

STAND. COM. REP. NO. 1295-24

Honolulu, Hawaii

MAR 22 , 2024

RE: S.B. No. 3128
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 3128, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ACT 212, SESSION LAWS OF HAWAII 2021,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Extend the transfer of the Oahu Regional Health Care System (Oahu Region) from the Hawaii Health Systems Corporation to the Department of Health to December 31, 2026;
- (2) Require the working group established by Act 212, Session Laws of Hawaii 2021, to submit a report to the Legislature on updates to the operating and budget plan and pro forma capital improvements plan and a breakdown of costs related to the transfer;
- (3) Require the Oahu Region and Department of Health to enter into an agreement regarding the Oahu Region taking care of low acuity patients in the Department's custody by the end of 2024; and

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- (4) Require the Oahu Region to report to the Legislature prior to the Regular Session of 2026.

Your Committee received testimony in support of this measure from the Department of Health and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO. Your Committee received comments on this measure from the Hawaii Health Systems Corporation Corporate Board of Directors and Oahu Regional Health Care System of the Hawaii Health Systems Corporation.

Your Committee 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 (Oahu Region). However, the Oahu Region is unique because of the limited services its facilities, Leahi Hospital and Maluhia, provide. 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.

Your Committee further finds that, due to these characteristics, the Legislature concluded that the Department of Health was best suited to operate Leahi Hospital and Maluhia. This was based on the Department of Health's existing operation of the Hawaii State Hospital, a facility that does not generate revenue but provides necessary care for mentally ill patients. Thus, through Act 212, Session Laws of Hawaii 2021, the Legislature mandated the transfer of the Oahu Region's facilities to the Department of Health with a deadline of December 31, 2022.

However, your Committee also finds that transfer efforts were hampered by various obstacles, including the high complexity of the transfer and public health emergencies stemming from the water contamination at Red Hill and the COVID-19 pandemic. As a result, the deadline was extended by Act 150, Session Laws of Hawaii 2022, to December 31, 2025. Nonetheless, your Committee finds concerns remain over the transition. This measure further extends the transition to December 31, 2026, to provide adequate time to address the concerns.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and



purpose of S.B. No. 3128, S.D. 2, H.D. 1, and recommends that it be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,


MARK M. NAKASHIMA, Chair



