

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1016  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred S.B. No. 1016 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC-PRIVATE PARTNERSHIPS FOR THE DELIVERY OF HEALTH CARE SERVICES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Beginning January 1, 2024, require the Chief Executive Officer of the Hawaii Health Systems Corporation or the Chief Executive Officer's designee to provide written comments to the Governor before the State enters into any new agreement with a private entity or modifies or terminates any existing agreement to transfer the right and responsibility to manage, operate, and otherwise provide health care services at one or more facilities of the Maui Regional System; and
- (2) Expand the definition of "private entity" to include business organizations that are authorized to transact business in the State, including nonprofit management entities that have a certificate of need or license to operate one or more community hospitals or hospitals serving a rural population licensed under the laws of any state.



Your Committee received testimony in support of this measure from one individual. Your Committee received comments on this measure from the Hawai'i Health Systems Corporation.

Your Committee finds that the Hawaii Health Systems Corporation has faced considerable financial challenges over the years, which pose a risk to the public health care services provided in the State. To strengthen the viability of the public hospital system operated by the Hawaii Health Systems Corporation on the island of Maui, the Legislature passed Act 103, Session Laws of Hawaii 2015 (Act 103), codified at part IV of chapter 323F, Hawaii Revised Statutes, to allow for the transfer of the operations and management of the Maui Regional System facilities from the Hawaii Health Systems Corporation to one or more private entities or their nonprofit management entities. Since Act 103 required these private entities to be hospitals licensed in the State, the options were extremely limited. Ultimately, on January 14, 2016, Maui Health System, A Kaiser Foundation Hospitals LLC, entered into a transfer agreement with the State of Hawaii and other entities. Your Committee finds, however, that certain representations made by Maui Health System to the Hawaii Health Systems Corporation and the Maui Regional System board were not conveyed to the Governor during the negotiation process and therefore not reflected in the transfer agreement. This measure expands the choice of private entities to which the Hawaii Health Systems Corporation may transfer its Maui Regional System facilities and ensures that any representations made by the chosen private entity to the Hawaii Health Systems Corporation is conveyed to the Governor during the negotiation process.

Your Committee has amended this measure by:

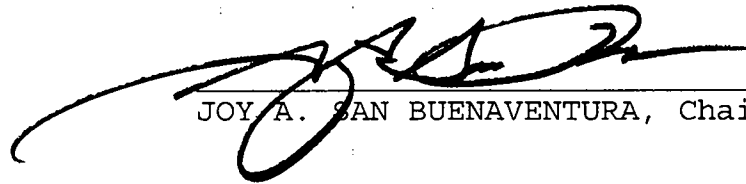
- (1) Inserting an effective date of December 31, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1016, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1016,



S.D. 1, and be referred to your Committee on Commerce and Consumer Protection.

Respectfully submitted on  
behalf of the members of the  
Committee on Health and Human  
Services,



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JOY A. SAN BUENAVENTURA, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Health and Human Services**  
**HHS**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1016	HHS, CPN	02/15/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
SAN BUENAVENTURA, Joy A. (C)	✓			
AQUINO, Henry J.C. (VC)	✓			
MORIWAKI, Sharon Y.	✓			
SHIMABUKURO, Maile S.L.	✓			
AWA, Brenton	✓			
<b>TOTAL</b>	5			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes