

STAND. COM. REP. NO. 3306

Honolulu, Hawaii

MAR 22 2022

RE: H.B. No. 1579
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B.
No. 1579, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF HEALTH,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extend the deadline by which the transfer of the Oahu Regional Health Care System from the Hawaii Health Systems Corporation to the Department of Health is to be completed;
- (2) Set the manner by which the Oahu Regional Health Care System should request operational funding during the transition period;
- (3) Require the transition working group to submit an additional report to the Legislature prior to the convening of the Regular Session of 2023;
- (4) Clarify the procedure for the working group to discuss matters concerning patient privacy and prospective bidders; and



- (5) Appropriate funds to the Department of Health to formulate and execute a comprehensive business and transition plan.

Your Committee received testimony in support of this measure from the University of Hawai'i System; Hawaii Health Systems Corporation Oahu Region; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; and United Public Workers, AFSCME Local 646, AFL-CIO. Your Committee received testimony in opposition to this measure from the Department of Health. Your Committee received comments on this measure from the Department of Budget and Finance and Hawaii Health Systems Corporation.

Your Committee finds that Act 212, Session Laws of Hawaii 2021 (Act 212), initiated the transfer of the Oahu Regional Health Care System (Oahu Region) from the Hawaii Health Systems Corporation (HHSC) to the Department of Health. The Oahu Region, unlike the other HHSC hospitals, operates primarily as a safety net social service rather than a traditional income-generating hospital. The Oahu Region, therefore, has difficulty competing for funds against other hospitals in the HHSC, which are provided to the HHSC without allocation to each region. Act 212 was passed to transfer the Oahu Region to the Department of Health, in part, to ensure the Oahu Region remained properly funded and to be integrated into the Department of Health's current social services.

Act 212 also created a transition working group to develop, evaluate, and implement any additional steps necessary to complete the transition of the Oahu Region from HHSC to the Department of Health. The transition working group submitted a report to the Legislature prior to the current Regular Session, which estimated that the transition would cost over \$10,000,000 with an annual post-transition cost of \$5,000,000 and would not be completed until the end of 2024.

Your Committee notes the testimony of the Department of Health, which opposes the measure due to the transition and post-transition costs. The Department of Health further testified that if the Legislature were to carry out the transition required by Act 212, it would need until the end of 2024 to complete the transition, per the working group's report.



Therefore, your Committee has amended this measure by:

- (1) Extending the deadline by which the transition of the Oahu Region Health Care System facilities must be completed from December 31, 2022, to December 31, 2025;
- (2) Authorizing the working group to hold multiple executive sessions to discuss individual identifiable information that could affect patient privacy or information that could identify prospective bidders;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion;
- (4) Amending section 1 to reflect its amended purpose; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1579, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1579, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

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



JARRETT KEOHOKALOLE, Chair



