A BILL FOR AN ACT

RELATING TO THE TRANSITION OF THE OAHU REGIONAL HEALTH CARE
SYSTEM FROM THE HAWAII HEALTH SYSTEMS CORPORATION INTO THE
DEPARTMENT OF HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

PART I

SECTION 1. The legislature finds that the Hawaii health systems corporation comprises five semi-autonomous health care regions within the State, including east Hawaii, west Hawaii, Kauai, Oahu, and Maui. The Maui regional health care system no longer operates any health care facilities.

The legislature further finds that the Oahu regional health care system is unique and distinguishable from the other regions due to the logistical complexities of the Oahu regional health care system facilities and the limited but crucial nature of the services these facilities, Leahi hospital and Maluhia, currently provide. Because the Oahu facilities almost exclusively serve long-term care and medicaid patients, groups traditionally underserved by private facilities because of the high cost of their care, the Oahu regional health care system's long-term care operations are run more as a safety-net social service and,
compared to the other regions, have less opportunity for additional revenue generation. While the need for long-term care beds on Oahu has decreased in recent years, a study completed by the department of business, economic development, and tourism has projected that the population aged sixty-five and older will grow by one hundred forty-eight per cent over the next twenty-five years. On Oahu, this translates to an estimated shortfall of one thousand one hundred long-term care beds in the next five to ten years alone. Thus, despite the costs of long-term care, it is vital that state facilities continue to operate to ensure that beds remain available for our aging population.

Similar to the Oahu regional health care system, the department of health operates the Hawaii state hospital, a facility that does not generate revenue, but is nonetheless necessary to provide care and treatment for mentally ill patients in Hawaii. In recent years, the Hawaii state hospital has experienced a challenge in providing sufficient bed space for admitted patients. As of September 2019, two hundred twenty patients - well over the maximum capacity of two hundred two - occupied beds at the Hawaii state hospital. To meet its needs,
the Hawaii state hospital was also required to contract with Kahi Mohala, a privately-run facility, to care for an additional forty-six patients.

Beyond the Hawaii state hospital, the department of health has also been charged with addressing the significant gap in the behavioral health care system between acute psychiatric care facilities and low acuity residential treatment. Data collected in the State estimates that more than half of all individuals experiencing a mental health crisis, or fifty-four per cent, have needs that align better with services delivered within a subacute level of care facility rather than an emergency room.

The legislature further finds that Act 90, Session Laws of Hawaii 2019, established the involuntary hospitalization task force and Act 263, Session Laws of Hawaii 2019, established a working group to evaluate current behavioral health care and related systems, including existing resources, systems gaps, and identification of action steps that could be taken to improve the overall system of care. The findings from these initiatives highlight the need in Hawaii for a coordinated network of stabilization beds that will allow triage, clinical assessment, and recommendation for the next level of care for those
struggling with substance use, mental health conditions, and homelessness.

The National Coalition for the Homeless has found that sixty-four per cent of homeless individuals are dependent on alcohol or other substances. In Hawaii, the Oahu homeless point in time count reported that 36.4 per cent of homeless single adults suffer from some type of mental illness. The intersection of homelessness and behavioral health conditions are a crisis in Hawaii, which contributes to Hawaii having the second highest rate of homelessness in the nation.

Unfortunately, there is currently no coordinated system of stabilization from the streets that assesses for and links to the next level of clinical care.

The legislature additionally finds that the current options for those needing stabilization from substance use, mental health, and homelessness are stretched and emergency facilities throughout the State have experienced substantial increases in psychiatric emergency admissions, which has resulted in overcrowding and unsafe environments for patients and medical staff.
The legislature also finds comprehensive crisis response and stabilization services are crucial elements of the continuum of care. Reducing unnecessary transportation to emergency departments and appropriately placing clients in more suitable levels of care will improve outcomes for consumers, reduce inpatient hospital stays, and facilitate access to other behavioral health services.

Data collected in the State estimates that more than half of all individuals experiencing a mental health crisis, or fifty-four per cent, have needs that align better with services delivered within a subacute level of care facility rather than an emergency room. Subacute residential stabilization services have been a missing component of a comprehensive behavioral health continuum of care, which would bridge the gap between acute hospitalization and lower level residential and community resources.

Many individuals who are taken to the emergency room on a MH-1, or for emergency examination and hospitalization, are often not acute enough in their illness to warrant psychiatric hospitalization. On the other hand, their symptomology is too acute for them to be admitted to a group home, shelter, or other
existing low acuity residential program, or, if they are
admitted, they are often unsuccessful in those environments.
More often than not, they fail because they have not had time to
stabilize in an environment where they can be closely monitored.
This lack of post-acute care contributes to the poor outcomes of
both acute behavioral health inpatient and community-based
services because many individuals are not appropriate for either
level, but fall somewhere in the middle.

The legislature also finds that there exists state
facilities that have under-utilized space that could accommodate
these services with minimal effort and adjustments and reduce
certain burdens and barriers. Therefore, assertive efforts
should be undertaken to make use of these resources and to
organize them in a way that is beneficial to the State.

Through discussions with the Oahu regional health care
system, however, it was determined that some of the Oahu
regional health care system's facilities, particularly at Leahi
hospital, are currently underutilized and have the potential to
be re-purposed for other important health care and social
services.
The legislature finds that, while statutorily tied to the Hawaii health systems corporation, the Oahu regional health care system operates mostly autonomously and its functions — including target population — are unique from those of the other regional health care systems. As such, there is little necessity to keep the Oahu regional healthcare system a part of the Hawaii health systems corporation. With proper planning and implementation, the Oahu regional health care system could be strategically assimilated into the department of health and its facilities could be used — in addition to long-term care — to help alleviate the need for subacute residential stabilization and other services.

The purpose of this Act is to:

(1) Commence the transfer of the Oahu regional health care system in its entirety from the Hawaii health systems corporation to the department of health, beginning with the transfer of the Oahu regional health care system's budget into the department of health; and

(2) Establish a working group by and between the Oahu regional health care system, department of health, and other stakeholders that shall be responsible for
managing and implementing the processes required to
effectuate the completion of such transition.

PART II

SECTION 2. Section 323F-3, Hawaii Revised Statutes, is
amended by amending subsection (b) to read as follows:

"(b) The members of the corporation board shall be
appointed as follows:

(1) The director of health as an ex officio, voting
member;

(2) The five regional chief executive officers as ex
officio, nonvoting members;

(3) Three members who reside in the county of Maui, two of
whom shall be appointed by the Maui regional system
board and one of whom shall be appointed by the
governor, all of whom shall serve as voting members;

(4) Two members who reside in the eastern section of the
county of Hawaii, one of whom shall be appointed by
the East Hawaii regional system board and one of whom
shall be appointed by the governor, both of whom shall
serve as voting members;
(5) Two members who reside in the western section of the county of Hawaii, one of whom shall be appointed by the West Hawaii regional system board and one of whom shall be appointed by the governor, both of whom shall serve as voting members;

(6) Two members who reside on the island of Kauai, one of whom shall be appointed by the Kauai regional system board and one of whom shall be appointed by the governor, both of whom shall serve as voting members;

(7) Two members who reside on the island of Oahu, one of whom shall be appointed by the Oahu regional system board and one of whom shall be appointed by the governor, both of whom shall serve as voting members; and

(8) One member who shall be appointed by the governor and serve as an at-large voting member.

The appointed board members who reside in the county of Maui, eastern section of the county of Hawaii, western section of the county of Hawaii, on the island of Kauai, and on the island of Oahu shall each serve for a term of four years; provided that the terms of the initial appointments of the
members who are appointed by their respective regional system boards shall be as follows: one of the initial members from the county of Maui shall be appointed to serve a term of two years and the other member shall be appointed to serve a term of four years; the initial member from East Hawaii shall be appointed to serve a term of two years; the initial member from West Hawaii shall be appointed to serve a term of four years; the initial member from the island of Kauai shall be appointed to serve a term of two years; and the initial member from the island of Oahu shall be appointed to serve a term of four years; and provided further that the terms of the initial appointments of the members who are appointed by the governor shall be four years. The at-large member appointed by the governor shall serve a term of two years.

Any vacancy shall be filled in the same manner provided for the original appointments. The corporation board shall elect its own chair from among its members. Appointments to the corporation board shall be as representative as possible of the system's stakeholders as outlined in this subsection. The board member appointments shall strive to create a board that includes
expertise in the fields of medicine, finance, health care
administration, government affairs, human resources, and law.

With regard to all corporation board matters concerning the
Oahu regional health care system, the director of health shall
have sole decision-making authority over those matters,
commencing on June 30, 2020, and continuing until the transition
of the Oahu regional health care system into the department of
health is complete. Upon completion of the transition, the
corporation board shall have no legal relationship with the Oahu
regional health care system or its facilities."

PART III

SECTION 3. (a) There is established a working group of
the Oahu regional health care system and department of health to
develop, evaluate, and implement any steps necessary to
transition the Oahu regional health care system into the
department of health.

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

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

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

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

(4) One or more department of health staff members as
deemed necessary by the director of health, or the
director's designee; and

(5) One or more Oahu regional health care system staff
members as deemed necessary by the chief executive
officer of the Oahu regional health care system, or
the chief executive officer's designee.

(c) In addition, the working group shall comprise the
following members, who shall serve in a consultative capacity:
(1) One representative from the behavioral health administration of the department of health;

(2) One representative from the department of human resources development;

(3) One representative from the department of accounting and general services;

(4) The chair of the Hawaii health systems corporation board, or the chair's designee;

(5) One representative from the Hawaii health systems corporation human resources department;

(6) One representative from the Hawaii health systems corporation finance department;

(7) One representative from the Hawaii Government Employees Association who shall be invited by the co-chairs to serve; and

(8) Others as recommended and invited by the co-chairs.

To effectuate the transition, the working group shall:

(1) Develop a transfer framework, including proposed legislation, to govern and manage the transition of the Oahu regional health care system into the department of health that shall, where possible,
preserve the rights and exemptions that the Oahu
regional health care system enjoyed as a region within
the Hawaii health systems corporation;
(2) Identify all real property, appropriations, records,
equipment, machines, files, supplies, contracts,
books, papers, documents, maps, and other property
made, used, acquired, or held by the Oahu regional
health care system and effectuate the transfer of the
same to the department of health;
(3) Identify all debts and other liabilities that will
remain with the Hawaii health systems corporation and
transfer any remaining debts and liabilities to the
department of health;
(4) Identify and resolve all contractual arrangements and
obligations, including but not limited to those
related to personal service contracts, vendor
contracts, and capital improvement projects;
(5) Transition all employees into the classification
system of the executive branch and the department of
health with due consideration and preservation of
collective bargaining and civil service rights;
(6) Develop and implement any and all policies and procedures necessary to ensure that the facilities within the Oahu regional health care system remain compliant with all federal, state, and local laws and regulations; and

(7) Develop and implement a comprehensive plan to transfer all fiscal and accounting functions to the department of health.

(e) Members of the working group shall serve without compensation but shall be reimbursed for reasonable expenses necessary for the performance of their duties, including travel expenses. No member of the working group shall be subject to chapter 84, Hawaii Revised Statutes, solely because of the member's participation in the working group.

(f) The working group shall be dissolved on June 30, 2022, or upon completion of the transition of the Oahu regional health care system into the department of health, whichever is later.

SECTION 4. The timeline for the transition of the Oahu regional health care system into the department of health shall be as follows:
(1) By June 30, 2020: The budget of the Oahu regional health care system shall be transferred from the Hawaii health systems corporation to the department of health and the Oahu regional health care system's budget shall be reflected in the state budget and all other related tables and documents under program code HTHxxx. Program code HTHxxx shall be known as the behavioral and elder care facilities division within the department of health's behavioral health division. The remaining structure of the Oahu regional health care system shall remain unchanged until modified by the working group established in this part;

(2) From June 30, 2020, to January 1, 2021: The working group shall convene and initiate any actions, limited to those not requiring legislation, to effectuate the further transition of the Oahu regional health care system into the department of health. The working group shall submit an interim report to the legislature no later than twenty days prior to the convening of the regular session of 2021 that outlines all components of the transition that have been
effectuated to date and any legislative action needed
to complete the transfer; and

(3) By June 30, 2022: The working group shall submit a
final report to the legislature that documents the
completion of the transition and dissolution of the
Oahu regional health care system.

SECTION 5. All transition actions shall be subject to the
following conditions:

(1) The attorney general shall approve the legality and
form of any material transition actions created by the
working group prior to implementation, and the
director of finance shall evaluate and approve any
expenditure of public funds determined to be in
accordance with the budget laws and controls in force;

(2) Liabilities of the Oahu regional health care system
that were transferred to the Hawaii health systems
corporation upon its creation by Act 262, Session Laws
of Hawaii 1996, or to the Oahu regional health care
system upon its establishment by Act 290, Session Laws
of Hawaii 2007, and all other contractual liabilities
of the Oahu regional health care system, including
those related to collective bargaining contracts negotiated by the State in existence at the time they are transferred to the department of health, shall become the responsibility of the State;

(3) All employees who occupy civil service positions shall be transferred to the department of health by this Act and retain their civil service status, whether permanent or temporary and shall generally maintain their respective functions as reflected in their current position descriptions during the transition period; provided that any changes determined necessary by the working group established pursuant to this part shall follow standard union consultation process prior to implementation. Employees shall be transferred without loss of salary; seniority, except as prescribed by applicable collective bargaining agreements; retention points; prior service credit; any vacation and sick leave credits previously earned; and other rights, benefits, and privileges, in accordance with state employment laws and this Act;
(4) Any employee who, prior to this Act, is exempt from civil service or collective bargaining and is transferred as a consequence of this Act shall be transferred without loss of salary and shall not suffer any loss of prior service credit, contractual rights, vacation or sick leave credits previously earned, or other employee benefits or privileges and shall be entitled to remain employed in the employee's current position for a period of no less than one year after the transition of the Oahu regional health care system into the department of health is complete; and

(5) The wages, hours, and other conditions of employment shall be negotiated or consulted, as applicable, with the respective exclusive representative of the affected employees, in accordance with chapter 89, Hawaii Revised Statutes.

PART IV

SECTION 6. The rights, benefits, and privileges currently enjoyed by employees, including those rights, benefits, and privileges under chapters 76, 78, 87A, and 88, Hawaii Revised Statutes, shall not be impaired or diminished as a result of
these employees being transitioned to the department of health pursuant to this Act. The transition to the department of health shall not result in any break in service for the affected employees. The rights, benefits, and privileges currently enjoyed by employees shall be maintained under their existing collective bargaining agreement and any successor agreement.

SECTION 7. New statutory material is underscored.

SECTION 8. This Act shall take effect on July 1, 2050.
Report Title:
Hawaii Health Systems Corporation; Oahu Regional Health Care System; DOH; Transition; Working Group

Description:
Commences the transfer of the Oahu Regional Health Care System in its entirety from the Hawaii Health Systems Corporation to the Department of Health, beginning with the transfer of the Oahu Regional Health Care System's budget into the Department of Health. Establish a working group of the Oahu Regional Health Care System, Department of Health, and other stakeholders that shall be responsible for managing and implementing the processes required to effectuate the completion of the transition. Effective 7/1/2050. (SD2)

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