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# 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

1  
2 SECTION 1. The legislature finds that the Hawaii health  
3 systems corporation comprises five semi-autonomous health care  
4 regions within the State, including east Hawaii, west Hawaii,  
5 Kauai, Oahu, and Maui. The legislature also finds that Act 103,  
6 Session Laws of Hawaii 2015, authorized the transfer of health  
7 care facilities in the Maui regional system to a nonprofit  
8 management entity. The transfer of health care facilities  
9 managed by the Hawaii health systems corporation Maui region to  
10 Kaiser Permanente was completed in 2017. The Hawaii health  
11 system corporation, therefore, no longer operates any health  
12 care facilities and does not intend to operate health care  
13 facilities in the Maui region in the future.

14 The legislature further finds that the Oahu region should  
15 similarly no longer be managed by the Hawaii health systems  
16 corporation. The Oahu region is unique and distinguishable from



1 the other regions due to the logistical complexities of its  
2 facilities and the limited but crucial nature of the services  
3 these facilities, Leahi hospital, and Maluhia currently provide.  
4 Because the Oahu facilities almost exclusively serve long-term  
5 care and medicaid patients, groups traditionally underserved by  
6 private facilities because of the high cost of their care, the  
7 Oahu region's long-term care operations are run more as a  
8 safety-net social service operation and, compared to the other  
9 regions, have less opportunity for additional revenue  
10 generation.

11 While the need for long-term care beds on Oahu has  
12 decreased in recent years, a study completed by the department  
13 of business, economic development, and tourism has projected  
14 that the population aged sixty-five and older in Hawaii will  
15 grow by one hundred forty-eight per cent over the next twenty-  
16 five years. On Oahu, this translates to an estimated shortfall  
17 of one thousand one hundred long-term care beds in the next five  
18 to ten years alone. Thus, despite the costs of long-term care,  
19 it is vital that state facilities continue to operate to ensure  
20 that beds remain available for our aging population.



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

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



1           The legislature finds that Act 90, Session Laws of Hawaii  
2 2019, established the involuntary hospitalization task force and  
3 Act 263, Session Laws of Hawaii 2019, established a working  
4 group to evaluate current behavioral health care and related  
5 systems, including existing resources, systems gaps, and  
6 identification of action steps that could be taken to improve  
7 the overall system of care. The findings from these initiatives  
8 highlight the need in Hawaii for a coordinated network of  
9 stabilization beds that will allow triage, clinical assessment,  
10 and recommendation for the next level of care for those  
11 struggling with substance use, mental health conditions, and  
12 homelessness.

13           The National Coalition for the Homeless has found that  
14 sixty-four per cent of homeless individuals are dependent on  
15 alcohol or other substances. In Hawaii, the Oahu homeless point  
16 in time count reported that 36.4 per cent of homeless single  
17 adults suffer from some type of mental illness. The  
18 intersection of homelessness and behavioral health conditions is  
19 a crisis in Hawaii, which contributes to Hawaii having the  
20 second highest rate of homelessness in the nation.  
21 Unfortunately, there is currently no coordinated system of



1 stabilization from the streets that assesses for and links to  
2 the next level of clinical care.

3 The legislature additionally finds that the current options  
4 for those needing stabilization from substance use, mental  
5 health, and homelessness are overburdened and inadequate, and  
6 emergency facilities throughout the State have experienced  
7 substantial increases in psychiatric emergency admissions, which  
8 has resulted in overcrowding and unsafe environments for  
9 patients and medical staff.

10 The legislature also finds that comprehensive crisis  
11 response and stabilization services are crucial elements of the  
12 continuum of care. Reducing unnecessary transportation to  
13 hospital emergency rooms and appropriately placing clients in  
14 more suitable levels of care will improve outcomes for  
15 consumers, reduce inpatient hospital stays, and facilitate  
16 access to other behavioral health services.

17 Subacute residential stabilization services have been a  
18 missing component of a comprehensive behavioral health continuum  
19 of care, which would bridge the gap between acute  
20 hospitalization and lower level residential and community  
21 resources. Many individuals who are taken to the emergency room



1 on an application for emergency examination and hospitalization,  
2 or MH-1, are often not acute enough in their illness to warrant  
3 psychiatric hospitalization. On the other hand, their  
4 symptomology is too acute for them to be admitted to a group  
5 home, shelter, or other existing low acuity residential  
6 programs, or, if they are admitted, they are often unsuccessful  
7 in those environments. More often than not, they fail because  
8 they have not had time to stabilize in an environment where they  
9 can be closely monitored. This lack of post-acute care  
10 contributes to the poor outcomes of both acute behavioral health  
11 inpatient and community-based services because the conditions of  
12 many individuals are not appropriate for either level, but fall  
13 somewhere in between.

14 The legislature further finds that there exists state  
15 facilities that have underutilized space that could accommodate  
16 these services with minimal effort and adjustments and reduce  
17 certain burdens and barriers. Therefore, assertive efforts  
18 should be undertaken to make sure of these resources and to  
19 organize them in a way that is beneficial to the State.

20 Through discussions with the Oahu region, it was determined  
21 that some of the Oahu region's health care facilities,



1 particularly at Leahi hospital, are currently underutilized and  
2 have the potential to be re-purposed for other important health  
3 care and social service needs.

4 The legislature further finds that, while statutorily tied  
5 to the Hawaii health systems corporation, the Oahu region  
6 operates mostly autonomously and its functions - including  
7 target population - are unique from those of the other regional  
8 health care systems. Consequently, there is little benefit from  
9 keeping the Oahu regional health care system as a part of the  
10 Hawaii health systems corporation. With proper planning and  
11 implementation, the Oahu regional health care system could be  
12 strategically assimilated into the department of health and its  
13 facilities could be utilized to help alleviate the need for  
14 subacute residential mental health stabilization and other  
15 subacute care services.

16 The purpose of this Act is to:

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







1 district, north Kona district, and south Kona  
2 district;  
3 and shall be identified as regional systems I, II, III, and IV,  
4 [~~and V,~~] respectively."

5 SECTION 3. Section 323F-3, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§323F-3 Corporation board.** (a) The corporation shall be  
8 governed by [~~an eighteen-member~~] a seventeen-member board of  
9 directors that shall carry out the duties and responsibilities  
10 of the corporation other than those duties and responsibilities  
11 relating to the establishment of any captive insurance company  
12 pursuant to section 323F-7(c)(20) and the operation thereof.

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

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

17 (2) The [~~five~~] four regional chief executive officers as  
18 ex officio, nonvoting members;

19 (3) Three members who reside in the county of Maui, two of  
20 whom shall be appointed by the Maui regional system



1 board and one of whom shall be appointed by the  
2 governor, all of whom shall serve as voting members;  
3 (4) Two members who reside in the eastern section of the  
4 county of Hawaii, one of whom shall be appointed by  
5 the East Hawaii regional system board and one of whom  
6 shall be appointed by the governor, both of whom shall  
7 serve as voting members;  
8 (5) Two members who reside in the western section of the  
9 county of Hawaii, one of whom shall be appointed by  
10 the West Hawaii regional system board and one of whom  
11 shall be appointed by the governor, both of whom shall  
12 serve as voting members;  
13 (6) Two members who reside on the island of Kauai, one of  
14 whom shall be appointed by the Kauai regional system  
15 board and one of whom shall be appointed by the  
16 governor, both of whom shall serve as voting members;  
17 (7) Two members who reside on the island of Oahu, one of  
18 whom shall be appointed by the Oahu regional system  
19 board and one of whom shall be appointed by the  
20 governor, both of whom shall serve as voting members;  
21 and



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

3 The appointed board members who reside in the county of  
4 Maui, eastern section of the county of Hawaii, western section  
5 of the county of Hawaii, on the island of Kauai, and on the  
6 island of Oahu shall each serve for a term of four years;  
7 provided that the terms of the initial appointments of the  
8 members who are appointed by their respective regional system  
9 boards shall be as follows: one of the initial members from the  
10 county of Maui shall be appointed to serve a term of two years  
11 and the other member shall be appointed to serve a term of four  
12 years; the initial member from East Hawaii shall be appointed to  
13 serve a term of two years; the initial member from West Hawaii  
14 shall be appointed to serve a term of four years; the initial  
15 member from the island of Kauai shall be appointed to serve a  
16 term of two years; and the initial member from the island of  
17 Oahu shall be appointed to serve a term of four years; and  
18 provided further that the terms of the initial appointments of  
19 the members who are appointed by the governor shall be four  
20 years. The at-large member appointed by the governor shall  
21 serve a term of two years.



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

9 (c) The selection, appointment, and confirmation of any  
10 nominee shall be based on ensuring that board members have  
11 diverse and beneficial perspectives and experiences and that  
12 they include, to the extent possible, representatives of the  
13 medical, business, management, law, finance, and health sectors,  
14 and patients or consumers. Members of the board shall serve  
15 without compensation but may be reimbursed for actual expenses,  
16 including travel expenses incurred in the performance of their  
17 duties.

18 (d) Any member of the board may be removed for cause by  
19 vote of a two-thirds majority of the board's members then in  
20 office. For purposes of this section, cause shall include  
21 without limitation:



- 1 (1) Malfeasance in office;
- 2 (2) Failure to attend regularly called meetings;
- 3 (3) Sentencing for conviction of a felony, to the extent
- 4 allowed by section 831-2; or
- 5 (4) Any other cause that may render a member incapable or
- 6 unfit to discharge the duties required under this
- 7 chapter.

8 Filing nomination papers for elective office or appointment to  
 9 elective office, or conviction of a felony consistent with  
 10 section 831-3.1, shall automatically and immediately disqualify  
 11 a board member from office.

12 (e) With regard to all corporation board matters  
 13 concerning the Oahu regional health care system, the director of  
 14 health and the Oahu board shall have sole decision-making  
 15 authority over those matters, commencing on June 30, 2021, and  
 16 continuing until the transfer of the Oahu regional health care  
 17 system into the department of health is complete. Upon  
 18 completion of the transfer, the corporation board shall have no  
 19 legal relationship with the Oahu regional health care system or  
 20 its facilities."



1 SECTION 4. Section 323F-7.6, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "~~[§]~~323F-7.6~~[§]~~ Transition of Hawaii health systems  
4 regional system or health facility to a new entity. (a)

5 Notwithstanding any other law to the contrary, including but not  
6 limited to section 27-1 and chapter 171, any of the regional  
7 systems or individual facilities of the Hawaii health systems  
8 corporation is hereby authorized to transition into a new legal  
9 entity in any form recognized under the laws of the State,  
10 including but not limited to:

- 11 (1) A nonprofit corporation;
- 12 (2) A for-profit corporation;
- 13 (3) A municipal facility;
- 14 (4) A public benefit corporation; ~~[or]~~
- 15 (5) A division or branch under a state executive  
16 department; or

17 ~~[(5)]~~ (6) Any two or more of the entities in paragraphs (1)  
18 through ~~[(4)]~~ (5).

19 A transition shall occur through the sale, lease, or transfer of  
20 all or substantially all of the assets of the facility or  
21 regional system, except for real property which shall only be



1 transferred by lease[-]; provided that a transfer of real  
2 property effectuated under paragraph (5), shall transfer in its  
3 then-existing state, whether in lease, fee, or otherwise, to the  
4 executive department. Any transition shall comply with chapter  
5 323D.

6 (b) A transition shall only occur upon approval of the  
7 appropriate regional system board in the case of a regional  
8 system or individual facility transition, or upon approval of  
9 the regional system boards and the corporation in the case of  
10 the transition of the entire corporation. Any transition shall  
11 be subject to legal review by the attorney general who shall  
12 approve the transition if satisfied that the transition conforms  
13 to all applicable laws, subject to the review of the director of  
14 the department of budget and finance who shall approve the  
15 transition if it conforms to all applicable financing  
16 procedures, and subject to the governor's approval. In  
17 addition, the transition shall be subject to the following terms  
18 and conditions:

19 (1) All proceeds from the sale, lease, or transfer of  
20 assets shall be used for health care services in the  
21 respective regional system or facility, except that



1 real property shall only be transferred by lease;  
2 provided that a transfer of real property that is  
3 effectuated under subsection (a)(5), shall transition  
4 in its then-existing state, whether in lease, fee, or  
5 otherwise, to the executive department;

6 (2) Any and all liabilities of a regional system or  
7 facility transitioning into a new entity that were  
8 transferred to the Hawaii health systems corporation  
9 upon its creation by Act 262, Session Laws of Hawaii  
10 1996, and all liabilities of the regional system or  
11 facility related to collective bargaining contracts  
12 negotiated by the State, shall become the  
13 responsibility of the State; and

14 (3) During the period of transition:

15 (A) The State shall continue to fund the provision of  
16 health care services provided for by the regional  
17 system or individual facility; and

18 (B) All applicable provisions of this chapter shall  
19 continue to apply.

20 Upon the completion of the transition of all the facilities  
21 in a regional system to a new entity, the regional system board





1 for that regional system shall terminate; provided that if not  
2 all of a regional system's facilities are transitioned to a new  
3 entity, the existing regional system board shall not terminate  
4 but shall continue to retain jurisdiction over those facilities  
5 remaining in the regional system."

6 PART III

7 SECTION 5. (a) The transfer of the Oahu regional health  
8 care system to the department of health shall commence with the  
9 transfer of the budget associated with the Oahu region as  
10 follows:

11 (1) On June 30, 2021, the budget of the Oahu regional  
12 health care system shall be transferred from the  
13 Hawaii health systems corporation to the department of  
14 health; provided that:

15 (A) The Oahu regional health care system's budget  
16 codes and all related allocated funds of the Oahu  
17 region shall be reflected in the state budget and  
18 all other related tables and documents under the  
19 program code HTH ; and

20 (B) The program code HTH shall be known as the  
21 inpatient behavioral and elder care facilities



1           division within the department of health's  
2           behavioral health administration. The  
3           organizational structure of the Oahu regional  
4           health care system shall remain unchanged, unless  
5           modified and approved by the transition working  
6           group identified in this Act, and as approved by  
7           the conditions established in this part or as  
8           required by law; and

9           (2) On June 30, 2021, the transition working group  
10          identified in this Act shall have the authority to  
11          begin transferring, at its discretion, the positions  
12          and class specifications of the Oahu region from the  
13          Hawaii health systems corporation's personnel system  
14          to that of the department of health; provided that:

15          (A) All employees of the Oahu region who are employed  
16          as of June 30, 2021, shall be transferred to the  
17          department of health before the transition of the  
18          Oahu regional health care system into the  
19          department of health is complete;

20          (B) Employees shall be transferred without loss of  
21          salary; seniority, except as prescribed by



1 applicable collective bargaining agreements;  
2 retention points; prior service credit; any  
3 vacation and sick leave credits previously  
4 earned; and other rights, benefits, and  
5 privileges, in accordance with state employment  
6 laws;

7 (C) The personnel structure of the Oahu regional  
8 health care system shall remain unchanged, unless  
9 modified and approved by the working group and as  
10 approved by the conditions established pursuant  
11 to this Act;

12 (D) Any employee who, prior to this Act, is exempt  
13 from civil service or collective bargaining and  
14 is transferred as a consequence of this Act shall  
15 be transferred without loss of salary and shall  
16 not suffer any loss of prior service credit,  
17 contractual rights, vacation or sick leave  
18 credits previously earned, or other employee  
19 benefits or privileges and, except in the  
20 instance of discipline, shall be entitled to  
21 remain employed in the employee's current



1 position for a period of no less than one year  
2 after the transition of the Oahu regional health  
3 care system into the department of health is  
4 complete;

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

11 (F) The rights, benefits, and privileges currently  
12 enjoyed by employees, including those rights,  
13 benefits, and privileges under chapters 76, 78,  
14 87A, 88, and 89, Hawaii Revised Statutes, shall  
15 not be impaired or diminished as a result of  
16 these employees being transitioned to the  
17 department of health pursuant to this Act. The  
18 transition to the department of health shall not  
19 result in any break in service for the affected  
20 employees. The rights, benefits, and privileges  
21 currently enjoyed by employees shall be



1           maintained under their existing collective  
2           bargaining or other agreements and any successor  
3           agreement.

4           (b) Upon effectuation of subsection (a), the Oahu regional  
5 health care system board, through the board chair, shall  
6 facilitate the transition of the Oahu region into the department  
7 of health as part of the working group established pursuant this  
8 Act and effectuate the assignment of all contracts and  
9 agreements in which the Oahu region is a party to the department  
10 of health.

11           SECTION 6. (a) There is established a working group of  
12 the Oahu regional health care system and department of health to  
13 develop, evaluate, and implement any additional steps necessary  
14 to complete the transition of the Oahu regional health care  
15 system into the department of health.

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

18           (1) The director of health, or the director's designee,  
19           who shall serve as co-chair, and who, along with the  
20           chair of the Oahu regional health care system board,  
21           or the chair's designee, shall have final authority



- 1 over transfer activities to be implemented by the  
2 working group;
- 3 (2) The chair of the Oahu regional health care system  
4 board, or the chair's designee, who shall serve as co-  
5 chair, and who, along with the director of health, or  
6 the director's designee, shall have final authority  
7 over transfer activities to be implemented by the  
8 working group;
- 9 (3) The chief executive officer of the Oahu regional  
10 health care system, or the chief executive officer's  
11 designee;
- 12 (4) One or more department of health staff members as  
13 deemed necessary by the director of health, or the  
14 director's designee;
- 15 (5) One or more Oahu regional health care system staff  
16 members as deemed necessary by the chief executive  
17 officer of the Oahu regional health care system, or  
18 the chief executive officer's designee;
- 19 (6) One representative from the department of the attorney  
20 general; and



1 (7) One representative from the department of budget and  
2 finance.

3 (c) In addition, the working group shall include the  
4 following members, who shall serve in a consultative capacity:

5 (1) One representative from the behavioral health  
6 administration of the department of health;

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

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

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

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

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

17 (7) One representative from the state procurement office;

18 (8) One representative from the Hawaii Government  
19 Employees Association;

20 (9) One representative from the United Public Workers  
21 Union; and



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

2 (d) In carrying out its purpose, the working group shall  
3 develop a transfer framework to govern and manage the additional  
4 steps necessary to complete the transfer of the Oahu region into  
5 the department of health. The transfer framework shall include  
6 but not be limited to the following steps:

7 (1) Identification and preparation of proposed additional  
8 legislation to address any matters not covered by this  
9 Act that may be necessary to complete the transfer of  
10 the Oahu region into the department of health;

11 (2) Identification of all real property, appropriations,  
12 records, equipment, machines, files, supplies,  
13 contracts, books, papers, documents, maps, and other  
14 property made, used, acquired, or held by the Oahu  
15 regional health care system and effectuate the  
16 transfer of the same to the department of health;

17 (3) Identification of all debts and other liabilities that  
18 will remain with the Hawaii health systems corporation  
19 and transfer any remaining debts and liabilities to  
20 the department of health;





- 1           (4) Identification of all contractual arrangements and  
2           obligations of the Oahu region, including but not  
3           limited to those related to personal service  
4           contracts, vendor contracts, and capital improvement  
5           projects;
- 6           (5) Development and implementation of any and all policies  
7           and procedures necessary to ensure that the facilities  
8           within the Oahu regional health care system remain  
9           compliant with all federal, state, and local laws and  
10          regulations; and
- 11          (6) Development and implementation of procedures to  
12          extricate the Oahu region from system-wide services  
13          secured or provided by the Hawaii health systems  
14          corporation or enable the Oahu region to continue to  
15          utilize such services on a temporary or permanent  
16          basis through interagency agreement.
- 17          (e) Members of the working group shall serve without  
18          compensation but shall be reimbursed for reasonable expenses  
19          necessary for the performance of their duties, including travel  
20          expenses. No member of the working group shall be subject to



1 chapter 84, Hawaii Revised Statutes, solely because of the  
2 member's participation in the working group.

3 (f) The working group shall submit an interim report to  
4 the legislature no later than twenty days prior to the convening  
5 of the regular session of 2022 that outlines all components of  
6 the transition that have been effectuated to date and any  
7 legislative action needed to complete the transfer pursuant to  
8 this Act.

9 (g) The working group shall be dissolved on June 30, 2023,  
10 or upon completion of the transition of the Oahu regional health  
11 care system into the department of health, whichever is later.  
12 Prior to its dissolution, the working group shall submit a final  
13 report to the legislature that documents the completion of the  
14 transfer and dissolution of the Oahu regional health care  
15 system.

16 SECTION 7. All transition actions, with the exception of  
17 those covered under section 5(a) of this Act, shall be subject  
18 to the following conditions:

19 (1) The attorney general shall approve the legality and  
20 form of any material transition actions created by the  
21 working group prior to implementation, and the



1 director of finance shall evaluate and approve any  
2 expenditure of public funds determined to be in  
3 accordance with the budget laws and controls in force;  
4 and

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

16 PART IV

17 SECTION 8. During the transition period commencing on  
18 July 1, 2021, through the completion of the transition of the  
19 Oahu regional health care system from Hawaii health systems  
20 corporation to the department of health, the Oahu regional



1 health care system shall maintain the following rights and  
2 exemptions:

3 (1) The ability to develop and implement its own policies,  
4 procedures, and rules necessary or appropriate to  
5 plan, operate, manage, and control its facilities  
6 without regard to chapter 91, Hawaii Revised Statutes;  
7 and

8 (2) The right to enter into and perform any contracts,  
9 leases, cooperative agreements, partnerships, or other  
10 transactions that may be necessary or appropriate in  
11 the performance of its purposes and responsibilities,  
12 and on terms the Oahu regional health care system  
13 board may deem appropriate, with either:

14 (A) Any agency or instrumentality of the United  
15 States, or with any state, territory, or  
16 possession, or with any subdivision thereof; or

17 (B) Any person, firm, association, partnership, or  
18 corporation, whether operated on a for-profit or  
19 not-for-profit basis; provided that the  
20 transaction furthers the public interest;



1           (3) The ability to conduct activities and enter into  
2           business relationships as the Oahu regional health  
3           care system board deems necessary or appropriate,  
4           including but not limited to:

5           (A) Creating nonprofit corporations, including but  
6           not limited to charitable fund raising  
7           foundations, to be controlled wholly by the  
8           regional system board, or jointly with others;

9           (B) Establishing, subscribing to, and owning stock in  
10          business corporations individually or jointly  
11          with others; and

12          (C) Entering into partnerships and other joint  
13          venture arrangements, or participating in  
14          alliances, purchasing consortia, health insurance  
15          pools, or other cooperative arrangements, with  
16          any public or private entity; provided that any  
17          corporation, venture, or relationship entered  
18          into under this section furthers the public  
19          interest;

20          (4) The right to execute, in accordance with all  
21          applicable bylaws, rules, and laws, all instruments



1           necessary or appropriate in the exercise of any powers  
2           of the Oahu regional health care system board;  
3       (5)   As to suing and being sued, only the Hawaii health  
4           systems corporation may sue or be sued; provided  
5           further that the Oahu regional health care system  
6           board shall continue to enjoy the same sovereign  
7           immunity available to the State;  
8       (6)   The ability to make and alter Oahu regional health  
9           care system board bylaws and rules for its  
10          organization and management without regard to chapter  
11          91, Hawaii Revised Statutes;  
12       (7)   The right to enter into any contract or agreement  
13          whatsoever, not inconsistent with the laws of the  
14          State, and authorizing the Oahu regional health care  
15          system board and chief executive officer to enter into  
16          all contracts, execute all instruments, and do all  
17          things necessary or appropriate in the exercise of the  
18          powers granted in chapter 323F, Hawaii Revised  
19          Statutes, and this Act, including securing the payment  
20          of bonds; provided that contracts or agreements  
21          executed by a regional system board shall encumber



1           only the regional subaccounts of that regional system  
2           board;

3           (8) The ability to own, purchase, lease, exchange, or  
4           otherwise acquire property, whether real, personal, or  
5           mixed, tangible or intangible, and of any interest  
6           therein, in the name of the Oahu regional health care  
7           system board; provided that the regional system board  
8           shall be subject to section 323F-3.5, Hawaii Revised  
9           Statutes;

10          (9) The right to contract for and accept any gifts,  
11          grants, and loans of funds, property, or any other aid  
12          in any form from the federal government, the State,  
13          any state agency, or any other source, or any  
14          combination thereof, and complying, subject to chapter  
15          323F, Hawaii Revised Statutes, and this Act, with the  
16          terms and conditions thereof; provided that the Oahu  
17          regional health care system board shall be responsible  
18          for contracting for and accepting any gifts, grants,  
19          loans, property, or other aid if intended to benefit  
20          the public health facilities and operations  
21          exclusively in its respective regional system;



- 1           (10) The authority to provide health and medical services  
2                   for the public directly or by agreement or lease with  
3                   any person, firm, or private or public corporation,  
4                   partnership, or association through or in the health  
5                   facilities of the regional system board or otherwise;  
6                   provided that the Oahu regional health care system  
7                   board shall be responsible for conducting the  
8                   activities under this paragraph solely within the  
9                   regional system;
- 10          (11) The right to approve medical staff bylaws, rules, and  
11                   medical staff appointments and reappointments for all  
12                   public health facilities of the Oahu regional health  
13                   care system board, including but not limited to  
14                   determining the conditions under which a health  
15                   professional may be extended the privilege of  
16                   practicing within a health facility, as determined by  
17                   the respective regional system board, and adopting and  
18                   implementing reasonable rules, without regard to  
19                   chapter 91, Hawaii Revised Statutes, for the  
20                   credentialing and peer review of all persons and  
21                   health professionals within the facility; provided





1           that regional system boards shall be the governing  
2           body responsible for all medical staff organization,  
3           peer review, and credentialing activities to the  
4           extent allowed by law;

5           (12) The ability to enter into any agreement with the  
6           State, including but not limited to contracts for the  
7           provision of goods, services, and facilities in  
8           support of the Oahu regional health care system  
9           board's programs, and contracting for the provision of  
10          services to or on behalf of the State;

11          (13) The authority to develop internal policies and  
12          procedures for the procurement of goods and services,  
13          consistent with the goals of public accountability and  
14          public procurement practices, and subject to  
15          management and financial legislative audits; provided  
16          that the Oahu regional health care system board shall  
17          enjoy the exemption under section 103-53(e) and  
18          chapter 103D, Hawaii Revised Statutes;

19          (14) The right to authorize, establish, and abolish  
20          positions;



1           (15) The Oahu regional health care system board shall be  
2           exempt from chapters 36 to 38, 40, 41D, and 103D as  
3           well as part I of chapter 92 and sections 102-2 and  
4           103-53(e), Hawaii Revised Statutes; and

5           (16) The right to employ or retain any attorney, by  
6           contract or otherwise, for the purpose of representing  
7           the Oahu regional health care system board in any  
8           litigation, rendering legal counsel, or drafting legal  
9           documents for the regional system board.

10           SECTION 9. Once the transition of the Oahu regional health  
11          care system from Hawaii health systems corporation to the  
12          department of health is completed, the inpatient services  
13          division of the department of health, which shall include the  
14          Oahu regional health care system facilities, Leahi Hospital, and  
15          Maluhia, shall continue to maintain the following rights and  
16          exemptions:

17           (1) The ability to develop and implement its own policies,  
18           procedures, and rules necessary or appropriate to  
19           plan, operate, manage, and control its facilities  
20           without regard to chapter 91, Hawaii Revised Statutes;  
21           and



1           (2) The right to enter into and perform any contracts,  
2           leases, cooperative agreements, partnerships, or other  
3           transactions whatsoever that may be necessary or  
4           appropriate in the performance of its purposes and  
5           responsibilities, and on terms the inpatient services  
6           division may deem appropriate, with either:

7           (A) Any agency or instrumentality of the United  
8           States, or with any state, territory, or  
9           possession, or with any subdivision thereof; or

10          (B) Any person, firm, association, partnership, or  
11          corporation, whether operated on a for-profit or  
12          not-for-profit basis; provided that the  
13          transaction furthers the public interest;

14          (3) The ability to conduct activities and enter into  
15          business relationships as the inpatient services  
16          division deems necessary or appropriate, including but  
17          not limited to:

18          (A) Creating nonprofit corporations, including but  
19          not limited to charitable fund raising  
20          foundations, to be controlled wholly by the



- 1           impatient services division, or jointly with  
2           others; and
- 3           (B) Entering into partnerships and other joint  
4           venture arrangements, or participating in  
5           alliances, purchasing consortia, health insurance  
6           pools, or other cooperative arrangements, with  
7           any public or private entity; provided that any  
8           corporation, venture, or relationship entered  
9           into under this section furthers the public  
10          interest;
- 11          (4) The ability to make and alter facility bylaws and  
12          rules for its organization and management without  
13          regard to chapter 91, Hawaii Revised Statutes;
- 14          (5) The right to contract for and accept any gifts,  
15          grants, and loans of funds, property, or any other aid  
16          in any form from the federal government, the State,  
17          any state agency, or any other source, or any  
18          combination thereof, and complying with the terms and  
19          conditions thereof;
- 20          (6) The authority to provide health and medical services  
21          for the public directly or by agreement or lease with



1 any person, firm, private or public corporation,  
2 partnership, or association through or in the health  
3 facilities of inpatient services division or  
4 otherwise; and

5 (7) The right to approve medical staff bylaws, rules, and  
6 medical staff appointments and reappointments for all  
7 public health facilities of the inpatient services  
8 division, including but not limited to determining the  
9 conditions under which a health professional may be  
10 extended the privilege of practicing within a health  
11 facility, as determined by the inpatient services  
12 division or facility management, and adopting and  
13 implementing reasonable rules, without regard to  
14 chapter 91, Hawaii Revised Statutes, for the  
15 credentialing and peer review of all persons and  
16 health professionals within the facility; provided  
17 that the inpatient services division or facility  
18 management shall be the governing body responsible for  
19 all medical staff organization, peer review, and  
20 credentialing activities to the extent allowed by law.



1 SECTION 10. For a period of two years following the  
2 completed transition of the Oahu regional health care system  
3 from Hawaii health services corporation to the department of  
4 health, the inpatient services division of the department of  
5 health, which shall include the Oahu regional health care system  
6 facilities, Leahi Hospital, and Maluhia, shall continue to  
7 maintain the authorization to develop internal policies and  
8 procedures for the procurement of goods and services, consistent  
9 with the goals of public accountability and public procurement  
10 practices, and subject to management and financial legislative  
11 audits; provided that the inpatient services division shall  
12 enjoy the exemptions under section 103-53(e) and chapter 103D,  
13 Hawaii Revised Statutes.

14 SECTION 11. In regard to maintenance of long-term care  
15 services following the transition, no planned substantial  
16 reduction or elimination of direct patient care services at any  
17 facility shall be undertaken unless all of the following  
18 requirements are met:

19 (1) An initial determination is made by the inpatient  
20 services division as to critical and emergency



- 1 services, which shall not be subject to reduction or  
2 elimination pursuant to this section;
- 3 (2) The plan of the facility to substantially reduce or  
4 eliminate any direct patient care services at the  
5 health facility shall first be presented to the  
6 director of the department of health for approval;
- 7 (3) Subsequent to the requisite director of health's  
8 approval, the inpatient services division shall  
9 present the plan to the community in which the  
10 facility is located, at a community informational  
11 meeting, in order to obtain community input on the  
12 plan;
- 13 (4) After the community informational meeting, but at  
14 least twenty days prior to the implementation of the  
15 plan approved by the director of health, the director  
16 of health shall give notice of implementation of the  
17 plan to the governor, senate president, and the  
18 speaker of the house of representatives; and
- 19 (5) Implementation of the plan shall commence and  
20 continue, provided that no legislation is enacted  
21 that:







**Report Title:**

Hawaii Health Systems Corporation; Oahu Region; Department of Health; 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. Enables the Oahu regional health care system, department of health, Hawaii health systems corporation, and other state agencies to manage and implement the processes required to effectuate the completion of such transition. Provides certain protections and exemptions for the Oahu regional health care system and the inpatient services division of the department of health. Prohibits the substantial reduction or elimination of direct patient care at any Oahu regional health care system facility unless certain conditions are met. Effective 7/1/2050. (SD2)

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

