

Honolulu, Hawaii

April 29, 2015

RE: H.B. No. 1075
H.D. 2
S.D. 2
C.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1075, H.D. 2, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to ensure that the people of the State have continued access to health care services in areas served by regional systems of the Hawaii Health Systems Corporation (HHSC). Specifically, this measure authorizes HHSC's Maui Regional System to negotiate an agreement with a private entity to transfer the exclusive right to conduct ongoing business at one or more of its facilities, including Maui Memorial Medical Center, Kula Hospital and Clinic, and Lanai Community Hospital, to a nonprofit management entity that is wholly-owned by a private entity.



Your Committee on Conference has amended this measure to delineate the process whereby the Maui Regional System would enter into a public-private partnership with one or more private entities, or their nonprofit management entities, to transfer the right and responsibility to manage, operate, and provide health care services in Maui Regional System facilities. In addition, this measure takes steps to protect employees affected by the transfer. Among other things, this measure:

- (1) Clarifies that a private entity involved in such a transfer must be authorized to transact business in the State and must:
 - (A) Have a Certificate of Need from the State Health Planning Development Agency to operate one or more licensed hospitals in the State; or
 - (B) Be the sole member of a nonprofit management entity that has obtained a Certificate of Need from the State Health Planning Development Agency to operate one or more licensed hospitals in the State;
- (2) Amends the negotiation process for the transition of the Maui Regional System, including a requirement for the submission of statements of interest by an interested private entity or its nonprofit management entity and the changing of the parties required for the negotiation;
- (3) Establishes new standards and timelines for the State's ongoing oversight and control over the management and operation of the Maui Regional System as it is transferred to a new private entity or its nonprofit management entity;
- (4) Establishes provisions for the protection of employees currently employed by a transferred facility, including minimum employment requirements, the preservation of earned benefits, and collective bargaining agreement planning aimed at tempering the adverse effects of potential layoffs;
- (5) Requires that the Governor report to the Legislature on the progress of the transfer of facilities;



- (6) Changes its effective date to take effect upon its approval; provided that the amendment made to section 89-8.5, Hawaii Revised Statutes, shall be repealed one year after the transfer completion date specified in an agreement negotiated and entered into under chapter 323F, part , Hawaii Revised Statutes, and section 89-8.5, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day prior to the effective date of this Act; and
- (7) Makes technical, nonsubstantive amendments, as well as conforming amendments throughout, for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1075, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1075, H.D. 2, S.D. 2, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE SENATE

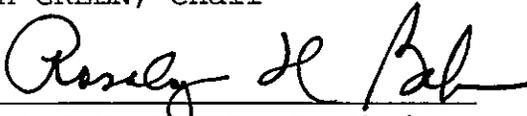
ON THE PART OF THE HOUSE



 JOSH GREEN, Chair



 DELLA AU BELATTI, Co-Chair



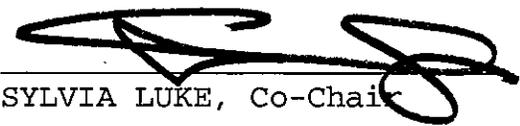
 ROSALYN H. BAKER, Co-Chair



 MARK M. NAKASHIMA, Co-Chair



 GILBERT S.C. KEITH-AGARAN, Co-Chair



 SYLVIA LUKE, Co-Chair



 JILL N. TOKUDA, Co-Chair



