

## ACT 211

H.B. NO. 2032

A Bill for an Act Relating to the Community Hospitals.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that the pilot project to foster autonomous operation of Maui Memorial Hospital, Hilo Hospital, and Kona Hospital, has contributed effectively to expediting and improving the delivery of health care services by Hawaii's public hospital system. Autonomous operation refers to a method of hospital management that decentralizes health care decision making and fosters local health care professional participation at the hospital level.

This pilot project, which was established through Act 223, Session Laws of Hawaii 1990, as amended by Act 187, Session Laws of Hawaii 1992, will be repealed on June 30, 1993. This pilot project has demonstrated positive benefits to the operating efficiency and the financial performance of the three hospitals.

The purpose of this Act is to expand the pilot project to include the one remaining acute care hospital and the four long-term care hospitals. The duration of the pilot project shall be for a three-year period.

SECTION 2. The department of health, through its director, shall formulate policies for the autonomous operation of the community hospitals until June 30, 1996. The provisions of this Act shall apply to Hilo Hospital, Maui Memorial Hospital, Kona Hospital, Kauai Veterans Memorial Hospital, Leahi Hospital, Maluhia Hospital, Kula Hospital, and Samuel Mahelona Memorial Hospital.

SECTION 3. The department of health shall formulate policy and exercise control as may be necessary to define a common set of health care goals that the hospitals specified in section 2 shall be responsible for fulfilling. The department shall also be responsible for the formulation of standards for measuring the efforts of these hospitals in achieving those goals. Subject to a review based on these goals and efforts, the hospitals specified in section 2 shall be allowed to utilize their resources in a flexible manner to achieve their objectives.

SECTION 4. Any state agency, except the state health planning and development agency, that may be required to act under state law on a matter affecting the hospitals specified in section 2, shall waive otherwise applicable policies, rules, or procedures when requested to do so by the director of health unless the agency, within thirty days, can justify to the governor a denial of the request. The department of health shall adopt procedures necessary to process waivers initiated by the hospitals specified in section 2.

SECTION 5. The department of health may adopt rules pursuant to chapter 91, Hawaii Revised Statutes, to implement this Act.

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**SECTION 6.** In order to achieve the benefits of a decentralized and relatively unencumbered autonomous operation, the hospitals specified in section 2 shall be granted flexibility in the hiring of personnel and the collection and disbursement of funds by being exempt from sections 103-22 and 103-41 through 103-48, Hawaii Revised Statutes, relating to advertising for bids and purchases to be made in Hawaii whenever public moneys are expended for the duration of the pilot project.

**SECTION 7.** The management advisory committee of each hospital shall fully participate in the pilot project.

**SECTION 8.** Nothing in this Act shall supersede collective bargaining agreements, civil service rules, or statutes protecting employee rights or providing employee benefits. No employee shall be adversely affected by this Act.

**SECTION 9.** The director of health shall submit to the governor, the president of the senate, and the speaker of the house of representatives, interim status reports not less than twenty days prior to the convening of the 1994, 1995, and 1996 regular sessions and a final project completion report not less than twenty days prior to the convening of the 1997 regular session.

**SECTION 10.** This Act shall take effect on July 1, 1993, and shall be repealed on June 30, 1996, except that section 9 shall be repealed on January 31, 1997.

(Approved June 10, 1993.)