
A BILL FOR AN ACT

RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION.

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

1 SECTION 1. The legislature finds that the State's
2 community hospital system, Hawaii health systems corporation, is
3 the fourth largest public hospital system in the nation. The
4 Hawaii health system corporation's public health facilities
5 provide essential safety-net hospital and long-term care
6 services through out the State and are often the only hospitals
7 in many rural communities. Due to rapid changes taking place in
8 the health care industry, the legislature acknowledges that the
9 governing structure of our public hospital system must provide
10 the appropriate flexibility and autonomy needed to compete and
11 remain viable and respond to the needs of the specific
12 communities served by furthering the development of centers of
13 excellence in health care.

14 The current administrative arrangement places the public
15 hospital system in a single statewide quasi-public agency, the
16 Hawaii health systems corporation. This arrangement is the
17 result of landmark legislation, Act 262, Session Laws of Hawaii



1 1996, after years of study. Act 262 was largely the result of
2 the work of a task force established pursuant to Act 266,
3 Session Laws of Hawaii 1994, charged with studying the
4 establishment of an agency for community hospitals, then a
5 division of the department of health. On December 20, 1994, the
6 task force issued its report to the governor and the legislature
7 entitled "The Preliminary Report of the Governor's Task Force on
8 the Establishment of An Agency for Community Hospitals." Many
9 of the recommendations of the task force were adopted by the
10 legislature, resulting in passage of Act 262, and the creation
11 of the Hawaii health systems corporation in 1996.

12 One significant recommendation of the task force included
13 the establishment of regional boards of directors, along with
14 the system-wide board. The task force stated that:

15 "The Hawaii Health Systems Corporation should
16 administer the state facilities in a decentralized
17 fashion, with the facilities to be grouped into five
18 regions. Three regions should be formed for the
19 facilities of Kauai, Oahu and Maui Counties
20 respectively, and the Big Island should be divided
21 into Eastern and Western regions.



1 Each region should have an operating Board of
2 Directors consisting of nine members. Regional Boards
3 should be initially appointed by the Governor with the
4 advice and consent of the Senate, and should
5 subsequently be self perpetuating (i.e., with future
6 Board appointments made by the current Board)."

7 The task force further recommended that each region should
8 have an operating board of directors consisting of nine members.
9 Regional boards should be initially appointed by the governor,
10 with the advice and consent of the senate, and should
11 subsequently be self perpetuating, with future board
12 appointments made by the current board.

13 During the 1996 conference committee hearings on S.B.
14 No. 2522, which ultimately became Act 262, the regional board
15 concept was replaced with regional management advisory
16 committees. The management advisory committees represent the
17 communities where the hospitals are located and meet with the
18 management of the facilities and the Hawaii health systems
19 corporation executives in order to give the communities a voice
20 in the provision of these vital safety-net hospital services.

21 However, the legislature finds that the Hawaii health
22 systems corporation has developed strong administrative and



1 clinical leadership in all five regions and is now ready for the
2 implementation of the regional board recommendation. Further,
3 the regional board concept would enhance the ability of local
4 communities and stakeholders to participate in the decision-
5 making and operation of their own community hospitals. While
6 the management advisory committees have been diligent in
7 representing the communities, their role has been solely
8 advisory. Local community stakeholders, through independent
9 regional boards, are in the best position to make the critical
10 decisions relating to the local operation of their community
11 hospitals. Additionally, regional boards would have the ability
12 to address local needs and concerns in a more timely fashion.

13 The hospitals, through the Hawaii health systems
14 corporation, should still engage in statewide activities where a
15 systemwide approach may provide economies of scale,
16 efficiencies, and inter-regional collaboration and cooperation.

17 The purpose of this Act is to advance the State's
18 commitment to provide quality health care for the people of the
19 State, by adopting the original task force recommendation of
20 community-based governance and establishing a regional affiliate
21 corporation for the Maui region as an initial step to more
22 regional control for all regions, to be governed by a community-



1 based regional board of directors, and to provide the necessary
2 authority for each regional affiliate corporation to accomplish
3 the goal of community-based governance. This Act also
4 establishes the process for enabling other regions to develop
5 regional boards and become a regional affiliate corporation.

6 SECTION 2. Section 323F-1, Hawaii Revised Statutes, is
7 amended by adding two new definitions to be appropriately
8 inserted and to read as follows:

9 ""Regional board" means a regional board of directors of a
10 regional affiliate corporation of the corporation.

11 "Regional affiliate corporation" means an affiliate
12 corporation for a region that was established by Act 262,
13 Session Laws of Hawaii 1996, and is a public body corporate and
14 politic affiliated with the corporation."

15 SECTION 3. Chapter 323F, Hawaii Revised Statutes, is
16 amended by adding four new sections to be appropriately
17 designated and to read as follows:

18 "§323F-A Regional affiliate corporations and transfer of
19 assets. There shall be one regional affiliate corporation for
20 each of the five regions specified in section 323F-2 as
21 established by law. Each regional affiliate corporation shall
22 be a public body corporate and politic affiliated with the



1 corporation. All health systems assets and health systems
2 liabilities of a region, including facilities, shall be
3 transferred to the regional affiliate corporation upon its
4 establishment.

5 **§323F-B Establishment of a regional affiliate corporation**
6 **for Maui region.** There is established the regional affiliate
7 corporation for the Maui region that shall consist of Kula
8 hospital, Lanai community hospital, and Maui memorial medical
9 center and all other public health facilities created or
10 acquired hereafter by the regional affiliate corporation within
11 the region.

12 **§323F-C Regional boards.** (a) Each regional affiliate
13 corporation, upon its establishment, shall be governed by a
14 regional board of directors to consist of not less than seven
15 members and not more than fifteen members, as determined by the
16 regional board after the initial regional board is established,
17 which shall carry out the duties and responsibilities of the
18 regional affiliate corporation.

19 (1) Each regional board shall initially consist of eleven
20 members to be appointed by the governor under section
21 26-34 as follows:



1 (A) Four members shall be appointed by the governor
2 within thirty days of receipt of a qualified list
3 of candidates as follows:

4 (i) Two members shall be chosen from a list of
5 four individuals submitted by the speaker of
6 the house of representatives. This list
7 shall not include physicians; and

8 (ii) Two members shall be chosen from a list of
9 four individuals submitted by the president
10 of the senate. This list shall not include
11 physicians;

12 (B) Four members shall be nominated by the regional
13 public health facility management advisory
14 committee, for appointment by the governor, for
15 the region as follows:

16 (i) One member shall be chosen from the members
17 of the corporation board. This individual
18 shall not be a physician and may not be a
19 resident of the region; and

20 (ii) Three members shall be chosen from a list of
21 six individuals who may be medical and
22 health care providers and professionals,



1 consumers, and knowledgeable individuals in
2 other appropriate areas such as business and
3 law. These individuals shall not be
4 physicians currently in active practice;

5 (C) Three physicians shall be appointed from a list
6 of six physicians nominated by a majority vote of
7 the medical staff of the public health facilities
8 in the region present at a duly noticed meeting
9 from a list of qualified candidates submitted by
10 the medical executive committees in the region;

11 (2) One member of each initial regional board nominated by
12 the house of representatives, senate, and medical
13 executive committees in a region shall be appointed
14 for a term of two years;

15 (3) One member of each initial regional board nominated by
16 the regional public health facility management
17 advisory committee for the region shall be appointed
18 for a term of two years;

19 (4) The remaining members of each initial regional board
20 and all members appointed thereafter shall be
21 appointed for terms of three years; and



1 (5) New regional board members appointed to any regional
2 board after the initial board shall be selected in the
3 same manner as the original members.

4 Except for the appointment of a representative from the
5 corporation, all other members of a regional board shall be
6 residents of the region. Each regional board shall elect its
7 own chair.

8 (b) Each regional board shall be responsible for local
9 governance, operations, and administration of the delivery of
10 services in its respective region. Each regional board may
11 include non-physician medical and health care providers and
12 professionals, consumers, and knowledgeable individuals in other
13 appropriate areas such as business and law; provided that only
14 three members of the regional board shall be physicians. Each
15 regional board shall be as balanced and representative of the
16 community stakeholders as possible.

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

22 (1) Malfeasance in office;



- 1 (2) Persistent failure to attend regularly called
- 2 meetings;
- 3 (3) Sentencing for conviction of a felony, to the extent
- 4 allowed by section 831-3.1; 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 **§323F-D Regional chief executive officers; exempt**

9 **positions.** (a) Upon the establishment of a regional affiliate

10 corporation and its corresponding regional board, the regional

11 board may appoint a regional chief executive officer of the

12 regional affiliate corporation whose salary shall be set by the

13 corresponding regional board; provided that the position shall

14 be exempt from chapter 76 and section 26-35(a)(4). Any regional

15 chief executive officer may also appoint as necessary other

16 personnel, exempt from chapters 76 and 89, to work directly for

17 the regional chief executive officer for the region and for the

18 corresponding regional board.

19 (b) Any regional board or its designee may discharge its

20 exempt personnel with or without cause; provided that removal

21 without cause shall not prejudice any contract rights of

22 personnel.

1 (c) The regional chief executive officer or the regional
 2 chief executive officer's designee may appoint, exempt from
 3 chapters 76 and 89, hospital administrators, assistant
 4 administrators, directors of nursing, medical directors, and
 5 staff physicians, to facilitate the management of facilities
 6 within the regional affiliate corporation."

7 SECTION 4. Section 323F-3, Hawaii Revised Statutes, is
 8 amended by amending subsection (b) to read as follows:

9 "(b) Ten members of the corporation board shall be
 10 appointed by the governor from two lists of nominees, consisting
 11 of at least twenty candidates each, submitted by the president
 12 of the senate and the speaker of the house of representatives,
 13 respectively, as follows:

14 (1) One member from region I who resides in the city and
 15 county of Honolulu;

16 (2) One member from region II who resides in the county of
 17 Kauai;

18 (3) One member from region III who resides in the county
 19 of Maui;

20 (4) One member from region IV who resides in the eastern
 21 section of the county of Hawaii;



1 (5) One member from region V who resides in the western
2 section of the county of Hawaii;

3 (6) One member from region II who resides in the county of
4 Kauai or from region III who resides in the district
5 of Hana or on the island of Lanai; provided that in no
6 event shall the member be appointed from the same
7 region for two consecutive terms; and

8 (7) Four at-large members who reside in the State.

9 ~~[The eleventh member shall be the chairperson of the~~
10 ~~executive public health facility management advisory committee,~~
11 ~~who shall serve as an ex officio, voting member.]~~

12 The eleventh and twelfth ~~[member,]~~ members, who shall serve
13 as [a] voting ~~[member,]~~ members, shall be [~~a physician]~~
14 physicians with active medical staff privileges at one of the
15 corporation's public health facilities. The physician ~~[member]~~
16 members shall each serve a term of two years. [~~The initial~~
17 ~~physician member shall be from region II, and subsequent~~
18 ~~physician members shall come from regions IV, III, and V~~
19 ~~respectively. The physician member position shall continue to~~
20 ~~rotate in this order.] The physician ~~[member]~~ members shall be
21 appointed to the corporation board by a simple majority vote of
22 the ~~[members of the executive public health facility management~~~~



1 ~~advisory committee]~~ corporation board from a list of qualified
2 nominees submitted by the public health facility management
3 advisory committee [~~for the region from which the physician~~
4 ~~member is to be chosen.~~] or by any regional board. The
5 corporation board shall attempt to choose physicians from
6 different regions and to rotate the appointments from the five
7 regions. If for any reason a physician member is unable to
8 serve a full term, the remainder of that term shall be filled by
9 a physician from the same region.

10 The thirteenth member shall be the director of health or
11 the director's designee, who shall serve as an ex officio,
12 voting member.

13 Appointments to the corporation board shall be made by the
14 governor, subject to confirmation by the senate pursuant to
15 section 26-34. [~~Prior to the transfer date, the]~~ The public
16 health facility management advisory committees appointed
17 [~~pursuant to section 323-66]~~ for each [~~county]~~ region may
18 recommend names to the governor for each position on the
19 corporation board designated for [~~a~~] the respective region
20 [~~which corresponds to its county]~~. The appointed board members
21 shall serve for a term of four years; provided that upon the
22 initial appointment of the first ten members:



1 (1) Two at-large members shall be appointed for a term of
2 two years;

3 (2) Three at-large members shall be appointed for a term
4 of three years; and

5 (3) Five regional members shall be appointed for a term of
6 four years.

7 Any vacancy shall be filled in the same manner provided for the
8 original appointments. The corporation board shall elect its
9 own chair from among its members. Appointments to the
10 corporation board shall be as representative as possible of the
11 system's stakeholders as outlined in this subsection."

12 SECTION 5. Section 323F-4, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§323F-4 Board meetings.** (a) The corporation board shall
15 meet no fewer than four times a year~~[+]~~ without regard to
16 chapter 92. Each regional board shall meet no fewer than six
17 times a year without regard to chapter 92; provided that
18 regional boards shall hold at least two public community
19 meetings for the purpose of informing the community and taking
20 comment on the region's performance. [All meetings of the
21 corporation board shall be subject to chapter 92, except that in
22 addition to matters exempted pursuant to law, the corporation



1 ~~board may elect to hold an executive meeting for the~~
2 ~~consideration of any matters set forth in section 323F-6.]~~

3 (b) All business of the corporation board and each
4 regional board shall be conducted at a regular or special
5 meeting at which a quorum is present, consisting of at least a
6 majority of the directors then in office. Any action of the
7 corporation board or each regional board shall require the
8 affirmative vote of a majority of those present and voting at
9 the meeting; except that a vote of two-thirds of the [~~members~~]
10 entire membership of the [~~corporation~~] respective board then in
11 office shall be required for any of the following actions:

12 (1) Removal by the corporation board or respective
13 regional board of one of its members [~~with the~~
14 ~~exception of the eleventh and twelfth members set~~
15 ~~forth in section 323F-3, who may only be removed~~
16 ~~pursuant to sections 323F-10 and 323F-10.5]~~;

17 (2) Amendment by the [~~corporation~~] respective board of its
18 bylaws;

19 (3) Hiring or removing the chief executive officer of the
20 corporation[+] or any regional chief executive
21 officer; and



1 (4) Any other actions as provided by the corporation or
2 regional board bylaws."

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

5 "[~~+~~§323F-5[~~+~~] **Disclosure of interests.** All corporation
6 and regional board members and employees of the corporation and
7 any regional affiliate corporation shall be subject to chapter
8 84."

9 SECTION 7. Section 323F-6, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "[~~+~~§323F-6[~~+~~] **Records.** The corporation and each regional
12 affiliate corporation shall be subject to the requirements of
13 chapter 92F, except that the following categories of government
14 records shall not be required to be disclosed:

- 15 (1) Applications for credentials or staff privileges at
16 any of the corporation's medical facilities, records
17 from peer review proceedings, and medical records; and
18 (2) Marketing strategies, strategic plans, evaluations,
19 assessments, negotiations, or rates and charges, the
20 disclosure of which would raise the cost of
21 procurement or give a manifestly unfair advantage to
22 any competitor or to any person or entity seeking to



1 do business or proposing to enter into an agreement
2 with the corporation or any of its facilities.

3 Any person denied access to any such government records
4 shall have available the remedies specified in sections 92F-15
5 and 92F-15.5. Government records protected from disclosure by
6 this section shall be subject to the interagency disclosure
7 provisions of section 92F-19. Section 624-25.5 shall apply to
8 this part notwithstanding anything to the contrary contained in
9 this section."

10 SECTION 8. Section 323F-7, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "§323F-7 Duties and powers of the corporation[-] and
13 regional affiliate corporations. (a) Notwithstanding any other
14 law to the contrary[7] and unless otherwise specified, only
15 those duties and powers related to corporation-wide matters,
16 including, but not limited to, corporation-wide budgeting,
17 personnel policies, procurement policies, strategic planning,
18 and capital planning, including the issuance of revenue bonds in
19 any amount, shall be carried out by the corporation [~~shall have~~
20 ~~and exercise the following duties]~~ board. Duties and powers[+]
21 related to the operation of facilities within each region,
22 including, but not limited to, regional and facility budgeting,



1 employment and removal of regional and facility personnel,
2 purchasing, regional strategic and capital planning,
3 organization, quality assurance, improvement and reporting,
4 credentialing of medical staff, and the issuance of revenue
5 bonds in an amount up to and including \$ _____, shall be
6 carried out by the regional boards, either directly or by
7 delegation to regional and facility administration. Unless
8 otherwise specified, the duties and powers granted to the
9 corporation board may be delegated to the regional boards of the
10 regional affiliate corporations.

11 (b) Notwithstanding any other law to the contrary, the
12 corporation, either directly or through any of the regional
13 boards, shall exercise the following duties and powers:

14 (1) Developing its own policies, procedures, and rules
15 necessary or appropriate to plan, operate, manage, and
16 control the system of public health facilities and
17 services without regard to chapter 91;

18 (2) Evaluating the need for additional health facilities
19 and services; provided that each regional board shall
20 be responsible for the evaluation within its own
21 region;



1 (3) Entering into and performing any contracts, leases,
2 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 [~~it~~] the corporation or
6 each regional affiliate corporation for its own region
7 may deem appropriate, with either:

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

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

15 (4) Conducting activities and entering into business
16 relationships as the corporation board or any regional
17 board deems necessary or appropriate, including but
18 not limited to:

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



1 corporation, any regional affiliate corporation,
2 or jointly with others;

3 (B) Establishing, subscribing to, and owning stock in
4 business corporations individually or jointly
5 with others; and

6 (C) Entering into partnerships and other joint
7 venture arrangements, or participating in
8 alliances, purchasing consortia, health insurance
9 pools, or other cooperative arrangements, with
10 any public or private entity; provided that any
11 corporation, venture, or relationship entered
12 into under this section furthers the public
13 interest; provided further that this paragraph
14 shall not be construed to authorize the
15 corporation or regional affiliate corporation to
16 abrogate any responsibility or obligation under
17 paragraph (15);

18 (5) Participating in and developing prepaid health care
19 service and insurance programs and other alternative
20 health care delivery programs, including programs
21 involving the acceptance of capitated payments or



1 premiums that include the assumption of financial and
2 actuarial risk;

3 (6) Executing, in accordance with all applicable bylaws,
4 rules, and laws, all instruments necessary or
5 appropriate in the exercise of any powers of the
6 ~~[corporation's powers]~~ corporation or any regional
7 affiliate corporation;

8 (7) Preparing and executing all ~~[corporation]~~ corporation-
9 wide budgets, policies, and procedures[+] or any
10 regional affiliate corporation budgets, policies, and
11 procedures respectively; provided that regional
12 affiliate corporations shall submit their regional and
13 facility budgets to the corporation to be rolled into
14 a corporation-wide budget for purposes of corporation-
15 wide planning and appropriation requests;

16 (8) Setting rates and charges for all services provided by
17 the corporation without regard to chapter 91; provided
18 that the duty and power of the corporation board shall
19 be limited to approving the rates and charges
20 developed by a regional board for that region's
21 facilities and services. A region's rates and charges
22 shall be rolled up with the rates of any other regions



- 1 into one charge master, and third party payor
2 contracts may be negotiated at the corporation-wide
3 level with input from the regions and taking into
4 consideration the rates set by regional boards;
5 (9) Developing a corporation-wide hospital personnel
6 system that is subject to chapters 76 and 89; provided
7 that employment of regional and facility personnel
8 shall be the responsibility of the regional boards;
9 (10) Developing the corporation's corporation-wide capital
10 and strategic plans[+] or any regional affiliate
11 corporation's regional capital and strategic plans
12 respectively;
13 (11) Suing and being sued; provided that the corporation
14 and any regional affiliate corporation shall enjoy the
15 same sovereign immunity available to the State;
16 (12) Making and altering corporation board and any regional
17 board bylaws for its organization and management
18 without regard to chapter 91; provided that regional
19 boards shall be responsible for the final approval of
20 regional board bylaws;



- 1 (13) Adopting rules[7] without regard to chapter 91[7]
- 2 governing the exercise of its powers and the
- 3 fulfillment of its purpose under this chapter;
- 4 (14) Entering into any contract or agreement whatsoever,
- 5 not inconsistent with this chapter or the laws of this
- 6 State, and authorizing the corporation, regional
- 7 affiliate corporations, and chief executive [~~officer~~]
- 8 officers to enter into all contracts, execute all
- 9 instruments, and do all things necessary or
- 10 appropriate in the exercise of the powers granted in
- 11 this chapter, including securing the payment of bonds;
- 12 (15) Issuing revenue bonds subject to the approval of the
- 13 legislature; provided that all revenue bonds shall be
- 14 issued pursuant to part III, chapter 39; provided that
- 15 the corporation shall have the power to issue revenue
- 16 bonds in any amount, and each regional affiliate
- 17 corporation shall have the power to issue revenue
- 18 bonds in an amount up to and including \$ _____ ;
- 19 (16) Reimbursing the state general fund for debt service on
- 20 general obligation bonds or reimbursable general
- 21 obligation bonds issued by the State for the purposes



1 of the corporation[+] or any regional affiliate
2 corporation;

3 (17) Pledging or assigning all or any part of the receipts
4 and revenues of the corporation or any regional
5 affiliate corporation for purposes of meeting bond or
6 health systems liabilities;

7 (18) Owning, purchasing, leasing, exchanging, or otherwise
8 acquiring property, whether real, personal or mixed,
9 tangible or intangible, and of any interest therein,
10 in the name of the corporation[-] or any regional
11 affiliate corporation, which property is not owned or
12 controlled by the State but is owned or controlled by
13 the corporation[+] or any regional affiliate
14 corporation;

15 (19) Maintaining, improving, pledging, mortgaging, selling,
16 or otherwise holding or disposing of property, whether
17 real, personal or mixed, tangible or intangible, and
18 of any interest therein, at any time and manner, in
19 furtherance of the purposes and mission of the
20 corporation[+] or any regional affiliate corporation;
21 provided that the corporation or any regional
22 affiliate corporation legally holds or controls the



1 property in its own name; provided further that the
 2 corporation or any regional affiliate corporation
 3 shall not sell, assign, lease, hypothecate, mortgage,
 4 pledge, give, or dispose of all or substantially all
 5 of its property;

6 (20) Purchasing insurance and creating captive insurers in
 7 any arrangement deemed in the best interest of the
 8 corporation[~~r~~] or any regional affiliate corporation,
 9 including but not limited to funding and payment of
 10 deductibles and purchase of reinsurance;

11 (21) Acquiring by condemnation, pursuant to chapter 101,
 12 any real property required by the corporation or any
 13 regional affiliate corporation to carry out the powers
 14 granted by this chapter;

15 (22) Depositing any moneys of the corporation or any
 16 regional affiliate corporation in any banking
 17 institution within or without the State, and
 18 appointing, for the purpose of making deposits, one or
 19 more persons to act as custodians of the moneys of the
 20 corporation[~~r~~] or any regional affiliate corporation;

21 (23) Contracting for and accepting any gifts, grants, and
 22 loans of funds, property, or any other aid in any form



1 from the federal government, the State, any state
2 agency, or any other source, or any combination
3 thereof, and complying, subject to this chapter, with
4 the terms and conditions thereof;

5 (24) Providing health and medical services for the public
6 directly or by agreement or lease with any person,
7 firm, or private or public corporation, partnership,
8 or association through or in the health facilities of
9 the corporation or any regional affiliate corporation
10 or otherwise;

11 (25) Approving medical staff bylaws, rules, and medical
12 staff appointments and reappointments for all public
13 health facilities~~[7]~~ of the corporation or any
14 regional affiliate corporation, including, [without
15 limitation7] but not limited to, determining the
16 conditions under which a health professional may be
17 extended the privilege of practicing within a health
18 facility, as determined by the respective regional
19 boards, and adopting and implementing reasonable
20 rules, without regard to chapter 91, for the
21 credentialing and peer review of all persons and
22 health professionals within the facility; provided



1 that regional boards shall be responsible for all
2 credentialing activities;

- 3 (26) (A) Investing any funds not required for immediate
4 disbursement in property or in securities that
5 meet the standard for investments established in
6 chapter 88 as provided by the corporation
7 board[+] or any regional board; provided the
8 investment assists the corporation or any
9 regional affiliate corporation in carrying out
10 its public purposes; selling from time to time
11 securities thus purchased and held, and
12 depositing any securities in any bank or
13 financial institution within or without the
14 State. Any funds deposited in a banking
15 institution or in any depository authorized in
16 this section shall be secured in a manner and
17 subject to terms and conditions as the
18 corporation board or any regional board may
19 determine, with or without payment of any
20 interest on the deposit, including, without
21 limitation, time deposits evidenced by
22 certificates of deposit. Any bank or financial



1 institution incorporated under the laws of this
2 State may act as depository of any funds of the
3 corporation or any regional affiliate corporation
4 and may issue indemnity bonds or may pledge
5 securities as may be required by the corporation
6 board[+] or any regional board; and

7 (B) Notwithstanding subparagraph (A), contracting
8 with the holders of any of its notes or bonds as
9 to the custody, collection, securing, investment,
10 and payment of any moneys of the corporation or
11 any regional affiliate corporation and of any
12 moneys held in trust or otherwise for the payment
13 of notes or bonds and carrying out the contract.
14 Moneys held in trust or otherwise for the payment
15 of notes or bonds or in any way to secure notes
16 or bonds, and deposits of such moneys, may be
17 secured in the same manner as moneys of the
18 corporation[-] or any regional affiliate
19 corporation, and all banks and trust companies
20 are authorized to give security for the deposits;

21 (27) Entering into any agreement with the State including
22 but not limited to contracts for the provision of



- 1 goods, services, and facilities in support of the
2 corporation's programs[7] or any regional affiliate
3 corporation's programs, and contracting for the
4 provision of services to or on behalf of the State;
- 5 (28) Having a seal and altering the same at pleasure;
- 6 (29) Waiving, by means that the corporation or any regional
7 affiliate corporation deems appropriate, the exemption
8 from federal income taxation of interest on the
9 corporation's or any regional affiliate corporation's
10 bonds, notes, or other obligations provided by the
11 Internal Revenue Code of 1986, as amended, or any
12 other federal statute providing a similar exemption;
- 13 (30) Developing internal policies and procedures for the
14 procurement of goods and services, consistent with the
15 goals of public accountability and public procurement
16 practices[7], but not subject to chapter 103D while
17 enjoying the exemption under section 103-53(e);
- 18 (31) Authorizing and establishing positions; provided that
19 regional affiliate corporations shall be responsible
20 for hiring and firing of regional and facility
21 personnel, except a regional chief executive officer



1 shall only be hired or dismissed upon the approval of
2 a regional board;

3 (32) Calling upon the attorney general for such legal
4 services as the corporation or any regional affiliate
5 corporation may require; [~~and~~]

6 (33) Having and exercising all rights and powers necessary
7 or incidental to or implied from the specific powers
8 granted in this chapter, which specific powers shall
9 not be considered as a limitation upon any power
10 necessary or appropriate to carry out the purposes and
11 intent of this chapter[~~-~~]; and

12 (34) With respect to a regional affiliate corporation,
13 through its regional board:

14 (A) Develop policies and procedures necessary or
15 appropriate to plan, operate, manage, and control
16 the day-to-day operation of facilities within a
17 region that are consistent with corporation-wide
18 policies;

19 (B) Exercise custodial control over and use of all
20 assets of the corporation that are located in the
21 regional affiliated corporation's region; and



1 (C) Expend funds within approved regional budgets and
2 expend additional funds in excess of approved
3 regional budgets upon approval of the corporation
4 board.

5 (b) The corporation or any regional affiliate corporation
6 shall not be subject to chapters 36 to 38, 40, [~~and~~] 41D, and
7 103D, and shall enjoy the exemptions contained in sections 102-2
8 and 103-53(e) except as otherwise provided in this chapter.

9 (c) The duties and powers granted to the corporation or
10 any regional affiliate corporation may not be used to enter into
11 contractual or business relationships which have the practical
12 effect of allowing or are intended to allow the private sector
13 counterparts to replace existing employee positions or
14 responsibilities within the corporation or any regional
15 affiliate corporation or its facilities; provided the
16 corporation or any regional affiliate corporation shall be
17 allowed to enter into such relationships to the extent and for
18 the purposes that the division of community hospitals could have
19 done under collective bargaining contracts which were in effect
20 for the 1995-1996 fiscal year."

21 SECTION 9. Section 323F-8, Hawaii Revised Statutes, is
22 amended to read as follows:



1 "**§323F-8 Chief executive officer; exempt positions.** (a)
2 The corporation board may appoint, exempt from chapter 76 and
3 section 26-35(a)(4), a chief executive officer of the
4 corporation whose salary shall be set by the corporation board.
5 The chief executive officer may also appoint up to eighteen
6 other personnel, exempt from chapters 76 and 89, to work
7 directly for the chief executive officer and the corporate
8 board.

9 (b) The corporation board or its designee may discharge
10 its exempt personnel with or without cause; provided that
11 removal without cause shall not prejudice any contract rights of
12 personnel.

13 (c) The corporation's chief executive officer or the chief
14 executive officer's designee may appoint, exempt from chapters
15 76 and 89, hospital administrators, assistant administrators,
16 directors of nursing, medical directors, and staff physicians,
17 to facilitate the management of facilities within the
18 corporation; provided that directors of nursing appointed before
19 July 1, 1998, may maintain their civil service status as
20 provided in chapter 76 by so communicating in writing to the
21 chief executive officer by October 31, 1998. Hospital
22 administrators and assistant administrators appointed before



1 July 1, 1983, may maintain their permanent civil service status
2 as provided in chapter 76.

3 (d) Upon the establishment of a regional affiliate
4 corporation and corresponding regional board, the authority to
5 appoint regional hospital administrators, assistant
6 administrators, directors of nursing, medical directors, and
7 staff physicians under subsection (c) shall be superseded by
8 section 323F-D for each region affected. No incumbent personnel
9 shall lose a position without specific action taken by the
10 appropriate regional board."

11 SECTION 10. Section 323F-9, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "[~~+~~]**S323F-9**[~~+~~] **Hiring of attorneys.** The corporation and a
14 regional affiliate corporation may employ or retain any
15 attorney, by contract or otherwise, for the purpose of
16 representing the corporation or any regional affiliate
17 corporation in any litigation, rendering legal counsel [~~to~~] or
18 drafting legal documents for the corporation[~~, or drafting legal~~
19 ~~documents for the~~] or any regional affiliate corporation."

20 SECTION 11. Section 323F-10, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "§323F-10 Regional public health facility management
2 **advisory committees.** (a) On the transfer date, there shall be
3 established within the corporation for each region, a public
4 health facility management advisory committee to consist of nine
5 members initially to be appointed by the chief executive officer
6 of the corporation with the advice of the hospital
7 administrators of the facilities in the affected regions. The
8 members shall serve for a term of four years; provided that upon
9 the initial appointment of the members, two shall be appointed
10 for a term of one year, two for a term of two years, two for a
11 term of three years, and three for a term of four years.

12 Following the initial appointments by the chief executive
13 officer of the corporation board, any vacancies on a regional
14 committee shall be filled by a simple majority vote of the
15 members of the executive committee from a list of qualified
16 nominees submitted by the regional committee in which the
17 vacancy occurred. If a regional committee vacancy remains
18 unfilled for more than thirty days, that vacancy may be filled
19 by the chief executive officer of the corporation.

20 Each regional management advisory committee shall include
21 medical and health care providers, consumers, and knowledgeable
22 individuals in other appropriate areas such as business and law;



1 provided that at least one member shall be a physician with
2 active medical staff privileges at one of the region's public
3 health facilities. At least three members of the committee
4 shall be consumers.

5 The management advisory committee for the East Hawaii
6 region shall have three members who reside in the Ka'u district,
7 three members who reside in the Hamakua/North Hilo districts,
8 and three members who reside in the South Hilo/Puna districts.
9 The management advisory committee for the West Hawaii region
10 shall have not less than three members who reside in the North
11 Kohala/South Kohala districts.

12 Each regional committee shall select its own chairperson
13 and vice chairperson and shall adopt rules governing the terms
14 for removal of its chairperson from the executive management
15 advisory committee. In the event of a regional committee voting
16 to remove its chairperson who concurrently sits on the
17 corporation board, that vote shall be unanimous. In the event
18 of a regional committee voting to remove its physician member
19 from the corporation board, that vote shall also be unanimous.
20 Each regional committee may also adopt other rules as it may
21 consider necessary for the conduct of its business.



1 The members of the regional committees shall serve without
2 compensation, but shall be reimbursed for traveling expenses
3 incurred in the performance of their duties. The corporation
4 shall provide for the necessary expenses of the committees;
5 provided that no expenses may be incurred without prior
6 authorization by the chief executive officer.

7 (b) Each regional committee shall sit in an advisory
8 capacity to the chief executive officer on matters concerning
9 the formulation of regional operational and capital improvement
10 budgets, and the planning, construction, improvement,
11 maintenance, and operation of public health facilities within
12 its respective jurisdiction and shall sit in an advisory
13 capacity to the governor on matters concerning the nominees for
14 positions on the corporation board. Nothing in this section
15 shall be construed as precluding or preventing the committees
16 from coordinating their efforts and activities with the facility
17 administrators within their counties.

18 (c) Each regional committee may prepare a report for
19 inclusion with the corporation's annual report and audit which
20 shall include but not be limited to comments and analyses on the
21 corporation's regional operational and capital improvement
22 budgets for its respective region.



1 (d) Upon the establishment of a regional affiliate
2 corporation and its initial regional board, this section shall
3 no longer apply to the region in which the regional affiliate
4 corporation has been established."

5 SECTION 12. Section 323F-10.5, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "[~~§~~323F-10.5~~]~~ **Executive public health facility**
8 **management advisory committee; establishment.** (a) There is
9 established within the corporation an executive public health
10 facility management advisory committee to consist of the
11 chairpersons of each of the five regional public health facility
12 management advisory committees. The executive committee shall,
13 through its chairperson, represent the interests of all regional
14 committees on the corporation board.

15 (b) The executive committee shall select its own
16 chairperson to serve on the corporation board and shall adopt
17 rules governing the terms of office and removal from the
18 corporation board. The executive committee shall also adopt
19 rules governing the terms of office for each of the five
20 regional committee chairpersons. The executive committee may
21 also adopt other rules as it may consider necessary for the
22 conduct of its business.

1 (c) The members of the executive committee shall serve
2 without compensation, but shall be reimbursed for reasonable
3 expenses incurred in the performance of their duties.

4 (d) Upon the establishment of a regional affiliate
5 corporation and its initial regional board, this section shall
6 no longer apply to the region in which the regional affiliate
7 corporation has been established."

8 SECTION 13. Section 323F-10.6, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "[+]§323F-10.6[+] **Peer review and credentialing.**

11 ~~[Corporation board or other committee meetings pertaining to~~
12 ~~peer review and credentialing matters shall not be subject to~~
13 ~~part I of chapter 92.] Peer review activities shall be subject~~
14 ~~to [the provisions of] chapters 663 and 671D and all other~~
15 ~~provisions and restrictions of medical peer review committees~~
16 ~~established by state law."~~

17 SECTION 14. Section 323F-11, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "[+]§323F-11[+] **Executive branch; noninterference.**

20 Notwithstanding any other law to the contrary, the governor and
21 executive branch agencies shall limit their responsibilities to
22 that of review and oversight when the corporation or any



1 regional affiliate corporation receives general funds from the
2 State to subsidize the operating budgets of deficit facilities.
3 The governor and executive branch agencies shall not interfere
4 with the systemic change, capacity building, advocacy, budget,
5 personnel, system plan development, or plan implementation
6 activities of the corporation[-] or any regional affiliate
7 corporation. The governor and executive branch agencies shall
8 not interfere with the ability of the corporation or any
9 regional affiliate corporation to function as a multiple
10 facility public hospital system delivering health care services
11 to the residents of the State."

12 SECTION 15. Section 323F-21, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "[+]§323F-21[+] **Fiscal provisions.** (a) There is created
15 in the state treasury a special fund to be known as the health
16 systems special fund into which shall be deposited all fees,
17 proceeds, reimbursements, and the like owed to or received by
18 the corporation, any regional affiliate corporation, and its
19 facilities, except as herein provided. The special fund shall
20 be used solely to fulfill the purposes outlined in this chapter.

21 The corporation and any regional affiliate corporation may
22 establish and maintain, within its special fund, accounts that



1 may be necessary and appropriate to carry out its purposes and
2 responsibilities.

3 The corporation and any regional affiliate corporation may
4 provide reasonable reserves for any of the following purposes:

5 (1) Insurance deductibles;

6 (2) The improvement, replacement, or expansion of its
7 facilities or services;

8 (3) The securing of the corporation's or any regional
9 affiliate corporation's bonds, notes, or other
10 instruments of indebtedness; or

11 (4) Any other purpose it deems necessary or appropriate in
12 the performance of its purposes and responsibilities.

13 (b) The corporation board and any regional board shall
14 collaboratively develop annual operating and capital budgets for
15 each facility. The corporation and any regional affiliate
16 corporation shall collaboratively develop budgetary guidelines,
17 and may [~~allocate to~~] negotiate with each facility reasonable
18 [~~corporation~~] corporate administrative costs, including funds
19 determined by the corporation or any regional affiliate
20 corporation to be needed from or provided to each facility to:

21 (1) Repay corporation or any regional affiliate
22 corporation debts;



1 (2) Provide subsidies to any facility determined to be
2 unable to fund from within that facility's programs
3 and services deemed essential to community needs; and

4 (3) Maintain appropriate reserves.

5 (c) The corporation and each regional affiliate
6 corporation shall collaboratively develop annual corporation and
7 regional affiliate corporation operating and capital budgets,
8 taking into account anticipated surpluses from or subsidies to
9 the facilities pursuant to the annual guidelines described in
10 this section, accumulated corporation and regional affiliate
11 corporation reserves and accounts, subsidies, if any, that are
12 determined to be needed from the general fund, and other sources
13 of corporation-wide and regional affiliate corporation-wide
14 income as may be identified.

15 (d) The corporation may share in any facility's surplus
16 and may offset any facility's deficits. Any regional affiliate
17 corporation shall share in the surplus of any facility within
18 its region and shall offset any facility deficits within its
19 region. Operating surpluses of a regional affiliate corporation
20 shall be reinvested in the operations of the region in any
21 prudent manner. Obligations undertaken by a facility shall be
22 paid only from funds of that facility, unless the corporation



1 board, regional board, or [~~its~~] an authorized agent explicitly
2 agrees to guarantee the obligation.

3 (e) In accordance with each annual facility budget, each
4 facility of the corporation and each regional affiliate
5 corporation, respectively, shall:

6 (1) Bill and collect for its services;

7 (2) Maintain bank accounts; and

8 (3) Pay for needed personnel, supplies, equipment, and
9 other operational and capital expenditures.

10 (f) The corporation and each regional affiliate
11 corporation may elect to manage its own capital improvement
12 project and funds, either directly or indirectly by contract;
13 provided that annual reports of the project moneys are provided
14 to the governor and legislature.

15 (g) The corporation board and each any regional board may
16 hold public informational meetings on its budget.
17 Representatives of any county government, state government, or
18 any other person having an interest in the budget, shall have
19 the right to be heard at the meetings."

20 SECTION 16. Section 323F-22, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "[+]§323F-22[+] **Annual audit and report; disclosure of**
2 **revenue projections.** (a) The corporation and each regional
3 affiliate corporation shall engage a certified public accountant
4 to conduct an annual audit of its financial affairs, books, and
5 records in accordance with generally accepted accounting
6 principles. The corporation shall submit to the governor and
7 the legislature within one hundred fifty days after the close of
8 the corporation's fiscal year, a report that shall include the
9 audited financial report for that fiscal year[-] for the
10 corporation and each regional affiliate corporation.

11 (b) In addition to the submittal of the audit required
12 under subsection (a), the corporation, in cooperation with each
13 regional affiliate corporation, shall submit a report to the
14 legislature at least twenty days prior to the convening of each
15 regular session that shall include but not be limited to:

- 16 (1) The projected revenues for each health care facility;
17 (2) A list of all proposed capital improvement projects
18 planned for implementation during the following fiscal
19 year; and
20 (3) All reports submitted by regional public health
21 facility management advisory committees pursuant to
22 section 323F-10(c).



1 (c) Each regional board shall prepare a report for
2 inclusion with the corporation's annual report and audit, which
3 shall include but not be limited to comments and analyses on the
4 services provided by the corporation to its respective region."

5 SECTION 17. Section 323F-23, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "[+]§323F-23[+] **Exemption from taxation.** The corporation
8 and each regional affiliate corporation shall not be required to
9 pay assessments levied by any county, nor shall the corporation
10 be required to pay state taxes of any kind."

11 SECTION 18. Section 323F-24, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "[+]§323F-24[+] **Budget oversight.** The corporation's and
14 each regional affiliate corporation's operating and capital
15 improvement budgets shall not be subject to review or approval
16 by the governor or any state agency, except where state general
17 funds or capital improvement moneys are requested. If general
18 funds or capital improvement moneys are requested, then the
19 corporation or any regional affiliate corporation shall include
20 with its request, the proposed budget for which the funds or
21 moneys are to be included. The corporation and each regional
22 affiliate corporation shall collaboratively submit its budgets

1 annually to the legislature for review and approval at least
2 twenty days prior to the convening of the regular legislative
3 session, beginning with the budgets for the [~~1997-1998~~] 2009-
4 2010 fiscal [~~years-~~] year."

5 SECTION 19. Section 323F-31, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) The corporation and each regional affiliate
8 corporation shall notify the legislature of any planned
9 substantial reduction or elimination of direct patient care
10 services."

11 SECTION 20. Section 26-5, Hawaii Revised Statutes, is
12 amended by amending subsection (e) to read as follows:

13 "(e) Nothing in this section shall be construed as in any
14 manner affecting the civil service laws applicable to the
15 several counties, the judiciary, or the Hawaii health systems
16 corporation[~~r~~] or any of its regional affiliate corporations,
17 which shall remain the same as if this chapter had not been
18 enacted."

19 SECTION 21. Section 28-8.3, Hawaii Revised Statutes, is
20 amended as follows:

21 1. By amending subsection (a) to read:



1 "(a) No department of the State other than the attorney
2 general may employ or retain any attorney, by contract or
3 otherwise, for the purpose of representing the State or the
4 department in any litigation, rendering legal counsel to the
5 department, or drafting legal documents for the department;
6 provided that the foregoing provision shall not apply to the
7 employment or retention of attorneys:

- 8 (1) By the public utilities commission, the labor and
9 industrial relations appeals board, and the Hawaii
10 labor relations board;
- 11 (2) By any court or judicial or legislative office of the
12 State;
- 13 (3) By the legislative reference bureau;
- 14 (4) By any compilation commission that may be constituted
15 from time to time;
- 16 (5) By the real estate commission for any action involving
17 the real estate recovery fund;
- 18 (6) By the contractors license board for any action
19 involving the contractors recovery fund;
- 20 (7) By the trustees for any action involving the travel
21 agency recovery fund;
- 22 (8) By the office of Hawaiian affairs;



- 1 (9) By the department of commerce and consumer affairs for
2 the enforcement of violations of chapters 480 and 485;
- 3 (10) As grand jury counsel;
- 4 (11) By the Hawaiian home lands trust individual claims
5 review panel;
- 6 (12) By the Hawaii health systems corporation, any of its
7 regional affiliate corporations, or any of its
8 facilities;
- 9 (13) By the auditor;
- 10 (14) By the office of ombudsman;
- 11 (15) By the insurance division;
- 12 (16) By the University of Hawaii;
- 13 (17) By the Kahoolawe island reserve commission;
- 14 (18) By the division of consumer advocacy;
- 15 (19) By the office of elections;
- 16 (20) By the campaign spending commission;
- 17 (21) By the Hawaii tourism authority, as provided in
18 section 201B-2.5; or
- 19 (22) By a department, in the event the attorney general,
20 for reasons deemed by the attorney general good and
21 sufficient, declines, to employ or retain an attorney



1 for a department; provided that the governor thereupon
2 waives the provision of this section."

3 2. By amending subsection (c) to read:

4 "(c) Every attorney employed by any department on a full-
5 time basis, except an attorney employed by the public utilities
6 commission, the labor and industrial relations appeals board,
7 the Hawaii labor relations board, the office of Hawaiian
8 affairs, the Hawaii health systems corporation[7] or any of its
9 regional affiliate corporations, the department of commerce and
10 consumer affairs in prosecution of consumer complaints,
11 insurance division, the division of consumer advocacy, the
12 University of Hawaii, the Hawaii tourism authority as provided
13 in section 201B-2.5, the Hawaiian home lands trust individual
14 claims review panel, or as grand jury counsel, shall be a deputy
15 attorney general."

16 SECTION 22. Section 29-24, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) There is established in the state treasury an
19 interagency federal revenue maximization revolving fund into
20 which shall be deposited all funds and proceeds collected from
21 the federal government and third-party payors for costs not
22 previously claimed by the State, with the exception of proceeds

1 collected for services provided by the Hawaii health systems
2 corporation~~[7]~~ or any of its regional affiliate corporations,
3 for reimbursement of federally-funded state programs. For
4 purposes of this chapter, federally-funded state programs
5 include but shall not be limited to those federally-funded
6 programs within the departments of human services and health,
7 and shall not include the federally-funded program within the
8 department of education as provided in [section] 302A-1406.
9 Expenditures and transfers from the fund shall be made by the
10 comptroller in proportional allocations established by the
11 comptroller and the director of finance. Transfers shall be
12 made to the department claiming the reimbursement for expenses
13 incurred related to federal fund reimbursement claims and to the
14 general fund of the State. Moneys in the fund may be expended
15 for consultant services rendered under subsection (b)."

16 SECTION 23. Section 36-27, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§36-27 Transfers from special funds for central service**
19 **expenses.** Except as provided in this section, and
20 notwithstanding any other law to the contrary, from time to
21 time, the director of finance, for the purpose of defraying the



1 prorated estimate of central service expenses of government in
2 relation to all special funds, except the:

3 (1) Special out-of-school time instructional program fund
4 under section 302A-1310;

5 (2) School cafeteria special funds of the department of
6 education;

7 (3) Special funds of the University of Hawaii;

8 (4) State educational facilities improvement special fund;

9 (5) Convention center enterprise special fund under
10 section 201B-8;

11 (6) Special funds established by section 206E-6;

12 (7) Housing loan program revenue bond special fund;

13 (8) Housing project bond special fund;

14 (9) Aloha Tower fund created by section 206J-17;

15 (10) Funds of the employees' retirement system created by
16 section 88-109;

17 (11) Unemployment compensation fund established under
18 section 383-121;

19 (12) Hawaii hurricane relief fund established under chapter
20 431P;



- 1 (13) Hawaii health systems corporation special funds[+] and
2 the special funds of any of the regional affiliate
3 corporations of the Hawaii health systems corporation;
- 4 (14) Tourism special fund established under section
5 201B-11;
- 6 (15) Universal service fund established under chapter 269;
- 7 (16) Integrated tax information management systems special
8 fund under section 231-3.2;
- 9 (17) Emergency and budget reserve fund under section
10 328L-3;
- 11 (18) Public schools special fees and charges fund under
12 section 302A-1130(f);
- 13 (19) Sport fish special fund under section 187A-9.5;
- 14 (20) Neurotrauma special fund under section 321H-4;
- 15 (21) Deposit beverage container deposit special fund under
16 section 342G-104;
- 17 (22) Glass advance disposal fee special fund established by
18 section 342G-82;
- 19 (23) Center for nursing special fund under section
20 [+]304A-2163[+];
- 21 (24) Passenger facility charge special fund established by
22 section 261-5.5;



1 (25) Solicitation of funds for charitable purposes special
2 fund established by section 467B-15;

3 (26) Land conservation fund established by section 173A-5;

4 (27) Court interpreting services revolving fund under
5 section 607-1.5;

6 (28) Trauma system special fund under section 321-22.5;

7 (29) Hawaii cancer research special fund;

8 (30) Community health centers special fund; and

9 (31) Emergency medical services special fund[+];

10 shall deduct five per cent of all receipts of all other special
11 funds, which deduction shall be transferred to the general fund
12 of the State and become general realizations of the State. All
13 officers of the State and other persons having power to allocate
14 or disburse any special funds shall cooperate with the director
15 in effecting these transfers. To determine the proper revenue
16 base upon which the central service assessment is to be
17 calculated, the director shall adopt rules pursuant to chapter
18 91 for the purpose of suspending or limiting the application of
19 the central service assessment of any fund. No later than
20 twenty days prior to the convening of each regular session of
21 the legislature, the director shall report all central service
22 assessments made during the preceding fiscal year.[+]"



1 SECTION 24. Section 36-30, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Each special fund, except the:

4 (1) Transportation use special fund established by section
5 261D-1;

6 (2) Special out-of-school time instructional program fund
7 under section 302A-1310;

8 (3) School cafeteria special funds of the department of
9 education;

10 (4) Special funds of the University of Hawaii;

11 (5) State educational facilities improvement special fund;

12 (6) Special funds established by section 206E-6;

13 (7) Aloha Tower fund created by section 206J-17;

14 (8) Funds of the employees' retirement system created by
15 section 88-109;

16 (9) Unemployment compensation fund established under
17 section 383-121;

18 (10) Hawaii hurricane relief fund established under chapter
19 431P;

20 (11) Convention center enterprise special fund established
21 under section 201B-8;



- 1 (12) Hawaii health systems corporation special funds[+] and
2 the special funds of any of the regional affiliate
3 corporations of the Hawaii health systems corporation;
- 4 (13) Tourism special fund established under section
5 201B-11;
- 6 (14) Universal service fund established under chapter 269;
- 7 (15) Integrated tax information management systems special
8 fund under section 231-3.2;
- 9 (16) Emergency and budget reserve fund under section
10 328L-3;
- 11 (17) Public schools special fees and charges fund under
12 section 302A-1130(f);
- 13 (18) Sport fish special fund under section 187A-9.5;
- 14 (19) Neurotrauma special fund under section 321H-4;
- 15 (20) Center for nursing special fund under section
16 [+]304A-2163[+];
- 17 (21) Passenger facility charge special fund established by
18 section 261-5.5;
- 19 (22) Court interpreting services revolving fund under
20 section 607-1.5;
- 21 (23) Trauma system special fund under section 321-22.5;
- 22 (24) Hawaii cancer research special fund;



1 (25) Community health centers special fund; and
2 (26) Emergency medical services special fund[+];
3 shall be responsible for its pro rata share of the
4 administrative expenses incurred by the department responsible
5 for the operations supported by the special fund concerned.[+]"

6 SECTION 25. Section 37-53, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§37-53 Transfer of special funds.** At any time during a
9 fiscal year, notwithstanding any other law to the contrary, any
10 department may, with the approval of the governor or the
11 director of finance if so delegated by the governor, transfer
12 from any special fund relating to such department to the general
13 revenues of the State all or any portion of moneys determined to
14 be in excess of fiscal year requirements for such special fund,
15 except for special funds under the control of the department of
16 transportation relating to highways, airports, transportation
17 use, and harbors activities, special funds under the control of
18 the Hawaii health systems corporation[7] or any of its regional
19 affiliate corporations, and special funds of the University of
20 Hawaii. At any time the department of transportation, with the
21 approval of the governor or the director of finance if so
22 delegated by the governor, may transfer from any special fund



1 under the control of the department of transportation, or from
2 any account within any such special fund, to the general
3 revenues of the State or to any other special fund under the
4 control of the department of transportation all or any portion
5 of moneys determined to be in excess of requirements for the
6 ensuing twelve months determined as prescribed by rules adopted
7 pursuant to chapter 91; provided that no such transfer shall be
8 made which would cause a violation of federal law or federal
9 grant agreements."

10 SECTION 26. Section 37-74, Hawaii Revised Statutes, is
11 amended by amending subsection (d) to read as follows:

12 "(d) No appropriation transfers or changes between
13 programs or agencies shall be made without legislative
14 authorization; provided that:

- 15 (1) Authorized transfers or changes, when made, shall be
16 reported to the legislature;
- 17 (2) Except with respect to appropriations to fund
18 financing agreements under chapter 37D, the University
19 of Hawaii shall have the flexibility to transfer
20 appropriated funds and positions for the operating
21 cost category among programs, among cost elements in a
22 program, and between quarters, as applicable; except



1 with respect to appropriations to fund financing
2 agreements under chapter 37D, the department of
3 education shall have the flexibility to transfer
4 appropriated funds and positions for the operating
5 cost category among programs and among cost elements
6 in a program, and between quarters, as applicable; and
7 the Hawaii health systems corporation and each of its
8 regional affiliate corporations shall have the
9 flexibility to transfer special fund appropriations
10 among community hospitals facilities as applicable[+]
11 and as mutually agreed to by the corporation and the
12 regional affiliate corporations; provided that the
13 Hawaii health systems corporation and each of its
14 regional affiliate corporations shall maintain the
15 integrity and services of each individual facility and
16 shall not transfer appropriations out of any facility
17 that would result in a reduction of services offered
18 by the facility, with due regard for statutory
19 requirements, changing conditions, the needs of the
20 programs, and the effective utilization of resources;
21 and



1 (3) The university and the department of education shall
2 account for each transfer implemented under this
3 subsection in quarterly reports to the governor and
4 annual reports at the end of each fiscal year to the
5 legislature and the governor, which shall be prepared
6 in the form and manner prescribed by the governor and
7 shall include information on the sources and uses of
8 the transfer."

9 SECTION 27. Section 37D-1, Hawaii Revised Statutes, is
10 amended by amending the definition of "agency" to read as
11 follows:

12 ""Agency" or "participating agency" means the judiciary,
13 any executive department, any independent commission, any board,
14 any authority, any bureau, any office, any other establishment
15 of the State (except the legislature and its agencies), or any
16 public corporation that is supported in whole or in part by
17 state funds, or any agent thereof, authorized by law to expend
18 available moneys; provided that the Hawaii health systems
19 corporation and any of its regional affiliate corporations shall
20 not be governed by this chapter for any financing agreement
21 unless it elects to do so."



1 SECTION 28. Section 37D-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§37D-2 Financing agreements.** (a) There is hereby
4 established and authorized the financing agreement program of
5 the State. Any agency desiring to acquire or improve projects
6 through the financing agreement program established and
7 authorized by this chapter shall submit a written request to the
8 department providing such information as the department shall
9 require. Notwithstanding any other law to the contrary, and
10 except for the Hawaii health systems corporation[7] and any of
11 its regional affiliate corporations, only with the approval by
12 the attorney general as to form and legality and upon the
13 written request of one or more participating agencies may the
14 department enter into a financing agreement in accordance with
15 this chapter, except that the board of regents of the University
16 of Hawaii may enter into a financing agreement in accordance
17 with this chapter without the approval of the director and of
18 the attorney general as to form and legality if the principal
19 amount of the financing agreement does not exceed \$3,000,000. A
20 financing agreement may be entered into by the department on
21 behalf of one or more participating agencies at any time (before
22 or after commencement or completion of any improvements or



1 acquisitions to be financed) and shall be upon terms and
2 conditions the department finds to be advantageous. In each
3 case of a written request by the judiciary to participate in the
4 financing agreement program, the department shall implement the
5 request; provided that the related financing agreement shall be
6 upon terms and conditions the department finds to be
7 advantageous. Any financing agreement entered into by the
8 department without the approval required by this section shall
9 be void and of no effect. A single financing agreement may
10 finance a single item or multiple items of property to be used
11 by multiple agencies or may finance a single item or multiple
12 items of property to be used by a single agency. The department
13 shall bill any participating agency that benefits from property
14 acquired with the proceeds of a financing agreement for such
15 participating agency's pro rata share of:

- 16 (1) The department's costs of administration of the
17 financing agreement program; and
18 (2) The financing costs, including the principal and
19 interest components of the financing agreement and
20 insurance premiums;

21 on a monthly or other periodic basis, and may deposit payments
22 received in connection with the billings with a trustee as



1 security for a financing agreement. Any participating agency
2 receiving such a bill shall be authorized and shall pay the
3 amounts billed from the available moneys.

4 (b) Financing agreements shall be subject to the following
5 limitations:

6 (1) Amounts payable by a participating agency to or upon
7 the direction of the department in respect to a
8 project and by the department under a financing
9 agreement shall be limited to available moneys. In no
10 circumstance shall the department be obligated to pay
11 amounts due under a financing agreement from any
12 source other than available moneys. If, by reason of
13 insufficient available moneys or other reason, amounts
14 due under a financing agreement are not paid when due,
15 the lender may exercise any property right that the
16 department has granted to it in the financing
17 agreement, against the property that was purchased
18 with the proceeds of the financing agreement, and
19 apply the amounts so received toward payments
20 scheduled to be made by the department under the
21 financing agreement;



- 1 (2) No property rights may be granted in property unless
2 the property is being acquired, is to be substantially
3 improved, is to be refinanced with the proceeds of a
4 financing agreement, or is land on which the property
5 is located;
- 6 (3) Notwithstanding any other law to the contrary, and
7 except for the Hawaii health systems corporation and
8 any of its regional affiliate corporations, and as
9 otherwise provided in this section with respect to the
10 University of Hawaii, and except as provided in
11 chapter 323F as to the Hawaii health systems
12 corporation[7] and any of its regional affiliate
13 corporations, an agency shall not have the power to
14 enter into a financing agreement, except through the
15 department as authorized by this chapter, and nothing
16 in this chapter shall be construed to authorize the
17 sale, lease, or other disposition of property owned by
18 an agency;
- 19 (4) Except as otherwise provided in this section with
20 respect to the University of Hawaii, the sale,
21 assignment, or other disposition of any financing
22 agreements, including certificates of participation



1 relating thereto, shall require the approval of the
2 director; and

3 (5) The department shall not be subject to chapter 103D
4 and any and all other requirements of law for
5 competitive bidding for financing agreement."

6 SECTION 29. Section 41D-2, Hawaii Revised Statutes, is
7 amended by amending subsection (b) to read as follows:

8 "(b) Any provision in this section to the contrary
9 notwithstanding, the University of Hawaii (as to casualty
10 insurance risks only), the Research Corporation of the
11 University of Hawaii (as to casualty insurance risks only),
12 [~~and~~] the public health facilities of the department of health
13 (with respect to medical malpractice risks only), and the Hawaii
14 health systems corporation and any regional affiliate
15 corporation shall be exempt from the requirements of this
16 chapter."

17 SECTION 30. Section 102-2, Hawaii Revised Statutes, is
18 amended by amending subsection (b) to read as follows:

19 "(b) The bidding requirements of subsection (a) shall not
20 apply to concessions or space on public property set aside for
21 the following purposes:



- 1 (1) For operation of ground transportation services and
2 parking lot operations at airports, except for motor
3 vehicle rental operations under chapter 437D;
- 4 (2) For lei vendors;
- 5 (3) For airline and aircraft operations;
- 6 (4) For automatic teller machines and vending machines,
7 except vending machines located at public schools
8 operated by blind or visually handicapped persons in
9 accordance with section 302A-412;
- 10 (5) For operation of concessions set aside without any
11 charge;
- 12 (6) For operation of concessions by handicapped or blind
13 persons; except concessions operated in the public
14 schools by blind or visually handicapped persons in
15 accordance with section 302A-412;
- 16 (7) For operation of concessions on permits revocable on
17 notice of thirty days or less; provided that no such
18 permits shall be issued for more than a one year
19 period;
- 20 (8) For operation of concessions or concession spaces for
21 a beach service association dedicated to the
22 preservation of the Hawaii beachboy tradition,



1 incorporated as a nonprofit corporation in accordance
2 with state law, and whose members are appropriately
3 licensed or certified as required by law;

4 (9) For operation of concessions at county zoos, botanic
5 gardens, or other county parks which are
6 environmentally, culturally, historically, or
7 operationally unique and are supported, by nonprofit
8 corporations incorporated in accordance with state law
9 solely for purposes of supporting county aims and
10 goals of the zoo, botanic garden, or other county
11 park, and operating under agreement with the
12 appropriate agency solely for such purposes, aims, and
13 goals;

14 (10) For operation of concessions that furnish goods or
15 services for which there is only one source, as
16 determined by the head of the awarding government
17 agency in writing that shall be included in the
18 contract file; [~~and~~]

19 (11) For operation of concession or concession spaces at
20 the convention center under chapter 201B[-]; and

21 (12) For the Hawaii health systems corporation and any
22 regional affiliate corporation."



1 SECTION 31. Section 103-53, Hawaii Revised Statutes, is
2 amended by amending subsection (e) to read as follows:

3 "(e) This section shall not apply to:

4 (1) Any procurement of less than \$25,000 or that is
5 considered a small purchase under section 103D-305 and
6 any state or county department contract of less than
7 \$25,000;

8 (2) Emergency purchases for the procurement of goods,
9 services, or construction under section 103D-307,
10 disaster relief under chapter 127, or a civil defense
11 emergency under chapter 128;

12 (3) Grants and subsidies disbursed by a state agency
13 pursuant to chapter 42F or in accordance with
14 standards provided by law as required by article VII,
15 section 4, of the State Constitution, or made by the
16 counties pursuant to their respective charters or
17 ordinances;

18 (4) Contracts or agreements between government agencies;

19 (5) Contracts or agreements to disburse funds:

20 (A) To make payments to or on behalf of public
21 officers and employees for salaries, fringe
22 benefits, professional fees, and reimbursements;



- 1 (B) To satisfy obligations required to be paid by
- 2 law, including fees, judgments, settlements, and
- 3 other payments for resolving claims;
- 4 (C) To make refunds or return funds held by the State
- 5 or county as trustee, custodian, or bailee;
- 6 (D) For entitlement programs, including public
- 7 assistance, unemployment, and workers'
- 8 compensation programs, established by state or
- 9 federal law;
- 10 (E) For deposit, investment, or safekeeping,
- 11 including sums to pay expenses related to their
- 12 deposit investment, or safekeeping;
- 13 (F) For loans under government-administered loan
- 14 programs; or
- 15 (G) To make periodic, recurring payments for utility
- 16 services; ~~and~~
- 17 (6) Rent for the use or occupation of the premises and
- 18 facilities at Aloha Stadium, the convention center, or
- 19 any other state or county large spectator events
- 20 facility[-]; and
- 21 (7) Contracts or agreements of the Hawaii health systems
- 22 corporation and any regional affiliate corporation."



1 SECTION 32. Section 103D-102, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§103D-102 Application of this chapter. (a) This chapter
4 shall apply to all procurement contracts made by governmental
5 bodies whether the consideration for the contract is cash,
6 revenues, realizations, receipts, or earnings, any of which the
7 State receives or is owed; in-kind benefits; or forbearance;
8 provided that nothing in this chapter or rules adopted hereunder
9 shall prevent any governmental body from complying with the
10 terms and conditions of any other grant, gift, bequest, or
11 cooperative agreement.

12 (b) Notwithstanding subsection (a), this chapter shall not
13 apply to contracts by governmental bodies:

14 (1) Solicited or entered into before July 1, 1994, unless
15 the parties agree to its application to a contract
16 solicited or entered into prior to July 1, 1994;

17 (2) To disburse funds, irrespective of their source:

18 (A) For grants or subsidies as those terms are
19 defined in section 42F-101, made by the State in
20 accordance with standards provided by law as
21 required by article VII, section 4, of the State



- 1 Constitution; or by the counties pursuant to
- 2 their respective charters or ordinances;
- 3 (B) To make payments to or on behalf of public
- 4 officers and employees for salaries, fringe
- 5 benefits, professional fees, or reimbursements;
- 6 (C) To satisfy obligations that the State is required
- 7 to pay by law, including paying fees, permanent
- 8 settlements, subsidies, or other claims, making
- 9 refunds, and returning funds held by the State as
- 10 trustee, custodian, or bailee;
- 11 (D) For entitlement programs, including public
- 12 assistance, unemployment, and workers'
- 13 compensation programs, established by state or
- 14 federal law;
- 15 (E) For dues and fees of organizations of which the
- 16 State or its officers and employees are members,
- 17 including the National Association of Governors,
- 18 the National Association of State and County
- 19 Governments, and the Multi-State Tax Commission;
- 20 (F) For deposit, investment, or safekeeping,
- 21 including expenses related to their deposit,
- 22 investment, or safekeeping;



- 1 (G) To governmental bodies of the State;
- 2 (H) As loans, under loan programs administered by a
3 governmental body; and
- 4 (I) For contracts awarded in accordance with chapter
5 103F.
- 6 (3) To procure goods, services, or construction from a
7 governmental body other than the University of Hawaii
8 bookstores, from the federal government, or from
9 another state or its political subdivision;
- 10 (4) To procure the following goods or services which are
11 available from multiple sources but for which
12 procurement by competitive means is either not
13 practicable or not advantageous to the State:
- 14 (A) Services of expert witnesses for potential and
15 actual litigation of legal matters involving the
16 State, its agencies, and its officers and
17 employees, including administrative quasi-
18 judicial proceedings;
- 19 (B) Works of art for museum or public display;
- 20 (C) Research and reference materials including books,
21 maps, periodicals, and pamphlets, which are



- 1 published in print, video, audio, magnetic, or
2 electronic form;
- 3 (D) Meats and foodstuffs for the Kalaupapa
4 settlement;
- 5 (E) Opponents for athletic contests;
- 6 (F) Utility services whose rates or prices are fixed
7 by regulatory processes or agencies;
- 8 (G) Performances, including entertainment, speeches,
9 and cultural and artistic presentations;
- 10 (H) Goods and services for commercial resale by the
11 State;
- 12 (I) Services of printers, rating agencies, support
13 facilities, fiscal and paying agents, and
14 registrars for the issuance and sale of the
15 State's or counties' bonds;
- 16 (J) Services of attorneys employed or retained to
17 advise, represent, or provide any other legal
18 service to the State or any of its agencies, on
19 matters arising under laws of another state or
20 foreign country, or in an action brought in
21 another state, federal, or foreign jurisdiction,



- 1 when substantially all legal services are
2 expected to be performed outside this State;
- 3 (K) Financing agreements under chapter 37D; and
4 (L) Any other goods or services which the policy
5 board determines by rules or the chief
6 procurement officer determines in writing is
7 available from multiple sources but for which
8 procurement by competitive means is either not
9 practicable or not advantageous to the State; and
- 10 (5) Which are specific procurements expressly exempt from
11 any or all of the requirements of this chapter by:
- 12 (A) References in state or federal law to provisions
13 of this chapter or a section of this chapter, or
14 references to a particular requirement of this
15 chapter; and
- 16 (B) Trade agreements, including the Uruguay Round
17 General Agreement on Tariffs and Trade (GATT)
18 which require certain non-construction and non-
19 software development procurements by the
20 comptroller to be conducted in accordance with
21 its terms.



1 (c) Notwithstanding subsection (a), this chapter shall not
2 apply to contracts made by the Hawaii health systems corporation
3 and any regional affiliate corporation.

4 [~~e~~] (d) Governmental bodies making procurements which
5 are exempt from this chapter are nevertheless encouraged to
6 adopt and use provisions of this chapter and its implementing
7 rules as appropriate; provided that the use of one or more
8 provisions shall not constitute a waiver of the exemption
9 conferred and subject the procurement or the governmental body
10 to any other provision of this chapter."

11 SECTION 33. (a) It is the intent of this Act that all
12 rights powers, functions, assets, and operational authority of
13 the Hawaii health systems corporation, with respect to the
14 health facilities in each region, including the facilities
15 themselves, be conveyed to the corresponding regional affiliate
16 corporation at such time as each regional corporation is
17 established, such that all of the activities and services of the
18 health facilities be continued without interruption by the
19 corresponding regional affiliate corporation. This Act shall be
20 construed with this intent.

21 (b) Following a transition period of no longer than one
22 year after the establishment of a regional affiliate



1 corporation, and by mutual agreement, the governance and
2 operational rights, powers, functions, and duties of the Hawaii
3 health systems corporation with regard to the facilities within
4 the region, shall be transferred to the regional affiliate
5 corporation. The corporation and newly established regional
6 affiliate corporation for the Maui region shall report to the
7 legislature within thirty days of the establishment of the Maui
8 regional affiliate corporation. Any other regional affiliate
9 corporation shall be deemed established without further
10 legislative authorization; provided that:

- 11 (1) The regional administrator;
 - 12 (2) A majority of the administrative and medical staff;
 - 13 and
 - 14 (3) The management advisory committee
- 15 of that region petition the corporation for regional governance.
16 The corporation shall assist the petitioning region and shall
17 consult, assist, and advise the petitioners and shall not impede
18 the petitioned transition to a regional affiliate corporation.
19 Each transition shall take no longer than one year, unless a
20 longer period is mutually agreed to by the corporation and the
21 petitioning region. A transition shall be deemed completed and
22 a regional affiliate corporation shall be deemed established



1 upon the publication by the corporation of a proclamation in a
2 newspaper of general circulation in the county in which the
3 region is located that the regional affiliate corporation is
4 established. The petitioning region shall notify the governor,
5 the president of the senate, and the speaker of the house of
6 representatives immediately upon submittal of a petition to the
7 corporation and shall report to the legislature within thirty
8 days after the transition is complete and the regional affiliate
9 corporation is established.

10 (c) The assets, including but not limited to hospital
11 funds relating to health facilities in each region shall be
12 conveyed to the corresponding regional affiliate corporation at
13 such time as the regional affiliate corporation is established.
14 Upon establishment, each regional affiliate corporation shall
15 assume the responsibility of the Hawaii health systems
16 corporation with respect to the corresponding region, for all
17 contracts, agreements, and leases for commodities, services,
18 property, and supplies utilized by the Hawaii health systems
19 corporation, all of which shall be transferred to the
20 corresponding regional affiliate corporation including real
21 property leases.



1 (d) All officers and employees whose functions are
2 transferred by the Act shall be transferred with their functions
3 and shall continue to perform their regular duties upon their
4 transfer, subject to the state personnel laws and this Act.

5 No officer or employee of the State having tenure shall
6 suffer any loss of salary, seniority, prior service credit,
7 vacation, sick leave, or other employee benefit or privilege as
8 a consequence of this Act, and such officer or employee may be
9 transferred or appointed to a civil service position without the
10 necessity of examination; provided that the officer or employee
11 possesses the minimum qualifications for the position to which
12 transferred or appointed; and provided that subsequent changes
13 in status may be made pursuant to applicable civil service laws.

14 An officer or employee of the State who does not have
15 tenure and who may be transferred or appointed to a civil
16 service position as a consequence of this Act, shall become a
17 civil service employee without the loss of salary, seniority,
18 prior service credit, vacation, sick leave, or other employee
19 benefits or privileges and without the necessity of examination;
20 provided that such officer or employee possesses the minimum
21 qualifications for the position to which transferred or
22 appointed.



1 If an office or position held by an officer or employee
2 having tenure is abolished, the officer or employee shall not
3 thereby be separated from public employment, but shall remain in
4 the employment of the executive branch of the State with the
5 same pay and classification and shall be transferred to some
6 other office or position for which the officer or employee is
7 eligible under the personnel laws of the State, provided that
8 minimum qualifications are met.

9 Any officer or employee transferred to any regional
10 affiliate corporation pursuant to this section who is a member
11 of or has benefits under any existing pension or retirement fund
12 system shall continue to have all rights privileges,
13 obligations, and status with respect to such fund or system as
14 are now prescribed by law, but during the period of employment
15 by any regional affiliate corporation, all contributions to such
16 funds or system to be paid by the employer on account of such
17 officer or employee shall be paid by the corresponding regional
18 affiliate corporation.

19 SECTION 34. All appropriations, records, equipment,
20 machines, files, supplies, contracts, books, papers,
21 documentation, maps, and other personal property heretofore
22 made, used, acquired, or held by the Hawaii health systems



1 corporation relating to the functions transferred to a regional
2 affiliate corporation shall be transferred to the respective
3 regional affiliate corporation upon establishment of the
4 regional affiliate corporation with the functions to which they
5 relate.

6 SECTION 35. (a) Each regional affiliate corporation, in
7 carrying out its duties and responsibilities, may enter into
8 appropriate agreements with the Hawaii health systems
9 corporation, if necessary, to utilize the corresponding regional
10 health facilities and real property under the control of the
11 Hawaii health systems corporation prior to the completed
12 establishment of the regional affiliate corporation. Each
13 agreement shall require compensation of a nominal amount for the
14 use of any facilities or real property. Until the agreements
15 are finalized, each regional affiliate corporation shall be
16 entitled to use the facilities and real property of the Hawaii
17 health systems corporation located within the corresponding
18 region.

19 (b) State agencies shall continue to provide to any
20 regional affiliate corporation, without charge, for six months
21 after the establishment of regional affiliate corporation,
22 services that the state agencies provided to the Hawaii health



1 systems corporation until the corresponding regional affiliate
2 corporation enters into a written contract with the state
3 agencies or chooses to terminate the services.

4 (c) Each regional affiliate corporation shall assume and
5 honor all collective bargaining agreements applicable to
6 employees of the Hawaii health systems corporation, with respect
7 to the employees of the health facilities within that region.
8 Each regional affiliate corporation shall have representation on
9 the corporation's bargaining team to address each region's needs
10 with regard to efficiency and effectiveness.

11 (d) Upon establishment, each regional affiliate
12 corporation shall assume and honor all responsibilities and
13 obligations transferred to it from the Hawaii health systems
14 corporation, regarding the imposition of rates, rents, fees, and
15 charges for the use of health facilities. In no way shall this
16 Act be construed as allowing any regional affiliate corporation
17 or the Hawaii health systems corporation to abrogate these
18 responsibilities and obligations.

19 SECTION 36. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$, or so
21 much thereof as may be necessary for fiscal year 2007-2008, and
22 the same sum, or so much thereof as may be necessary for fiscal



1 year 2008-2009, to support the transition from the Hawaii health
2 systems corporation to a regional affiliate corporation for the
3 Maui region.

4 The sums appropriated shall be expended by the Hawaii
5 health systems corporation for the purposes of this Act.

6 SECTION 37. All acts passed prior to or during this
7 regular session of 2007, whether enacted before or after passage
8 of this Act shall be interpreted to conform to this Act, unless
9 the acts specifically provide that this Act is being amended.
10 In so far as this chapter is inconsistent with any other law,
11 this chapter shall control.

12 SECTION 38. In codifying the new sections added by section
13 3 of this Act, the revisor of statutes shall substitute
14 appropriate section numbers for the letters used in designating
15 the new sections in this Act.

16 SECTION 39. Statutory material to be repealed is
17 bracketed. New statutory material is underscored.

18 SECTION 40. This Act shall take effect on July 1, 2030;
19 provided that section 3 shall take effect on July 1, 2030.



Report Title:

Hawaii Health Systems Corporation; Maui Regional Affiliate

Description:

Authorizes establishment of regional affiliate corporations under the Hawaii Health Systems Corporation. Establishes powers, duties, rights, and obligations of the Hawaii Health Systems Corporation and regional affiliates. Establishes a regional affiliate corporation for the Maui region. Makes appropriations.

