

CONFERENCE COMMITTEE REP. NO. 182

Honolulu, Hawaii

APR 23 2021

RE: S.B. No. 628
S.D. 2
H.D. 2
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 628, S.D. 2, H.D. 2, entitled:

"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,"

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:

- (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;
- (2) Enable the Oahu Regional Health Care System, Department of Health, Hawaii Health Systems Corporation, and other state



agencies to implement the processes and transactions required to effectuate the completion of the transition;

- (3) Require the Department of Health to consult with the University of Hawaii regarding services provided at Leahi Hospital and Maluhia, and allow University of Hawaii students to rotate through those facilities for training purposes;
- (4) Authorize the Department of Health to pay rent to the University of Hawaii for the use of the Leahi Hospital property at a rate and on terms to be negotiated between the Department of Health and the University of Hawaii;
- (5) Clarify the rights, powers, and exemptions held by the Oahu Regional Health Care System during the transition period and the rights, powers, and exemptions held by the Inpatient Services Division of the Department of Health following completion of the transfer of the Oahu Regional Health Care System;
- (6) Appropriate moneys from the mental health and substance abuse special fund to expand and operate programs at Leahi Hospital and Maluhia that are mutually advantageous to the Department of Health, the Oahu region, and the State; and
- (7) Authorize the issuance of general obligation bonds and appropriate the proceeds of the bonds for improvements at Leahi hospital and Maluhia.

Your Committee on Conference finds that the Hawaii Health Systems Corporation comprises five semi-autonomous health care regions within the State, one of which is the Oahu Regional Health Care System. However, the Oahu Regional Health Care System is unique because of the limited services its facilities, Leahi Hospital and Maluhia, provide. Your Committee on Conference finds that rather than serving the general population, Leahi Hospital and Maluhia serve primarily long-term care and Medicaid patients and thus operate as de facto safety-net social services. Because the Department of Health operates the Hawaii State Hospital, a facility that does not generate revenue but provides necessary care for mentally ill patients, the Department of Health can better operate Leahi Hospital and Maluhia. This measure commences the transfer of the Oahu Regional Health Care System from the Hawaii Health Systems Corporation to the Department of Health.



Your Committee on Conference has amended this measure by:

- (1) Removing language granting the Director of Health sole decision-making authority over all corporation board matters concerning the Oahu Regional Health Care System during the transition period;
- (2) Clarifying that any transfer of real property pursuant to paragraph (a) (5) of section 323F-7.6, Hawaii Revised Statutes, shall be made to the Department of Land and Natural Resources;
- (3) Removing references to specific budget program codes;
- (4) Requiring the transfer of positions and class specifications of the Oahu Regional Health Care System to the Department of Health to be completed no later than December 31, 2022;
- (5) Removing language authorizing the Inpatient Services Division of the Department of Health to develop policies and procedures for the procurement of goods and services for two years following the completion of the transition;
- (6) Adding members who shall serve in a consultative capacity to the working group;
- (7) Requiring the working group to develop a comprehensive business plan in addition to a transfer framework that shall include:
 - (A) A five-year pro forma operating plan and budget for Leahi Hospital and Maluhia; and
 - (B) A ten-year pro forma capital improvement plan and budget for the continuing operation of Leahi Hospital and Maluhia;
- (8) Requiring the working group's report to the Legislature to include the five- and ten-year pro forma plans, proposed legislation, and timeline of necessary major milestones to complete the transfer;



- (9) Requiring that the transition of employee positions and payroll be approved by the Director of Human Resources Development and Comptroller;
- (10) Removing language authorizing the issuance of general obligation bonds and appropriating proceeds of the bonds for improvements at Leahi Hospital and Maluhia;
- (11) Inserting an appropriation amount of \$200,000 from the mental health and substance abuse special fund for the formulation of a comprehensive business and transition plan;
- (12) Inserting an appropriation amount of \$16,320,700 from the funds received by the State of Hawaii from the American Rescue Plan Act of 2021, Public Law 117-2 (Section 9901) to transfer the Oahu Regional Health Care System in its entirety from the Hawaii Health Systems Corporation to the Department of Health;
- (13) Changing the effective date to July 1, 2021;
- (14) Changing the effective date for part II of this measure to December 31, 2022;
- (15) Removing the effective dates for parts VI and VIII of this measure;
- (16) Amending part I of this measure to reflect its amended purpose; and
- (17) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

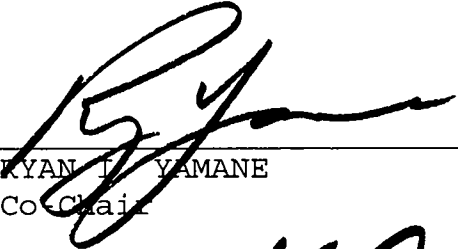
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 628, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 628, S.D. 2, H.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



RYAN I. YAMANE
Co-Chair



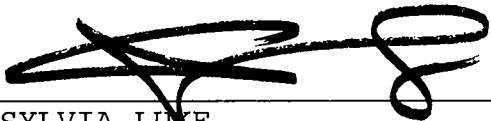
JARRETT KEOHOKALOLE
Chair



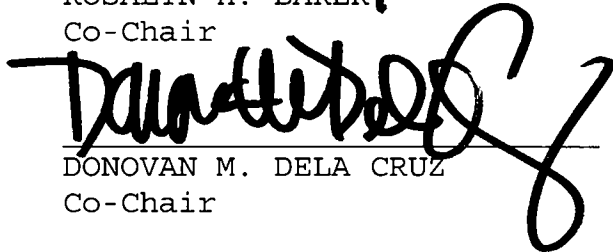
RICHARD H.K. ONISHI
Co-Chair



ROSALYN H. BAKER
Co-Chair



SYLVIA LUKE
Co-Chair



DONOVAN M. DELA CRUZ
Co-Chair



Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 628, SD 2, HD 2	Date/Time: April 20, 2021 / 1:44 P.M.
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<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).	
<input type="checkbox"/> The Committee is reconsidering its previous decision.	
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
KEOHOKALOLE, Jarrett, Chr.	✓				YAMANE, Ryan I., Co-Chr.	✓			
BAKER, Rosalyn H., Co-Chr.				✓	ONISHI, Richard H.K., Co-Chr.	✓			
DELA CRUZ, Donovan M., Co-Chr.	✓				LUKE, Sylvia, Co-Chr.	✓			
KIM, Donna Mercado	✓				WARD, Gene	✓			
SAN BUENAVENTURA, Joy A.	✓								
FEVELLA, Kurt	✓								
TOTAL	5	-	-	1	TOTAL	4	-	-	-

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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