
A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF HEALTH.

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

1 SECTION 1. The legislature finds that Act 212, Session
2 Laws of Hawaii 2021, requires the transfer of the Oahu regional
3 health care system facilities of the Hawaii health systems
4 corporation, comprising Leahi hospital and Maluhia, to the
5 department of health.

6 The legislature further finds that the complexity of this
7 transfer is high because of logistical, clinical, labor
8 relations, and financial issues. Due to the department of
9 health's recent focus on the response to water contamination
10 issues at Red Hill and the ongoing coronavirus disease 2019
11 pandemic, an extension of the date by which the transfer is to
12 be complete is necessary to ensure that the intent of Act 212,
13 Session Laws of Hawaii 2021, is properly achieved.

14 Accordingly, the purpose of this Act is to:

15 (1) Set the proper manner by which the Oahu regional
16 health care system should seek operational funding
17 during the pendency of the transition process;



- 1 (2) Extend the date by which the transfer is to be
- 2 completed from December 31, 2022, to December 31,
- 3 2023;
- 4 (3) Require the transition working group to submit an
- 5 additional report to the legislature prior to the
- 6 convening of the regular session of 2023;
- 7 (4) Clarify the procedure for the working group to discuss
- 8 matters concerning patient privacy and prospective
- 9 bidders; and
- 10 (5) Appropriate moneys from the general fund to formulate
- 11 and execute a comprehensive business and transition
- 12 plan.

13 SECTION 2. Act 212, Session Laws of Hawaii 2021, is
14 amended as follows:

15 1. By amending section 6 to read:

16 "SECTION 6. (a) The budget of the Oahu regional health
17 care system shall be transferred from the Hawaii health systems
18 corporation to the department of health; provided that:

- 19 (1) The Oahu regional health care system's budget codes
- 20 and all related allocated funds of the Oahu region



1 shall be reflected in the state budget and all other
2 related tables; ~~and~~

3 (2) The organizational structure of the Oahu regional
4 health care system shall remain unchanged, unless
5 modified and approved by the working group established
6 pursuant to section 9 of this Act, and as approved by
7 the conditions established in this part or as required
8 by law~~[+]~~; and

9 (3) During the transition period, all requests for
10 operational funds necessary for the Oahu regional
11 health care system to maintain its operations at Leahi
12 hospital and Maluhia shall be made by the Oahu
13 regional health care system and shall be submitted
14 with budget requests made by the Hawaii health systems
15 corporation; provided further that, when appropriated,
16 funding for the Oahu regional health care system shall
17 be designated under HTH 215, the program ID assigned
18 to the Oahu regional health care system.

19 (b) The transfer of positions and respective class
20 specifications of the Oahu region from the Hawaii health systems
21 corporation's personnel system to the department of health, as



1 set forth in [a] the transition [document] documents submitted
2 by the working group established pursuant to section 9 of this
3 Act no later than twenty days prior to the convening of the
4 regular [~~session~~] sessions of 2022[7] and 2023, shall be
5 completed no later than December 31, [~~20227~~] 2023; provided
6 that:

7 (1) All employees of the Oahu region who are employed as
8 of December 31, [~~20227~~] 2023, shall be transferred to
9 the department of health before the transition of the
10 Oahu regional health care system into the department
11 of health is complete;

12 (2) All employees of the Oahu region who occupy civil
13 service positions shall be transferred to the
14 department of health by this Act and retain their
15 civil service status, whether permanent or temporary,
16 and shall maintain their respective functions as
17 reflected in their current position descriptions
18 during the transition period; provided that any
19 changes determined necessary by the working group
20 established pursuant to section 9 of this Act shall



1 follow standard union consultation process prior to
2 implementation;

3 (3) Employees shall be transferred without loss of salary;
4 seniority, except as prescribed by applicable
5 collective bargaining agreements; retention points;
6 prior service credit; any vacation and sick leave
7 credits previously earned; and other rights, benefits,
8 and privileges, in accordance with state employment
9 laws;

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

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



1 entitled to remain employed in the employee's current
2 position for a period of no less than one year after
3 the transition of the Oahu regional health care system
4 into the department of health is complete;

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

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



1 2. By amending subsection (b) of section 7 to read:

2 "(b) Notwithstanding any law to the contrary, the terms of
3 the following members of the board of directors of the Hawaii
4 health systems corporation shall expire on December 31, [~~2022~~]
5 2023:

6 (1) The regional chief executive officer of the Oahu
7 regional health care system; and

8 (2) The two board members residing on the island of Oahu
9 appointed pursuant to section 323F-3(b)(7), Hawaii
10 Revised Statutes."

11 3. By amending section 8 to read:

12 "SECTION 8. (a) During the transition planning period
13 commencing on July 1, 2021, to and including the completion of
14 the transition of the Oahu regional health care system into the
15 department of health no later than December 31, [~~2022~~] 2023,
16 the Oahu regional system board may:

17 (1) Develop and implement its own policies, procedures,
18 and rules necessary or appropriate to plan, operate,
19 manage, and control its facilities without regard to
20 chapter 91, Hawaii Revised Statutes;



- 1 (2) Enter into and perform any contract, lease,
2 cooperative agreement, partnership, or other
3 transaction whatsoever that may be necessary or
4 appropriate in the performance of its purposes and
5 responsibilities, and on any terms the regional system
6 board may deem appropriate with either:
- 7 (A) Any agency or instrumentality of the United
8 States, or with any state, territory, possession,
9 or subdivision thereof; or
- 10 (B) Any person, firm, association, partnership, or
11 corporation, whether operated on a for-profit or
12 not-for-profit basis; provided that the
13 transaction furthers the public interest;
- 14 (3) Conduct activities and enter into business
15 relationships the regional system board deems
16 necessary or appropriate, including but not limited
17 to:
- 18 (A) Creating nonprofit corporations, including but
19 not limited to charitable fundraising
20 foundations, to be controlled wholly by the
21 regional system board or jointly with others;



- 1 (B) Establishing, subscribing to, and owning stock in
- 2 business corporations individually or jointly
- 3 with others; and
- 4 (C) Entering into partnerships and other joint
- 5 venture arrangements, or participating in
- 6 alliances, purchasing consortia, health insurance
- 7 pools, or other cooperative agreements, with any
- 8 public or private entity; provided that any
- 9 corporation, venture, or relationship entered
- 10 into under this subsection shall further the
- 11 public interest;
- 12 (4) Execute, in accordance with all applicable bylaws,
- 13 rules, and laws, all instruments necessary or
- 14 appropriate in the exercise of any powers of the
- 15 regional system board;
- 16 (5) Make and alter regional system board bylaws and rules
- 17 for its organization and management without regard to
- 18 chapter 91, Hawaii Revised Statutes;
- 19 (6) Enter into any contract or agreement whatsoever, not
- 20 inconsistent with the laws of the State, execute all
- 21 instruments, and do all things necessary or



1 appropriate in the exercise of the powers granted
2 under chapter 323F, Hawaii Revised Statutes, including
3 securing the payment of bonds; provided that contracts
4 or agreements executed by the regional system board
5 shall only encumber the regional subaccounts of the
6 regional system board;

7 (7) Own, purchase, lease, exchange, or otherwise acquire
8 property, whether real, personal, or mixed, tangible
9 or intangible, and any interest therein, in the name
10 of the regional system board; provided that the
11 regional system board shall be subject to the
12 requirements of section 323F-3.5, Hawaii Revised
13 Statutes;

14 (8) Contract for and accept any gifts, grants, and loans
15 of funds or property, or any other aid in any form
16 from the federal government, the State, any state
17 agency, or any other source, or any combination
18 thereof, in compliance, subject to chapter 323F,
19 Hawaii Revised Statutes, with the terms and conditions
20 thereof; provided that the regional system board shall
21 be responsible for contracting for and accepting any



1 gifts, grants, loans, property, or other aid if
2 intended to exclusively benefit the Oahu region public
3 health facilities and operations;

4 (9) Provide health and medical services to the public
5 directly or by agreement or lease with any person,
6 firm, or private or public corporation, partnership,
7 or association through or in the health facilities of
8 the regional system board or otherwise; provided that
9 the regional system board shall be responsible for
10 conducting the activities under this paragraph solely
11 within the Oahu regional system;

12 (10) Approve medical staff bylaws, rules, and medical staff
13 appointments and reappointments for all public health
14 facilities of the regional system board, including but
15 not limited to determining the conditions under which
16 a health professional may be extended the privilege of
17 practicing within a health facility, as determined by
18 the regional system board, and adopting and
19 implementing reasonable rules, without regard to
20 chapter 91, Hawaii Revised Statutes, for the
21 credentialing and peer review of all persons and



1 health professionals within the facility; provided
2 that the regional system board shall be the governing
3 body responsible for all medical staff organization,
4 peer review, and credentialing activities to the
5 extent allowed by law;

6 (11) Enter into any agreement with the State, including but
7 not limited to contracts for the provision of goods,
8 services, and facilities for the support of the
9 regional system board's programs, and contracting for
10 the provision of services to or on behalf of the
11 State;

12 (12) Develop internal policies and procedures for the
13 procurement of goods and services, consistent with the
14 goals of public accountability and public procurement
15 practices, and subject to management and financial
16 legislative audits; provided that the regional system
17 board shall enjoy the exemptions under
18 section 103-53(e) and chapter 103D, Hawaii Revised
19 Statutes;

20 (13) Authorize, establish, and abolish positions; and



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

6 (b) During the transition period commencing on July 1,
7 2021, to and including the completion of the transition of the
8 Oahu regional health care system into the department of health
9 no later than December 31, [~~2022,~~] 2023, the Oahu regional
10 system board shall continue to enjoy the same sovereign immunity
11 available to the State.

12 (c) During the transition period commencing on July 1,
13 2021, to and including the completion of the transition of the
14 Oahu regional health care system into the department of health
15 no later than December 31, [~~2022,~~] 2023, the Oahu regional
16 system board shall be exempt from chapters 36, 37, 38, 40, 41D,
17 103D, 103F, part I of chapter 92, and section 102-2, Hawaii
18 Revised Statutes."

19 4. By amending section 9 to read:

20 "SECTION 9. (a) There is established a working group of
21 the Oahu regional health care system and department of health to



1 develop, evaluate, and implement any additional steps necessary
2 to complete the transition of the Oahu regional health care
3 system into the department of health.

4 (b) The working group shall consist of the following
5 members:

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

11 (2) The chair of the Oahu regional system board or the
12 chair's designee, who shall serve as co-chair and who,
13 along with the director of health or the director's
14 designee, shall have final authority over transfer
15 activities to be implemented by the working group;

16 (3) The chief executive officer of the Oahu regional
17 health care system or the chief executive officer's
18 designee;

19 (4) One or more department of health staff members as
20 deemed necessary by the director of health or the
21 director's designee; and



1 (5) One or more Oahu regional health care system staff
2 members as deemed necessary by the chief executive
3 officer of the Oahu regional health care system or the
4 chief executive officer's designee.

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

- 7 (1) One representative from the behavioral health
8 administration of the department of health;
- 9 (2) One representative from the department of human
10 resources development;
- 11 (3) One representative from the department of accounting
12 and general services;
- 13 (4) One representative from the department of the attorney
14 general;
- 15 (5) One representative from the department of budget and
16 finance;
- 17 (6) One representative from the office of planning;
- 18 (7) The chair of the Hawaii health systems corporation
19 board or the chair's designee;
- 20 (8) One representative from the Hawaii health systems
21 corporation human resources department;



- 1 (9) One representative from the Hawaii health systems
2 corporation finance department;
- 3 (10) One representative from the state procurement office;
- 4 (11) One representative from the Hawaii Government
5 Employees Association, who shall be invited to
6 participate;
- 7 (12) One representative from the United Public Workers, who
8 shall be invited to participate;
- 9 (13) Community representatives as recommended and invited
10 by the co-chairs; and
- 11 (14) Others as recommended and invited by the co-chairs.
- 12 (d) In carrying out its purpose, the working group shall
13 develop a comprehensive business plan and transfer framework to
14 govern and manage the additional steps necessary to complete the
15 transfer of the Oahu region into the department of health. The
16 comprehensive business plan and transfer framework shall include
17 but not be limited to the following:
- 18 (1) Preparation of a five-year pro forma operating plan
19 and budget for the continuing operations of Leahi
20 hospital and Maluhia;



- 1 (2) Preparation of a ten-year pro forma capital
2 improvement plan and budget for the continuing
3 operations of Leahi hospital and Maluhia;
- 4 (3) Identification and preparation of proposed legislation
5 to address any matters not covered by this Act that
6 may be necessary to complete the transfer of the Oahu
7 regional health care system into the department of
8 health;
- 9 (4) Identification of all real property, appropriations,
10 records, equipment, machines, files, supplies,
11 contracts, books, papers, documents, maps, and other
12 property made, used, acquired, or held by the Oahu
13 regional health care system to effectuate the transfer
14 of the same to the department of health;
- 15 (5) Identification of all debts and other liabilities that
16 will remain with the Hawaii health systems corporation
17 and the remaining debts and liabilities to be
18 transferred to the department of health;
- 19 (6) Identification of all contractual arrangements and
20 obligations of the Oahu regional health care system,
21 including but not limited to those related to personal



- 1 service contracts, vendor contracts, and capital
2 improvement projects;
- 3 (7) Development and implementation of any and all policies
4 and procedures necessary to ensure that the facilities
5 within the Oahu regional health care system remain
6 compliant with all federal, state, and local laws and
7 regulations; and
- 8 (8) Development and implementation of procedures to
9 extricate the Oahu regional health care system from
10 system-wide services secured or provided by the Hawaii
11 health systems corporation or enable the Oahu region
12 to continue to utilize those services on a temporary
13 or permanent basis through interagency agreement.
- 14 (e) Members of the working group shall serve without
15 compensation but shall be reimbursed for reasonable expenses
16 necessary for the performance of their duties, including travel
17 expenses. No member of the working group shall be subject to
18 chapter 84, Hawaii Revised Statutes, solely because of the
19 member's participation in the working group.
- 20 (f) The working group shall submit [~~a report~~] reports to
21 the legislature no later than twenty days prior to the convening



1 of the regular [~~session~~] sessions of 2022 and 2023 that shall
2 include the five-year pro forma operating and budget plan, ten-
3 year pro forma capital improvement plan, proposed legislation to
4 address any matters not covered by this Act that may be
5 necessary to complete the transfer of the Oahu regional health
6 care system into the department of health, and a timeline of
7 major milestones necessary to effectuate the transfer of
8 personnel, assets, liabilities, and contracts needed to complete
9 the transfer pursuant to this Act. The [~~report~~] reports shall
10 also document the completion of the transfer and dissolution of
11 the Oahu regional health care system.

12 (g) The working group shall be dissolved on December 31,
13 [~~2022,~~] 2023, or upon completion of the transition of the Oahu
14 regional health care system into the department of health,
15 whichever is first.

16 (h) The working group may hold an executive session
17 following the procedures set out in section 92-4, Hawaii Revised
18 Statutes, to discuss individually identifiable information that
19 could affect patient privacy or information that could identify
20 prospective bidders."

21 5. By amending section 14 to read:



1 "SECTION 14. This Act shall take effect on July 1, 2021;
2 provided that part II of this Act shall take effect on
3 December 31, [~~2022.~~] 2023."

4 SECTION 3. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so
6 much thereof as may be necessary for fiscal year 2022-2023 for
7 the creation of a comprehensive business plan and transfer
8 framework for the transfer of the Oahu regional health care
9 system and its facilities, Leahi hospital and Maluhia, to the
10 department of health.

11 The sum appropriated shall be expended by the department of
12 health for the purposes of this Act.

13 SECTION 4. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 5. This Act shall take effect on July 1, 2060.

16



Report Title:

DOH; HHSC; Oahu Region; Leahi Hospital; Maluhia; Transition;
Working Group; Appropriation

Description:

Sets the manner by which the Oahu regional health care system should request operational funding during the transitional period of the Oahu regional health care system from the Hawaii health systems corporation to the department of health. Extends the deadline by which the transfer shall take place. Requires a report to the legislature prior to the regular session of 2023. Clarifies the procedure for the working group to discuss matters concerning patient privacy and prospective bidders. Appropriates funds. Effective 7/1/2060. (HD2)

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

