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 is comprised of five semi-autonomous health
care regions within the State, including east Hawaii, west
Hawaii, Kauai, Oahu, and Maui. The Maui region no longer
operates any health care facilities.

The legislature further finds that the Oahu region is
unique and distinguishable from the other regions due to the
logistical complexities of the facilities in the Oahu region 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 region'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 region, 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-six 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.

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 an 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.

In its efforts to address the need for subacute residential stabilization services, the department of health recognized the lack of state facilities within the department that could be utilized for this purpose. Through discussions with the Oahu Hawaii health systems corporation region, however, it was determined that some of the facilities in the Oahu region, particularly at Leahi hospital, are currently underutilized and have the potential to be re-purposed for other important health care and social service needs.

The legislature further finds that, while statutorily tied to the Hawaii health systems corporation, the Oahu region 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 facilities of the Oahu region as a part of the Hawaii health systems corporation. With proper planning and implementation, the Oahu region facilities 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 mental health stabilization and other subacute care services.

The purpose of this Act is set a date for the transition of the Oahu region's health care facilities from the Hawaii health systems corporation to the department of health and to establish a working group by and between the Oahu Hawaii health systems corporation region and department of health that shall be responsible for developing a comprehensive plan to address all necessary components of such transition.

PART II

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

"(b) The corporate organization shall be divided into [five] four regional systems, as follows:

[(1) The Oahu regional health care system;]

(2)] (1) The Kauai regional health care system;
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(2) The Maui regional health care system;

(3) The east Hawaii regional health care system,
    comprising the Puna district, north Hilo district,
    south Hilo district, Hamakua district, and Kau
    district; and

(4) The west Hawaii regional health care system,
    comprising the north Kohala district, south Kohala
    district, north Kona district, and south Kona
    district;

and shall be identified as regional systems I, II, III, and IV, respectively."

SECTION 3. 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 three 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
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, and 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; and 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."

PART III

SECTION 4. (a) There is established a working group comprised of board members of the Oahu Hawaii health systems corporation region and representatives of the department of health to develop, evaluate, and implement the 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;
(2) The chair of the Oahu regional health care system board, or the chair's designee, who shall serve as co-chair;

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

(4) One representative from the behavioral health administration of the department of health;

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

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

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

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

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

(10) Others as recommended by the co-chairs.

(c) The working group shall be responsible to complete the following items as part of the transition plan:
(1) Develop a statutory framework to govern 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 that will be transferred to the department of health;

(3) Identify all debts and other liabilities that will remain with the Hawaii health systems corporation and those that will be transferred 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) Develop a comprehensive plan to transition all employees into the classification system of the executive branch and the department of health with due consideration of collective bargaining rights and civil service rules;

(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 a proposed budget for the Oahu regional health care system during the transition period and a plan to transfer all fiscal and accounting functions to the department of health.

(d) 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.
(e) Two or more members of the working group, but less than the number of members which would constitute a quorum for the working group, may discuss between themselves matters relating to official business of the working group to enable them to faithfully perform their duties to the working group and the organizations they represent, as long as no commitment to vote is made or sought. Such discussions shall be a permitted interaction under section 92-2.5, Hawaii Revised Statutes.

(f) The working group shall submit a report of its transition plan, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2021.

(g) The transition plan shall be subject to the following conditions:

(1) The attorney general shall approve the legality and form of any transition plan created by the working group, 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) Any and all 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, shall become the responsibility of the State upon the transition of the Oahu regional health care system into the department of health;

(3) All employees who occupy civil service positions and whose functions are transferred to the department of health by this Act shall retain their civil service status, whether permanent or temporary. 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 personnel laws and this Act; provided that the employees possess the minimum qualifications and public employment requirements for the class or position to which transferred or appointed, as applicable; provided further that subsequent changes in status may be made pursuant to applicable civil service and compensation laws; and

(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 being transferred.

(h) 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.
PART IV

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval; provided that part II of this Act shall take effect on June 30, 2022.

INTRODUCED BY: [Signatures]

[Signatures]

[Signatures]
Report Title:
Hawaii Health Systems Corporation; Oahu Region; Department of Health; Transition; Working Group

Description:
Sets a date for the transition of the Oahu region's health care facilities from the Hawaii health systems corporation to the department of health. Establishes a working group to develop a comprehensive plan that addresses all necessary components of such transition.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.