



GOV. MSG. NO. 1251

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 27, 2022

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty-First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty-First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 27, 2022, the following bill was signed into law:

HB1579 HD2 SD2

RELATING TO THE DEPARTMENT OF HEALTH.
ACT 150

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

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 the Red Hill Bulk Fuel Storage Facility and the
11 ongoing coronavirus disease 2019 pandemic, an extension of the
12 date by which the transfer is to be complete is necessary to
13 ensure that the intent of Act 212, Session Laws of Hawaii 2021,
14 is properly achieved.

15 Accordingly, the purpose of this Act is to:



- 1 (1) Set the proper manner by which the Oahu regional
2 health care system should seek operational funding
3 during the pendency of the transition process;
- 4 (2) Extend the date by which the transfer is to be
5 completed from December 31, 2022, to December 31,
6 2025;
- 7 (3) Require the transition working group to submit an
8 additional report to the legislature prior to the
9 convening of the regular session of 2025;
- 10 (4) Clarify the procedure for the working group to discuss
11 matters concerning patient privacy and prospective
12 bidders; and
- 13 (5) Appropriate moneys from the general fund to formulate
14 and execute a comprehensive business and transition
15 plan.

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

- 18 1. By amending section 6 to read:
19 "SECTION 6. (a) The budget of the Oahu regional health
20 care system shall be transferred from the Hawaii health systems
21 corporation to the department of health; provided that:

- 1 (1) The Oahu regional health care system's budget codes
2 and all related allocated funds of the Oahu region
3 shall be reflected in the state budget and all other
4 related tables; [~~and~~]
- 5 (2) The organizational structure of the Oahu regional
6 health care system shall remain unchanged, unless
7 modified and approved by the working group established
8 pursuant to section 9 of this Act, and as approved by
9 the conditions established in this part or as required
10 by law[-]; and
- 11 (3) During the transition period, all requests for
12 operational funds necessary for the Oahu regional
13 health care system to maintain its operations at Leahi
14 hospital and Maluhia shall be made by the Oahu
15 regional health care system and shall be submitted
16 with budget requests made by the Hawaii health systems
17 corporation; provided further that, when appropriated,
18 funding for the Oahu regional health care system shall
19 be designated under HTH 215, the program ID assigned
20 to the Oahu regional health care system.



1 (b) The transfer of positions and respective class
2 specifications of the Oahu region from the Hawaii health systems
3 corporation's personnel system to the department of health, as
4 set forth in [a] the transition [document] documents submitted
5 by the working group established pursuant to section 9 of this
6 Act no later than twenty days prior to the convening of the
7 regular [~~session~~] sessions of 2022 [~~7~~] and 2025, shall be
8 completed no later than December 31, [~~2022,7~~] 2025; provided
9 that:

10 (1) All employees of the Oahu region who are employed as
11 of December 31, [~~2022,7~~] 2025, shall be transferred to
12 the department of health before the transition of the
13 Oahu regional health care system into the department
14 of health is complete;

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



1 changes determined necessary by the working group
2 established pursuant to section 9 of this Act shall
3 follow standard union consultation process prior to
4 implementation;

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

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

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



1 earned, or other employee benefits or privileges, and,
2 except in the instance of discipline, shall be
3 entitled to remain employed in the employee's current
4 position for a period of no less than one year after
5 the transition of the Oahu regional health care system
6 into the department of health is complete;

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

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



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

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

4 "(b) Notwithstanding any law to the contrary, the terms of
5 the following members of the board of directors of the Hawaii
6 health systems corporation shall expire on December 31, [~~2022~~]
7 2025:

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

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

13 3. By amending section 8 to read:

14 "SECTION 8. (a) During the transition planning period
15 commencing on July 1, 2021, to and including the completion of
16 the transition of the Oahu regional health care system into the
17 department of health no later than December 31, [~~2022~~], 2025,
18 the Oahu regional system board may:

19 (1) Develop and implement its own policies, procedures,
20 and rules necessary or appropriate to plan, operate,



1 manage, and control its facilities without regard to
2 chapter 91, Hawaii Revised Statutes;

3 (2) Enter into and perform any contract, lease,
4 cooperative agreement, partnership, or other
5 transaction whatsoever that may be necessary or
6 appropriate in the performance of its purposes and
7 responsibilities, and on any terms the regional system
8 board may deem appropriate with either:

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

12 (B) Any person, firm, association, partnership, or
13 corporation, whether operated on a for-profit or
14 not-for-profit basis; provided that the
15 transaction furthers the public interest;

16 (3) Conduct activities and enter into business
17 relationships the regional system board deems
18 necessary or appropriate, including but not limited
19 to:

20 (A) Creating nonprofit corporations, including but
21 not limited to charitable fundraising



1 foundations, to be controlled wholly by the
2 regional system board or jointly with others;
3 (B) Establishing, subscribing to, and owning stock in
4 business corporations individually or jointly
5 with others; and
6 (C) Entering into partnerships and other joint
7 venture arrangements, or participating in
8 alliances, purchasing consortia, health insurance
9 pools, or other cooperative agreements, with any
10 public or private entity; provided that any
11 corporation, venture, or relationship entered
12 into under this subsection shall further the
13 public interest;
14 (4) Execute, in accordance with all applicable bylaws,
15 rules, and laws, all instruments necessary or
16 appropriate in the exercise of any powers of the
17 regional system board;
18 (5) Make and alter regional system board bylaws and rules
19 for its organization and management without regard to
20 chapter 91, Hawaii Revised Statutes;



- 1 (6) Enter into any contract or agreement whatsoever, not
2 inconsistent with the laws of the State, execute all
3 instruments, and do all things necessary or
4 appropriate in the exercise of the powers granted
5 under chapter 323F, Hawaii Revised Statutes, including
6 securing the payment of bonds; provided that contracts
7 or agreements executed by the regional system board
8 shall only encumber the regional subaccounts of the
9 regional system board;
- 10 (7) Own, purchase, lease, exchange, or otherwise acquire
11 property, whether real, personal, or mixed, tangible
12 or intangible, and any interest therein, in the name
13 of the regional system board; provided that the
14 regional system board shall be subject to the
15 requirements of section 323F-3.5, Hawaii Revised
16 Statutes;
- 17 (8) Contract for and accept any gifts, grants, and loans
18 of funds or property, or any other aid in any form
19 from the federal government, the State, any state
20 agency, or any other source, or any combination
21 thereof, in compliance, subject to chapter 323F,



1 Hawaii Revised Statutes, with the terms and conditions
2 thereof; provided that the regional system board shall
3 be responsible for contracting for and accepting any
4 gifts, grants, loans, property, or other aid if
5 intended to exclusively benefit the Oahu region public
6 health facilities and operations;

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

15 (10) Approve medical staff bylaws, rules, and medical staff
16 appointments and reappointments for all public health
17 facilities of the regional system board, including but
18 not limited to determining the conditions under which
19 a health professional may be extended the privilege of
20 practicing within a health facility, as determined by
21 the regional system board, and adopting and



1 implementing reasonable rules, without regard to
2 chapter 91, Hawaii Revised Statutes, for the
3 credentialing and peer review of all persons and
4 health professionals within the facility; provided
5 that the regional system board shall be the governing
6 body responsible for all medical staff organization,
7 peer review, and credentialing activities to the
8 extent allowed by law;

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

15 (12) Develop internal policies and procedures for the
16 procurement of goods and services, consistent with the
17 goals of public accountability and public procurement
18 practices, and subject to management and financial
19 legislative audits; provided that the regional system
20 board shall enjoy the exemptions under



1 section 103-53(e) and chapter 103D, Hawaii Revised
2 Statutes;

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

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

9 (b) During the transition period commencing on July 1,
10 2021, to and including the completion of the transition of the
11 Oahu regional health care system into the department of health
12 no later than December 31, [~~2022~~] 2025, the Oahu regional
13 system board shall continue to enjoy the same sovereign immunity
14 available to the State.

15 (c) During the transition period commencing on July 1,
16 2021, to and including the completion of the transition of the
17 Oahu regional health care system into the department of health
18 no later than December 31, [~~2022~~] 2025, the Oahu regional
19 system board shall be exempt from chapters 36, 37, 38, 40, 41D,
20 103D, 103F, part I of chapter 92, and section 102-2, Hawaii
21 Revised Statutes."



1 4. By amending section 9 to read:

2 "SECTION 9. (a) There is established a working group of
3 the Oahu regional health care system and department of health to
4 develop, evaluate, and implement any additional steps necessary
5 to complete the transition of the Oahu regional health care
6 system into the department of health.

7 (b) The working group shall consist of the following
8 members:

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

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

19 (3) The chief executive officer of the Oahu regional
20 health care system or the chief executive officer's
21 designee;



- 1 (4) One or more department of health staff members as
2 deemed necessary by the director of health or the
3 director's designee; and
- 4 (5) One or more Oahu regional health care system staff
5 members as deemed necessary by the chief executive
6 officer of the Oahu regional health care system or the
7 chief executive officer's designee.
- 8 (c) In addition, the working group shall include the
9 following members who shall serve in a consultative capacity:
- 10 (1) One representative from the behavioral health
11 administration of the department of health;
- 12 (2) One representative from the department of human
13 resources development;
- 14 (3) One representative from the department of accounting
15 and general services;
- 16 (4) One representative from the department of the attorney
17 general;
- 18 (5) One representative from the department of budget and
19 finance;
- 20 (6) One representative from the office of planning;



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



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



- 1 (6) Identification of all contractual arrangements and
2 obligations of the Oahu regional health care system,
3 including but not limited to those related to personal
4 service contracts, vendor contracts, and capital
5 improvement projects;
- 6 (7) 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 (8) Development and implementation of procedures to
12 extricate the Oahu regional health care system from
13 system-wide services secured or provided by the Hawaii
14 health systems corporation or enable the Oahu region
15 to continue to utilize those services on a temporary
16 or permanent 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 [~~a report~~] reports to
4 the legislature no later than twenty days prior to the convening
5 of the regular [~~session~~] sessions of 2022 and 2025 that shall
6 include the five-year pro forma operating and budget plan, ten-
7 year pro forma capital improvement plan, proposed legislation to
8 address any matters not covered by this Act that may be
9 necessary to complete the transfer of the Oahu regional health
10 care system into the department of health, and a timeline of
11 major milestones necessary to effectuate the transfer of
12 personnel, assets, liabilities, and contracts needed to complete
13 the transfer pursuant to this Act. The [~~report~~] reports shall
14 also document the completion of the transfer and dissolution of
15 the Oahu regional health care system.

16 (g) The working group shall be dissolved on December 31,
17 [~~2022,~~] 2025, or upon completion of the transition of the Oahu
18 regional health care system into the department of health,
19 whichever is first.

20 (h) The working group may hold executive sessions in
21 compliance with the procedures set out in section 92-4, Hawaii



1 Revised Statutes, to discuss individually identifiable
2 information that could affect patient privacy or information
3 that could identify prospective bidders."

4 5. By amending section 14 to read:

5 "SECTION 14. This Act shall take effect on July 1, 2021;
6 provided that part II of this Act shall take effect on
7 December 31, [~~2022-~~] 2025."

8 SECTION 3. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 4. This Act shall take effect upon its approval.

APPROVED this 27th day of June , 2022



GOVERNOR OF THE STATE OF HAWAII



HB No. 1579, HD 2, SD 2

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2022
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2022.



Scott K. Saiki
Speaker
House of Representatives





Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: April 12, 2022
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Third Reading in the Senate of the Thirty-First Legislature of the State of Hawai'i, Regular Session of 2022.


President of the Senate


Clerk of the Senate