
A BILL FOR AN ACT

RELATING TO THE TRANSITION OF THE OAHU REGIONAL HEALTH CARE
SYSTEM FROM THE HAWAII HEALTH SYSTEMS CORPORATION INTO THE
DEPARTMENT OF HEALTH.

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

1 PART I

2 SECTION 1. The legislature finds that the Hawaii health
3 systems corporation comprises five semi-autonomous health care
4 regions within the State, including east Hawaii, west Hawaii,
5 Kauai, Oahu, and Maui. The legislature also finds that Act 103,
6 Session Laws of Hawaii 2015, authorized the transfer of health
7 care facilities in the Maui regional system to a nonprofit
8 management entity. The transfer of health care facilities
9 managed by the Hawaii health systems corporation Maui region to
10 Kaiser Permanente was completed in 2017. The Hawaii health
11 system corporation, therefore, no longer operates any health
12 care facilities and does not intend to operate health care
13 facilities in the Maui region in the future.

14 The legislature further finds that the Oahu region should
15 similarly no longer be managed by the Hawaii health systems
16 corporation. The Oahu region is unique and distinguishable from



1 the other regions due to the logistical complexities of its
2 facilities and the limited but crucial nature of the services
3 these facilities, Leahi hospital and Maluhia, currently provide.
4 Because the Oahu facilities almost exclusively serve long-term
5 care and medicaid patients, groups traditionally underserved by
6 private facilities because of the high cost of their care, the
7 Oahu region's long-term care operations are run more as a
8 safety-net social service operation and, compared to the other
9 regions, have less opportunity for additional revenue
10 generation.

11 While the need for long-term care beds on Oahu has
12 decreased in recent years, a study completed by the department
13 of business, economic development, and tourism has projected
14 that the population aged sixty-five and older in Hawaii will
15 grow by one hundred forty-eight per cent over the next twenty-
16 five years. On Oahu, this translates to an estimated shortfall
17 of one thousand one hundred long-term care beds in the next five
18 to ten years alone. Thus, despite the costs of long-term care,
19 it is vital that state facilities continue to operate to ensure
20 that beds remain available for our aging population.



1 Similar to the Oahu region, the department of health
2 operates the Hawaii state hospital, a facility that does not
3 generate revenue, but is nonetheless necessary to provide care
4 and treatment for mentally ill patients in Hawaii. In recent
5 years, the Hawaii state hospital has experienced a challenge in
6 providing sufficient bed space for admitted patients. As of
7 September 2019, two hundred twenty patients - well over the
8 maximum capacity of two hundred two - occupied beds at the
9 Hawaii state hospital. To meet its needs, the Hawaii state
10 hospital was also required to contract with Kahi Mohala, a
11 privately-run facility, to care for an additional forty-six
12 patients.

13 Beyond the Hawaii state hospital, the department of health
14 has also been charged with addressing the significant gap in the
15 behavioral health care system between acute psychiatric care
16 facilities and low acuity residential treatment. Data collected
17 in the State estimates that fifty-four per cent, or more than
18 half, of all individuals experiencing a mental health crisis
19 have needs that align better with services delivered within a
20 subacute level of care facility rather than an emergency room.



1 The legislature finds that Act 90, Session Laws of Hawaii
2 2019, established the involuntary hospitalization task force and
3 Act 263, Session Laws of Hawaii 2019, established a working
4 group to evaluate current behavioral health care and related
5 systems, including existing resources, systems gaps, and
6 identification of action steps that would be taken to improve
7 the overall system of care. The findings from these initiatives
8 highlight the need in Hawaii for a coordinated network of
9 stabilization beds that will allow triage, clinical assessment,
10 and recommendation for the next level of care for those
11 struggling with substance use, mental health conditions, and
12 homelessness.

13 The National Coalition for the Homeless has found that
14 sixty-four per cent of homeless individuals are dependent on
15 alcohol or other substances. In Hawaii, the Oahu homeless point
16 in time count reported that 36.4 per cent of homeless single
17 adults suffer from some type of mental illness. The
18 intersection of homelessness and behavioral health conditions is
19 a crisis in Hawaii, which contributes to Hawaii having the
20 second highest rate of homelessness in the nation.
21 Unfortunately, there is currently no coordinated system of



1 stabilization from the streets that assesses for and links to
2 the next level of clinical care.

3 The legislature additionally finds that the current options
4 for those needing stabilization from substance use, mental
5 health, and homelessness are overburdened and inadequate, and
6 emergency facilities throughout the State have experienced
7 substantial increases in psychiatric emergency admissions, which
8 has resulted in overcrowding and unsafe environments for
9 patients and medical staff.

10 The legislature also finds that comprehensive crisis
11 response and stabilization services are crucial elements of the
12 continuum of care. Reducing unnecessary transportation to
13 hospital emergency rooms and appropriately placing clients in
14 more suitable levels of care will improve outcomes for
15 consumers, reduce inpatient hospital stays, and facilitate
16 access to other behavioral health services.

17 Subacute residential stabilization services have been a
18 missing component of a comprehensive behavioral health continuum
19 of care, which would bridge the gap between acute
20 hospitalization and lower level residential and community
21 resources. Many individuals who are taken to the emergency room



1 on a MH-1, or for emergency examination and hospitalization, are
2 often not acute enough in their illness to warrant psychiatric
3 hospitalization. On the other hand, their symptomology is too
4 acute for them to be admitted to a group home, shelter, or other
5 existing low acuity residential programs, or, if they are
6 admitted, they are often unsuccessful in those environments.
7 More often than not, they fail because they have not had time to
8 stabilize in an environment where they can be closely monitored.
9 This lack of post-acute care contributes to the poor outcomes of
10 both acute behavioral health inpatient and community-based
11 services because the conditions of many individuals are not
12 appropriate for either level, but fall somewhere in between.

13 The legislature further finds that there exists state
14 facilities that have underutilized space that could accommodate
15 these services with minimal effort and adjustments and reduce
16 certain burdens and barriers. Therefore, assertive efforts
17 should be undertaken to make sure of these resources and to
18 organize them in a way that is beneficial to the State.

19 Through discussions with the Oahu region, it was determined
20 that some of the Oahu region's health care facilities,
21 particularly at Leahi hospital, are currently underutilized and



1 have the potential to be re-purposed for other important health
2 care and social service needs.

3 The legislature further finds that, while statutorily tied
4 to the Hawaii health systems corporation, the Oahu region
5 operates mostly autonomously and its functions - including
6 target population - are unique from those of the other regional
7 health care systems. Consequently, there is little benefit from
8 keeping the Oahu regional health care system as a part of the
9 Hawaii health systems corporation. With proper planning and
10 implementation, the Oahu regional health care system could be
11 strategically assimilated into the department of health and its
12 facilities could be utilized to help alleviate the need for
13 subacute residential mental health stabilization and other
14 subacute care services.

15 The purpose of this Act is to:

16 (1) Commence the transfer of the Oahu regional health care
17 system in its entirety from the Hawaii health systems
18 corporation to the department of health, beginning
19 with the transfer of the Oahu regional health care
20 system's budget into the department of health; and



1 district, north Kona district, and south Kona
2 district;
3 and shall be identified as regional systems I, II, III, and IV,
4 [~~and V,~~] respectively."

5 SECTION 3. Section 323F-3, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§323F-3 Corporation board.** (a) The corporation shall be
8 governed by [~~an eighteen-member~~] a seventeen-member board of
9 directors that shall carry out the duties and responsibilities
10 of the corporation other than those duties and responsibilities
11 relating to the establishment of any captive insurance company
12 pursuant to section 323F-7(c)(20) and the operation thereof.

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

- 15 (1) The director of health as an ex officio, voting
16 member;
- 17 (2) The [~~five~~] four regional chief executive officers as
18 ex officio, nonvoting members;
- 19 (3) Three members who reside in the county of Maui, two of
20 whom shall be appointed by the Maui regional system



- 1 board and one of whom shall be appointed by the
2 governor, all of whom shall serve as voting members;
- 3 (4) Two members who reside in the eastern section of the
4 county of Hawaii, one of whom shall be appointed by
5 the East Hawaii regional system board and one of whom
6 shall be appointed by the governor, both of whom shall
7 serve as voting members;
- 8 (5) Two members who reside in the western section of the
9 county of Hawaii, one of whom shall be appointed by
10 the West Hawaii regional system board and one of whom
11 shall be appointed by the governor, both of whom shall
12 serve as voting members;
- 13 (6) Two members who reside on the island of Kauai, one of
14 whom shall be appointed by the Kauai regional system
15 board and one of whom shall be appointed by the
16 governor, both of whom shall serve as voting members;
- 17 (7) Two members who reside on the island of Oahu, one of
18 whom shall be appointed by the Oahu regional system
19 board and one of whom shall be appointed by the
20 governor, both of whom shall serve as voting members;
21 and



1 (8) One member who shall be appointed by the governor and
2 serve as an at-large voting member.

3 The appointed board members who reside in the county of
4 Maui, eastern section of the county of Hawaii, western section
5 of the county of Hawaii, on the island of Kauai, and on the
6 island of Oahu shall each serve for a term of four years;
7 provided that the terms of the initial appointments of the
8 members who are appointed by their respective regional system
9 boards shall be as follows: one of the initial members from the
10 county of Maui shall be appointed to serve a term of two years
11 and the other member shall be appointed to serve a term of four
12 years; the initial member from East Hawaii shall be appointed to
13 serve a term of two years; the initial member from West Hawaii
14 shall be appointed to serve a term of four years; the initial
15 member from the island of Kauai shall be appointed to serve a
16 term of two years; and the initial member from the island of
17 Oahu shall be appointed to serve a term of four years; and
18 provided further that the terms of the initial appointments of
19 the members who are appointed by the governor shall be four
20 years. The at-large member appointed by the governor shall
21 serve a term of two years.



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

9 (c) The selection, appointment, and confirmation of any
10 nominee shall be based on ensuring that board members have
11 diverse and beneficial perspectives and experiences and that
12 they include, to the extent possible, representatives of the
13 medical, business, management, law, finance, and health sectors,
14 and patients or consumers. Members of the board shall serve
15 without compensation but may be reimbursed for actual expenses,
16 including travel expenses incurred in the performance of their
17 duties.

18 (d) Any member of the board may be removed for cause by
19 vote of a two-thirds majority of the board's members then in
20 office. For purposes of this section, cause shall include
21 without limitation:



- 1 (1) Malfeasance in office;
- 2 (2) Failure to attend regularly called meetings;
- 3 (3) Sentencing for conviction of a felony, to the extent
- 4 allowed by section 831-2; or
- 5 (4) Any other cause that may render a member incapable or
- 6 unfit to discharge the duties required under this
- 7 chapter.

8 Filing nomination papers for elective office or appointment to

9 elective office, or conviction of a felony consistent with

10 section 831-3.1, shall automatically and immediately disqualify

11 a board member from office.

12 (e) With regard to all corporation board matters

13 concerning the Oahu regional health care system, the director of

14 health and the Oahu board shall have sole decision-making

15 authority over those matters, commencing on June 30, 2021, and

16 continuing until the transfer of the Oahu regional health care

17 system into the department of health is complete. Upon

18 completion of the transfer, the corporation board shall have no

19 legal relationship with the Oahu regional health care system or

20 its facilities."



1 SECTION 4. Section 323F-7.6, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[§]~~323F-7.6 ~~[§]~~ Transition of Hawaii health systems
4 regional system or health facility to a new entity. (a)

5 Notwithstanding any other law to the contrary, including but not
6 limited to section 27-1 and chapter 171, any of the regional
7 systems or individual facilities of the Hawaii health systems
8 corporation is hereby authorized to transition into a new legal
9 entity in any form recognized under the laws of the State,
10 including but not limited to:

- 11 (1) A nonprofit corporation;
- 12 (2) A for-profit corporation;
- 13 (3) A municipal facility;
- 14 (4) A public benefit corporation; ~~[or]~~
- 15 (5) A division or branch under a state executive
- 16 department; or

17 ~~[-(5)]~~ (6) Any two or more of the entities in paragraphs (1)
18 through ~~[-(4)-]~~ (5).

19 A transition shall occur through the sale, lease, or transfer of
20 all or substantially all of the assets of the facility or
21 regional system, except for real property which shall only be



1 transferred by lease[-]; provided that a transfer of real
2 property effectuated under paragraph (5), shall transfer in its
3 then-existing state, whether in lease, fee, or otherwise, to the
4 executive department. Any transition shall comply with chapter
5 323D.

6 (b) A transition shall only occur upon approval of the
7 appropriate regional system board in the case of a regional
8 system or individual facility transition, or upon approval of
9 the regional system boards and the corporation in the case of
10 the transition of the entire corporation. Any transition shall
11 be subject to legal review by the attorney general who shall
12 approve the transition if satisfied that the transition conforms
13 to all applicable laws, subject to the review of the director of
14 the department of budget and finance who shall approve the
15 transition if it conforms to all applicable financing
16 procedures, and subject to the governor's approval. In
17 addition, the transition shall be subject to the following terms
18 and conditions:

19 (1) All proceeds from the sale, lease, or transfer of
20 assets shall be used for health care services in the
21 respective regional system or facility, except that



1 real property shall only be transferred by lease;
2 provided that a transfer of real property that is
3 effectuated under subsection (a)(5), shall transition
4 in its then-existing state, whether in lease, fee or
5 otherwise, to the executive department;

6 (2) Any and all liabilities of a regional system or
7 facility transitioning into a new entity that were
8 transferred to the Hawaii health systems corporation
9 upon its creation by Act 262, Session Laws of Hawaii
10 1996, and all liabilities of the regional system or
11 facility related to collective bargaining contracts
12 negotiated by the State, shall become the
13 responsibility of the State; and

14 (3) During the period of transition:

15 (A) The State shall continue to fund the provision of
16 health care services provided for by the regional
17 system or individual facility; and

18 (B) All applicable provisions of this chapter shall
19 continue to apply.

20 Upon the completion of the transition of all the facilities
21 in a regional system to a new entity, the regional system board



1 for that regional system shall terminate; provided that if not
2 all of a regional system's facilities are transitioned to a new
3 entity, the existing regional system board shall not terminate
4 but shall continue to retain jurisdiction over those facilities
5 remaining in the regional system."

6 PART III

7 SECTION 5. (a) The transfer of the Oahu regional health
8 care system to the department of health shall commence with the
9 transfer of the budget associated with the Oahu region as
10 follows:

11 (1) On June 30, 2021, the budget of the Oahu regional
12 health care system shall be transferred from the
13 Hawaii health systems corporation to the department of
14 health; provided that:

15 (A) The Oahu regional health care system's budget
16 codes and all related allocated funds of the Oahu
17 region shall be reflected in the state budget and
18 all other related tables and documents under the
19 program code HTH ; and

20 (B) The program code HTH shall be known as the
21 inpatient behavioral and elder care facilities



1 division within the department of health's
2 behavioral health administration. The
3 organizational structure of the Oahu regional
4 health care system shall remain unchanged, unless
5 modified and approved by the transition working
6 group identified in this Act, and as approved by
7 the conditions established in this part or as
8 required by law; and

9 (2) On June 30, 2021, the transition working group
10 identified in this Act shall have the authority to
11 begin transferring, at its discretion, the positions
12 and class specifications of the Oahu region from the
13 Hawaii health systems corporation's personnel system
14 to that of the department of health; provided that:

15 (A) All employees of the Oahu region who are employed
16 as of June 30, 2021, shall be transferred to the
17 department of health before the transition of the
18 Oahu regional health care system into the
19 department of health is complete;

20 (B) Employees shall be transferred without loss of
21 salary; seniority, except as prescribed by



1 applicable collective bargaining agreements;
2 retention points; prior service credit; any
3 vacation and sick leave credits previously
4 earned; and other rights, benefits, and
5 privileges, in accordance with state employment
6 laws;

7 (C) The personnel structure of the Oahu regional
8 health care system shall remain unchanged, unless
9 modified and approved by the working group and as
10 approved by the conditions established pursuant
11 to this Act;

12 (D) Any employee who, prior to this Act, is exempt
13 from civil service or collective bargaining and
14 is transferred as a consequence of this Act shall
15 be transferred without loss of salary and shall
16 not suffer any loss of prior service credit,
17 contractual rights, vacation or sick leave
18 credits previously earned, or other employee
19 benefits or privileges and, except in the
20 instance of discipline or layoffs, shall be
21 entitled to remain employed in the employee's



1 current position for a period of no less than one
2 year after the transition of the Oahu regional
3 health care system into the department of health
4 is complete;

5 (E) The wages, hours, and other conditions of
6 employment shall be negotiated or consulted, as
7 applicable, with the respective exclusive
8 representative of the affected employees, in
9 accordance with chapter 89, Hawaii Revised
10 Statutes; and

11 (F) The rights, benefits, and privileges currently
12 enjoyed by employees, including those rights,
13 benefits, and privileges under chapters 76, 78,
14 87A, 88, and 89, Hawaii Revised Statutes, shall
15 not be impaired or diminished as a result of
16 these employees being transitioned to the
17 department of health pursuant to this Act. The
18 transition to the department of health shall not
19 result in any break in service for the affected
20 employees. The rights, benefits, and privileges
21 currently enjoyed by employees shall be



1 maintained under their existing collective
2 bargaining or other agreements and any successor
3 agreement.

4 (b) Upon effectuation of subsection (a), the Oahu regional
5 board shall, through the Oahu regional board chair, facilitate
6 the transition of the Oahu region into the department of health
7 as part of the working group established pursuant this Act and
8 effectuate the assignment of all contracts and agreements in
9 which the Oahu region is a party to the department of health.

10 SECTION 6. (a) There is established a working group of
11 the Oahu regional health care system and department of health to
12 develop, evaluate, and implement any additional steps necessary
13 to complete the transition of the Oahu regional health care
14 system into the department of health.

15 (b) The working group shall consist of the following
16 members:

17 (1) The director of health, or the director's designee,
18 who shall serve as co-chair, and who, along with the
19 chair of the Oahu regional health care system, or the
20 chair's designee, shall have final authority over



1 transfer activities to be implemented by the working
2 group;

3 (2) The chair of the Oahu regional health care system
4 board, or the chair's designee, who shall serve as co-
5 chair, and who, along with the director of health, or
6 the director's designee, shall have final authority
7 over transfer activities to be implemented by the
8 working group;

9 (3) The chief executive officer of the Oahu regional
10 health care system, or the chief executive officer's
11 designee;

12 (4) One or more department of health staff members as
13 deemed necessary by the director of health, or the
14 director's designee;

15 (5) One or more Oahu regional health care system staff
16 members as deemed necessary by the chief executive
17 officer of the Oahu regional health care system, or
18 the chief executive officer's designee;

19 (6) One representative from the department of the attorney
20 general; and



1 (7) One representative from the department of budget and
2 finance.

3 (c) In addition, the working group shall include the
4 following members, who shall serve in a consultative capacity:

5 (1) One representative from the behavioral health
6 administration of the department of health;

7 (2) One representative from the department of human
8 resources development;

9 (3) One representative from the department of accounting
10 and general services;

11 (4) The chair of the Hawaii health systems corporation
12 board, or the chair's designee;

13 (5) One representative from the Hawaii health systems
14 corporation human resources department;

15 (6) One representative from the Hawaii health systems
16 corporation finance department;

17 (7) One representative from the state procurement office;

18 (8) One representative from the Hawaii Government
19 Employees Association;

20 (9) One representative from the United Public Workers
21 Union; and



1 (10) Others as recommended and invited by the co-chairs.

2 (d) In carrying out its purpose, the working group shall
3 develop a transfer framework to govern and manage the additional
4 steps necessary to complete the transfer of the Oahu region into
5 the department of health. The transfer framework shall include
6 but not be limited to the following steps:

7 (1) Identification and preparation of proposed additional
8 legislation to address any matters not covered by this
9 Act that may be necessary to complete the transfer of
10 the Oahu region into the department of health;

11 (2) Identification of all real property, appropriations,
12 records, equipment, machines, files, supplies,
13 contracts, books, papers, documents, maps, and other
14 property made, used, acquired, or held by the Oahu
15 regional health care system and effectuate the
16 transfer of the same to the department of health;

17 (3) Identification of all debts and other liabilities that
18 will remain with the Hawaii health systems corporation
19 and transfer any remaining debts and liabilities to
20 the department of health;



- 1 (4) Identification of all contractual arrangements and
2 obligations of the Oahu region, including but not
3 limited to those related to personal service
4 contracts, vendor contracts, and capital improvement
5 projects;
- 6 (5) Development and implementation of any and all policies
7 and procedures necessary to ensure that the facilities
8 within the Oahu regional health care system remain
9 compliant with all federal, state, and local laws and
10 regulations; and
- 11 (6) Development and implementation of procedures to
12 extricate the Oahu region from system-wide services
13 secured or provided by the Hawaii health systems
14 corporation or enable the Oahu region to continue to
15 utilize such services on a temporary or permanent
16 basis through interagency agreement.
- 17 (e) Members of the working group shall serve without
18 compensation but shall be reimbursed for reasonable expenses
19 necessary for the performance of their duties, including travel
20 expenses. No member of the working group shall be subject to



1 chapter 84, Hawaii Revised Statutes, solely because of the
2 member's participation in the working group.

3 (f) The working group shall submit an interim report to
4 the legislature no later than twenty days prior to the convening
5 of the regular session of 2022 that outlines all components of
6 the transition that have been effectuated to date and any
7 legislative action needed to complete the transfer pursuant to
8 this Act.

9 (g) The working group shall be dissolved on June 30, 2023,
10 or upon completion of the transition of the Oahu regional health
11 care system into the department of health, whichever is later.
12 Prior to its dissolution, the working group shall submit a final
13 report to the legislature that documents the completion of the
14 transfer and dissolution of the Oahu regional health care
15 system.

16 SECTION 7. All transition actions, with the exception of
17 those covered under section 5(a) of this Act, shall be subject
18 to the following conditions:

19 (1) The attorney general shall approve the legality and
20 form of any material transition actions created by the
21 working group prior to implementation, and the



1 director of finance shall evaluate and approve any
2 expenditure of public funds determined to be in
3 accordance with the budget laws and controls in force;
4 and

5 (2) Liabilities of the Oahu regional health care system
6 that were transferred to the Hawaii health systems
7 corporation upon its creation by Act 262, Session Laws
8 of Hawaii 1996, or to the Oahu regional health care
9 system upon its establishment by Act 290, Session Laws
10 of Hawaii 2007, and all other contractual liabilities
11 of the Oahu regional health care system, including
12 those related to collective bargaining contracts
13 negotiated by the State in existence at the time they
14 are transferred to the department of health, shall
15 become the responsibility of the State.

16 PART IV

17 SECTION 8. During the transition period commencing on
18 July 1, 2021, through the completion of the transition of the
19 Oahu regional health care system from Hawaii health systems
20 corporation to the department of health, the Oahu regional



1 health care system shall maintain the following rights and
2 exemptions:

3 (1) The ability to develop and implement its own policies,
4 procedures, and rules necessary or appropriate to
5 plan, operate, manage, and control its facilities
6 without regard to chapter 91, Hawaii Revised Statutes;
7 and

8 (2) The right to enter into and perform any contracts,
9 leases, cooperative agreements, partnerships, or other
10 transactions that may be necessary or appropriate in
11 the performance of its purposes and responsibilities,
12 and on terms the regional system board may deem
13 appropriate, with either:

14 (A) Any agency or instrumentality of the United
15 States, or with any state, territory, or
16 possession, or with any subdivision thereof; or

17 (B) Any person, firm, association, partnership, or
18 corporation, whether operated on a for-profit or
19 not-for-profit basis; provided that the
20 transaction furthers the public interest;



- 1 (3) The ability to conduct activities and enter into
2 business relationships as the regional system board
3 deems necessary or appropriate, including but not
4 limited to:
- 5 (A) Creating nonprofit corporations, including but
6 not limited to charitable fund raising
7 foundations, to be controlled wholly by the
8 regional system board, or jointly with others;
- 9 (B) Establishing, subscribing to, and owning stock in
10 business corporations individually or jointly
11 with others; and
- 12 (C) Entering into partnerships and other joint
13 venture arrangements, or participating in
14 alliances, purchasing consortia, health insurance
15 pools, or other cooperative arrangements, with
16 any public or private entity; provided that any
17 corporation, venture, or relationship entered
18 into under this section furthers the public
19 interest;
- 20 (4) The right to execute, in accordance with all
21 applicable bylaws, rules, and laws, all instruments



1 necessary or appropriate in the exercise of any powers
2 of the regional system board;

3 (5) As to suing and being sued, only the Hawaii health
4 systems corporation may sue or be sued; provided
5 further that the regional system board shall continue
6 to enjoy the same sovereign immunity available to the
7 State;

8 (6) The ability to make and alter regional system board
9 bylaws and rules for its organization and management
10 without regard to chapter 91, Hawaii Revised Statutes;

11 (7) The right to enter into any contract or agreement
12 whatsoever, not inconsistent with the laws of the
13 State, and authorizing the regional system board and
14 chief executive officer to enter into all contracts,
15 execute all instruments, and do all things necessary
16 or appropriate in the exercise of the powers granted
17 in chapter 323F, Hawaii Revised Statutes, and this
18 Act, including securing the payment of bonds; provided
19 that contracts or agreements executed by a regional
20 system board shall encumber only the regional
21 subaccounts of that regional system board;



- 1 (8) The ability to own, purchase, lease, exchange, or
2 otherwise acquire property, whether real, personal, or
3 mixed, tangible or intangible, and of any interest
4 therein, in the name of the regional system board;
5 provided further that the regional system board shall
6 be subject to section 323F-3.5, Hawaii Revised
7 Statutes;
- 8 (9) The right to contract for and accept any gifts,
9 grants, and loans of funds, property, or any other aid
10 in any form from the federal government, the State,
11 any state agency, or any other source, or any
12 combination thereof, and complying, subject to chapter
13 323F, Hawaii Revised Statutes, and this Act, with the
14 terms and conditions thereof; provided that the
15 regional system board shall be responsible for
16 contracting for and accepting any gifts, grants,
17 loans, property, or other aid if intended to benefit
18 the public health facilities and operations
19 exclusively in its respective regional system;
- 20 (10) The authority to provide health and medical services
21 for the public directly or by agreement or lease with



1 any person, firm, or private or public corporation,
2 partnership, or association through or in the health
3 facilities of the regional system board or otherwise;
4 provided that the regional system board shall be
5 responsible for conducting the activities under this
6 paragraph solely within the regional system;

- 7 (11) The right to approve medical staff bylaws, rules, and
8 medical staff appointments and reappointments for all
9 public health facilities of the regional system board,
10 including but not limited to determining the
11 conditions under which a health professional may be
12 extended the privilege of practicing within a health
13 facility, as determined by the respective regional
14 system board, and adopting and implementing reasonable
15 rules, without regard to chapter 91, Hawaii Revised
16 Statutes, for the credentialing and peer review of all
17 persons and health professionals within the facility;
18 provided that regional system boards shall be the
19 governing body responsible for all medical staff
20 organization, peer review, and credentialing
21 activities to the extent allowed by law;



- 1 (12) The ability to enter into any agreement with the
2 State, including but not limited to contracts for the
3 provision of goods, services, and facilities in
4 support of the regional system boards' programs, and
5 contracting for the provision of services to or on
6 behalf of the State;
- 7 (13) The authority to develop internal policies and
8 procedures for the procurement of goods and services,
9 consistent with the goals of public accountability and
10 public procurement practices, and subject to
11 management and financial legislative audits; provided
12 that the regional system board shall enjoy the
13 exemption under section 103-53(e) and chapter 103D,
14 Hawaii Revised Statutes;
- 15 (14) The right to authorize, establish and abolish
16 positions;
- 17 (15) The regional system board shall be exempt from
18 chapters 36 to 38, 40, 41D, and 103D as well as part I
19 of chapter 92 and sections 102-2 and 103-53(e), Hawaii
20 Revised Statutes; and



1 (16) The right to employ or retain any attorney, by
2 contract or otherwise, for the purpose of representing
3 the regional system board in any litigation, rendering
4 legal counsel, or drafting legal documents for the
5 regional system board.

6 SECTION 9. Once the transition of the Oahu regional health
7 care system from Hawaii health systems corporation to the
8 department of health is completed, the inpatient services
9 division of the department of health, which shall include the
10 Oahu regional health care system facilities, Leahi Hospital, and
11 Maluhia, shall continue to maintain the following rights and
12 exemptions:

13 (1) The ability to develop and implement its own policies,
14 procedures, and rules necessary or appropriate to
15 plan, operate, manage, and control its facilities
16 without regard to chapter 91, Hawaii Revised Statutes;
17 and

18 (2) The right to enter into and perform any contracts,
19 leases, cooperative agreements, partnerships, or other
20 transactions whatsoever that may be necessary or
21 appropriate in the performance of its purposes and



1 responsibilities, and on terms the inpatient services
2 division may deem appropriate, with either:

3 (A) Any agency or instrumentality of the United
4 States, or with any state, territory, or
5 possession, or with any subdivision thereof; or

6 (B) Any person, firm, association, partnership, or
7 corporation, whether operated on a for-profit or
8 not-for-profit basis; provided that the
9 transaction furthers the public interest;

10 (3) The ability to conduct activities and enter into
11 business relationships as the inpatient services
12 division deems necessary or appropriate, including but
13 not limited to:

14 (A) Creating nonprofit corporations, including but
15 not limited to charitable fund raising
16 foundations, to be controlled wholly by the
17 inpatient services division, or jointly with
18 others; and

19 (B) Entering into partnerships and other joint
20 venture arrangements, or participating in
21 alliances, purchasing consortia, health insurance



1 pools, or other cooperative arrangements, with
2 any public or private entity; provided that any
3 corporation, venture, or relationship entered
4 into under this section furthers the public
5 interest;

6 (4) The ability to make and alter facility bylaws and
7 rules for its organization and management without
8 regard to chapter 91, Hawaii Revised Statutes;

9 (5) The right to contract for and accept any gifts,
10 grants, and loans of funds, property, or any other aid
11 in any form from the federal government, the State,
12 any state agency, or any other source, or any
13 combination thereof, and complying with the terms and
14 conditions thereof;

15 (6) The authority to provide health and medical services
16 for the public directly or by agreement or lease with
17 any person, firm, or private or public corporation,
18 partnership, or association through or in the health
19 facilities of impatient services division or
20 otherwise; and



1 (7) The right to approve medical staff bylaws, rules, and
2 medical staff appointments and reappointments for all
3 public health facilities of the inpatient services
4 division, including but not limited to determining the
5 conditions under which a health professional may be
6 extended the privilege of practicing within a health
7 facility, as determined by the inpatient services
8 division or facility management, and adopting and
9 implementing reasonable rules, without regard to
10 chapter 91, Hawaii Revised Statutes, for the
11 credentialing and peer review of all persons and
12 health professionals within the facility; provided
13 that the inpatient services division or facility
14 management shall be the governing body responsible for
15 all medical staff organization, peer review, and
16 credentialing activities to the extent allowed by law.

17 SECTION 10. For a period of two years following the
18 completed transition of the Oahu regional health care system
19 from Hawaii health services corporation to the department of
20 health, the inpatient services division of the department of
21 health, which shall include the Oahu regional health care system



1 facilities, Leahi Hospital, and Maluhia, shall continue to
2 maintain the authorization to develop internal policies and
3 procedures for the procurement of goods and services, consistent
4 with the goals of public accountability and public procurement
5 practices, and subject to management and financial legislative
6 audits; provided that the inpatient services division shall
7 enjoy the exemptions under section 103-53(e) and chapter 103D,
8 Hawaii Revised Statutes.

9 SECTION 11. In regard to maintenance of long-term care
10 services following the transition, no planned substantial
11 reduction or elimination of direct patient care services at any
12 facility shall be undertaken unless all of the following
13 requirements are met:

- 14 (1) An initial determination is made by the inpatient
15 services division as to critical and emergency
16 services, which shall not be subject to reduction or
17 elimination pursuant to this section;
- 18 (2) The plan of the facility to substantially reduce or
19 eliminate any direct patient care services at the
20 health facility shall first be presented to the
21 director of the department of health for approval;



- 1 (3) Subsequent to the requisite director of health's
2 approval, the inpatient services division shall
3 present the plan to the community in which the
4 facility is located, at a community informational
5 meeting, in order to obtain community input on the
6 plan;
- 7 (4) After the community informational meeting, but at
8 least twenty days prior to the implementation of the
9 plan approved by the director of health, the director
10 of health shall give notice of implementation of the
11 plan to the governor, senate president, and the
12 speaker of the house of representatives; and
- 13 (5) Implementation of the plan shall commence and
14 continue, provided that no legislation is enacted
15 that:
- 16 (A) Requires the reinstatement and continuation of
17 the direct patient care services that are subject
18 to reduction or elimination under the plan; and
- 19 (B) Includes an appropriation of additional moneys
20 sufficient to adequately fund the mandated



Report Title:

Hawaii Health Systems Corporation; Oahu Region; Department of Health; Transition; Working Group

Description:

Commences the transfer of the Oahu regional health care system in its entirety from the Hawaii health systems corporation to the department of health, beginning with the transfer of the Oahu regional health care system's budget into the department of health. Enables the Oahu regional health care system, department of health, Hawaii health systems corporation, and other state agencies to manage and implement the processes required to effectuate the completion of such transition. Provides certain protections and exemptions for the Oahu regional health care system and the inpatient services division of the department of health. Prohibits the substantial reduction or elimination of direct patient care at any Oahu regional health care system facility unless certain conditions are met. Effective 7/1/2050. (SD1)

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

