an ex officio, voting member;
- (2) The five regional chief executive officers as ex officio, nonvoting members;
- (3) [~~Three~~] Two members who reside in the county of Maui, [~~two~~] one of whom shall be appointed by the Maui regional system board and one of whom shall be appointed by the governor, all of whom shall serve as voting members;

(4) Two members who reside in the eastern section of the county of Hawaii, one of whom shall be appointed by the East Hawaii regional system board and one of whom shall be appointed by the governor, both of whom shall serve as voting members;

(5) Two members who reside in the western section of the county of Hawaii, one of whom shall be appointed by the West Hawaii regional system board and one of whom shall be appointed by the governor, both of whom shall serve as voting members;

(6) Two members who reside on the island of Kauai, one of whom shall be appointed by the Kauai regional system board and one of whom shall be appointed by the governor, both of whom shall serve as voting members;

(7) Two members who reside on the island of Oahu, one of whom shall be appointed by the Oahu regional system board and one of whom shall be appointed by the governor, both of whom shall serve as voting members; and

(8) [~~One member~~] Three members who shall be appointed by the governor and serve as [~~an~~] at-large voting [~~member~~] members.

The appointed board members who reside in the county of Maui, eastern section of the county of Hawaii, western section of the county of Hawaii, on the island of Kauai, and on the island of Oahu shall each serve for a term of four years; provided that the terms of the

initial appointments of the members who are appointed by their respective regional system boards shall be as follows: one of the initial members from the county of Maui shall be appointed to serve a term of two years and the other member shall be appointed to serve a term of four years; the initial member from East Hawaii shall be appointed to serve a term of two years; the initial member from West Hawaii shall be appointed to serve a term of four years; the initial member from the island of Kauai shall be appointed to serve a term of two years; and the initial member from the island of Oahu shall be appointed to serve a term of four years; and provided further that the terms of the initial appointments of the members who are appointed by the governor shall be four years. The at-large member appointed by the governor shall serve a term of two years.

Any vacancy shall be filled in the same manner provided for the original appointments. The corporation board shall elect its own chair from among its members. Appointments to the corporation board shall be as representative as possible of the system's stakeholders as outlined in this subsection. The board member appointments shall strive to create a board that includes expertise in the fields of medicine, finance, health care administration, government affairs, human resources, and law."

Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Thirtieth Legislature, State of Hawaii
The Senate
Committee on Commerce, Consumer Protection, and Health

Testimony by
Hawaii Government Employees Association

Marcy 13, 2020

H.B. 2499, H.D. 1 – RELATING TO THE HAWAII
HEALTH SYSTEMS CORPORATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 2499, H.D. 1 which amends the number of Maui members on the Board of Directors of the Hawaii Health Systems Corporation.

Pursuant to Act 103, Session Laws of Hawaii 2015, the management and operations of the three Maui region hospitals were transferred to the Maui Hospital System, a Kaiser Foundation LLC. Since the Hawaii Health Systems Corporation executed a 30-year lease agreement with the Maui Hospital System regarding land and facility usage, there is no compelling reason to continue to allow Maui a seat – let alone three of eighteen seats as currently allowed by statute – on the Corporate Board. The Corporate Board is charged with carrying out the duties and responsibilities of the corporation, of which Maui is no longer a part of. Therefore, it would be financially and operationally beneficial for the Corporate Board to reduce its size by eliminating the three Maui region seats.

Thank you for the opportunity to provide testimony in support of the passage of H.B. 2499, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director