
A BILL FOR AN ACT

RELATING TO THE TRANSITIONING OF THE REGIONS AND FACILITIES OF
HAWAII HEALTH SYSTEMS CORPORATION.

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

1 SECTION 1. The legislature finds that the Hawaii health
2 systems corporation is the fourth largest public hospital system
3 in the nation and operates public health care facilities that
4 provide essential safety-net hospital and long-term care
5 services throughout the State. The legislature further finds
6 that the continued financial challenges faced by the Hawaii
7 health systems corporation and the State pose a risk to the
8 public health care services provided by the Hawaii health
9 systems corporation. In addition, these factors hinder efforts
10 to improve the quality of health care services provided to the
11 public.

12 Prominent national studies have demonstrated that many
13 public hospital systems have struggled financially for a variety
14 of reasons, including providing a disproportionate level of
15 uncompensated and under-compensated care as compared to private
16 hospital systems and because of constraints and inefficiencies
17 inherent in operating as a governmental agency. As a result, an



1 increasing number of public hospitals have converted to non-
2 public status.

3 While the legislature recognizes the fact that the system
4 of public hospitals in the State will continue to require state
5 subsidies, the legislature finds that allowing the operations of
6 the regional systems of the Hawaii health systems corporation
7 and their facilities to transition into a corporation or
8 corporations, while providing support during the transition,
9 will improve the operations and efficiencies of the Hawaii
10 health systems corporation and benefit the health care of the
11 people of the State of Hawaii. The legislature further finds
12 that it is essential that this transition be an option available
13 to the various regional systems and facilities of the Hawaii
14 health systems corporation as the change needs to be carefully
15 evaluated by the community representatives that comprise the
16 regional system boards. Furthermore, the legislature finds that
17 the Hawaii health systems corporation must stay intact in order
18 to provide central support services to the regional systems and
19 facilities seeking to remain a part of this valuable state
20 agency.



1 SECTION 2. Chapter 323F, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:

4 "§323F- Transition to a corporation or corporations.

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

- 11 (1) A non-profit corporation;
12 (2) A for-profit corporation;
13 (3) A municipal facility;
14 (4) A public benefit corporation; or
15 (5) Any two or more of the entities in paragraphs (1)
16 through (4).

17 A transition shall occur through the sale, lease, or transfer of
18 all or substantially all of the assets of the facility or
19 regional system; provided that a transition shall comply with
20 chapter 323D.

21 (b) A transition shall only occur upon approval of the
22 appropriate regional system board in the case of a regional



1 system or individual facility transition, or upon approval of
2 the corporation board and regional system boards in the case of
3 the transition of the entire corporation, subject to the
4 following terms and conditions:

5 (1) All proceeds from the sale, lease, or transfer of
6 assets shall be used for health care services in the
7 respective regional system or facility;

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

16 (3) During the period of transition:
17 (A) The State shall continue to fund the provision of
18 health care services provided for by the regional
19 system or individual facility; and
20 (B) All applicable provisions of this chapter shall
21 continue to apply.



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

8 **§323F- Regional system board; community hospitals;**
9 **community health centers; collaboration.** Each regional system
10 board and each community hospital under the jurisdiction of the
11 corporation shall collaborate with community health centers
12 within their respective geographic jurisdictions to maximize
13 funding from the state and federal governments to:

- 14 (1) Maximize reimbursement for health care services
15 provided;
16 (2) Acquire funds for capital investment;
17 (3) Provide expanded hours of service; and
18 (4) Ensure the provision of the appropriate level of care
19 to the community served by each community health
20 center."

21 SECTION 3. Section 323F-3.5, Hawaii Revised Statutes, is
22 amended by amending subsection (d) to read as follows:



- 1 "(d) Each regional system board shall [~~be~~]:
- 2 (1) Be responsible for local governance, operations, and
- 3 administration of the delivery of services in its
- 4 respective regional system as set forth in this
- 5 chapter and as further delegated by the corporation[~~-~~
- 6 ~~Each regional system board shall include~~];
- 7 (2) Include medical and health care providers and
- 8 professionals, consumers, and knowledgeable
- 9 individuals in other appropriate areas, such as
- 10 business, finance, and law; provided that no more than
- 11 three members of the regional system board shall be
- 12 physicians[~~. Each regional system board shall be~~];
- 13 (3) Be as balanced and representative of the community
- 14 stakeholders as possible[~~-~~]; and
- 15 (4) Have the powers, duties, and responsibilities that are
- 16 specific to the regional system board as provided in
- 17 this chapter."

18 SECTION 4. Section 103D-102, Hawaii Revised Statutes, is

19 amended by amending subsection (c) to read as follows:

20 "(c) Notwithstanding subsection (a), this chapter shall

21 not apply to contracts made by the Hawaii health systems



1 corporation and any regional system board of the Hawaii health
2 systems corporation."

3 SECTION 5. Section 323F-7, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) Notwithstanding any other law to the contrary, the
6 corporation and any of the regional system boards shall exercise
7 the following duties and powers:

8 (1) Developing corporation-wide policies, procedures, and
9 rules necessary or appropriate to plan, operate,
10 manage, and control the system of public health
11 facilities and services without regard to chapter 91;
12 provided that each regional system board shall be
13 responsible for its own policies, procedures, and
14 rules necessary or appropriate to plan, operate,
15 manage, and control the public health facilities
16 within its own regional system consistent with
17 [~~corporate~~] corporation policies;

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



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 the corporation, or
6 regional system boards, may deem appropriate, with
7 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;
14 provided that the transaction furthers the public
15 interest; and provided further that if any dispute
16 arises between any contract, lease, cooperative
17 agreement, partnership, or other transaction entered
18 into by the corporation and a regional system board
19 with regard to matters solely within that regional
20 system, after July 1, 2007, the contract, lease,
21 cooperative agreement, partnership, or other
22 transaction entered into by the regional system board

1 shall prevail; and provided further that such
2 agreements are consistent with corporation policies;

3 (4) Conducting activities and entering into business
4 relationships as the corporation board, or any
5 regional system board, deems necessary or appropriate,
6 including but not limited to:

7 (A) Creating nonprofit corporations, including but
8 not limited to charitable fund-raising
9 foundations, to be controlled wholly by the
10 corporation, any regional system board, or
11 jointly with others;

12 (B) Establishing, subscribing to, and owning stock in
13 business corporations individually or jointly
14 with others; and

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



1 shall not be construed to authorize the
2 corporation or a regional system board to
3 abrogate any responsibility or obligation under
4 paragraph (15);

5 provided that each regional system board shall be
6 responsible for conducting the activities under this
7 paragraph in its own regional system consistent with
8 policies established by the corporation board;

9 (5) Participating in and developing prepaid health care
10 service and insurance programs and other alternative
11 health care delivery programs, including programs
12 involving the acceptance of capitated payments or
13 premiums that include the assumption of financial and
14 actuarial risk; provided that each regional system
15 board shall be responsible for conducting the
16 activities under this paragraph in its own regional
17 system consistent with policies established by the
18 corporation board;

19 (6) Executing, in accordance with all applicable bylaws,
20 rules, and laws, all instruments necessary or
21 appropriate in the exercise of any powers of the
22 corporation or regional system boards;



- 1 (7) Preparing and executing all corporation-wide budgets,
2 policies, and procedures or any regional system
3 budgets, policies, and procedures; provided that the
4 regional system boards shall submit their regional and
5 facility budgets to the corporation to be consolidated
6 into a corporation-wide budget for purposes of
7 corporation-wide planning and appropriation requests.
8 Regional system and facility budgets shall be received
9 by the corporation and shall be included in the
10 corporation-wide budget upon submittal to the
11 corporation;
- 12 (8) Setting rates and charges for all services provided by
13 the corporation without regard to chapter 91; provided
14 that the duty and power of the corporation board shall
15 be limited to approving the rates and charges
16 developed by the regional system boards for the
17 regional system's facilities and services. Rates and
18 charges may vary among regional systems and facilities
19 and may be consolidated with the rates of other
20 regional systems into one charge master. Third-party
21 payer contracts may be negotiated at the corporation-
22 wide level with input from the regional systems,



1 taking into consideration the rates set by the
2 regional system boards. For purposes of securing
3 revenue bonds, the corporation or regional system
4 board may covenant to set, and if necessary increase,
5 rates and charges as needed to pay debt service and
6 related obligations plus a coverage factor;

7 (9) Developing a corporation-wide hospital system that is
8 subject to chapters 76 and 89; provided that
9 employment of regional system and facility personnel
10 shall be the responsibility of the regional system
11 boards pursuant to corporation-wide policies and
12 procedures, applicable laws, rules, regulations, and
13 collective bargaining agreements;

14 (10) Developing the corporation's corporation-wide capital
15 and strategic plans or any regional system board's
16 capital and strategic plans; provided that each
17 regional system board shall be responsible for
18 development of capital and strategic plans in its own
19 regional system that shall be consistent with, and
20 incorporated into, the overall corporation-wide plans;
21 and provided further that the corporation and each
22 regional system board shall be entitled to undertake



1 the acquisition, construction, and improvement of
2 property, facilities, and equipment to carry out these
3 capital and strategic plans;

4 (11) Suing and being sued; provided that only the
5 corporation may sue or be sued; and provided further
6 that the corporation and regional system boards shall
7 enjoy the same sovereign immunity available to the
8 State;

9 (12) Making and altering corporation board and regional
10 system board bylaws for its organization and
11 management without regard to chapter 91 and consistent
12 with this chapter; provided that each regional system
13 board shall be responsible for the final approval of
14 its regional system board bylaws;

15 (13) Adopting rules without regard to chapter 91 governing
16 the exercise of the corporation's or regional system
17 boards' powers and the fulfillment of its purpose
18 under this chapter;

19 (14) Entering into any contract or agreement whatsoever,
20 not inconsistent with this chapter or the laws of this
21 State, and authorizing the corporation, regional
22 system boards, and chief executive officers to enter



1 into all contracts, execute all instruments, and do
2 all things necessary or appropriate in the exercise of
3 the powers granted in this chapter, including securing
4 the payment of bonds; provided that the corporation
5 board shall delegate to a regional system board its
6 authority to enter into and execute contracts or
7 agreements relating to matters exclusively affecting
8 that regional system; provided further that a regional
9 system board shall exercise this power consistent with
10 corporation-wide policies; and provided further that
11 contracts or agreements executed by a regional system
12 board shall encumber only the regional subaccounts of
13 that regional system board;

14 (15) Issuing revenue bonds up to \$100,000,000 subject to
15 the approval of the governor or the director of
16 finance; provided that:

17 (A) All revenue bonds shall be issued pursuant to
18 part III, chapter 39;

19 (B) The corporation and any regional system board
20 shall have the power to issue revenue bonds in
21 any amount without regard to any limitation in
22 chapter 39; and



1 (C) The corporation shall have the power to incur
2 debt, including the issuance of revenue bonds in
3 any amount, and the regional system boards shall
4 have the power to issue revenue bonds in any
5 amount upon approval by the corporation board;

6 (16) Reimbursing the state general fund for debt service on
7 general obligation bonds or reimbursable general
8 obligation bonds issued by the State for the purposes
9 of the corporation or any regional system board;

10 (17) Pledging or assigning all or any part of the receipts,
11 revenues, and other financial assets of the
12 corporation or the regional system boards for purposes
13 of meeting or securing bond or health systems
14 liabilities; provided that each regional system board
15 shall be responsible for conducting the activities
16 under this paragraph in its own regional system. Any
17 pledge or assignment by the corporation or any
18 regional system board to secure revenue bonds or
19 health system liabilities shall be valid and binding
20 in accordance with its terms against the pledgor,
21 creditors, and all others asserting rights thereto
22 from the time the pledge or assignment is made,



1 without the need of physical delivery, recordation,
2 filing, or further act. The corporation shall not
3 take or omit to take any act that would interfere
4 with, impair, or adversely affect any pledge [of] or
5 assignment by a regional system board pursuant to this
6 chapter. In connection with issuing revenue bonds or
7 related obligations, consistent with corporation
8 policies and procedures, any regional system board may
9 make such other covenants, binding on the regional
10 system board and the corporation, that the regional
11 system board determines to be necessary or appropriate
12 to establish and maintain security for the revenue
13 bonds or related obligations;

14 (18) Owning, purchasing, leasing, exchanging, or otherwise
15 acquiring property, whether real, personal, or mixed,
16 tangible or intangible, and of any interest therein,
17 in the name of the corporation, which property is not
18 owned or controlled by the State but is owned or
19 controlled by the corporation; provided that:

20 (A) Regional system boards shall have custodial
21 control over facilities and physical assets in
22 their respective regional systems. A regional



1 system board may own, purchase, lease, exchange,
2 or otherwise acquire property, whether real,
3 personal, or [~~mix,~~] mixed, tangible or
4 intangible, and of any interest therein, other
5 than property owned or controlled by the
6 corporation, in the name of the regional system
7 board; provided further that a regional system
8 board shall be subject to section 323F-3.5; and

9 (B) Each regional system board shall be responsible
10 for conducting the activities under this
11 paragraph in its own regional system;

12 (19) Maintaining, improving, pledging, mortgaging, selling,
13 or otherwise holding or disposing of property, whether
14 real, personal, or mixed, tangible or intangible, and
15 of any interest therein, at any time and manner, in
16 furtherance of the purposes and mission of the
17 corporation or any regional system board; provided
18 that the corporation or any regional system board
19 legally holds or controls the property in its own
20 name; provided further that other than to secure
21 revenue bonds and related obligations and agents, and
22 to transition into a new entity, the corporation or



1 any regional system board shall not sell, assign,
2 lease, hypothecate, mortgage, pledge, give, or dispose
3 of all or substantially all of its property; and
4 provided further that each regional system board shall
5 be responsible for conducting the activities under
6 this paragraph in its own regional system, and control
7 over such property shall be delegated to each regional
8 system board;

9 (20) Purchasing insurance and creating captive insurers in
10 any arrangement deemed in the best interest of the
11 corporation, including but not limited to funding and
12 payment of deductibles and purchase of reinsurance;
13 provided that only the corporation shall have the
14 power to create captive insurers to benefit public
15 health facilities and operations in all regional
16 systems; and provided further that a regional system
17 board may purchase insurance for its regional system
18 in collaboration with the other regional systems and
19 the corporation until captive coverage is provided by
20 the corporation;



- 1 (21) Acquiring by condemnation, pursuant to chapter 101,
2 any real property required by the corporation to carry
3 out the powers granted by this chapter;
- 4 (22) Depositing any moneys of the corporation or any
5 regional system board in any banking institution
6 within or without the State, and appointing, for the
7 purpose of making deposits, one or more persons to act
8 as custodians of the moneys of the corporation[~~+~~] or
9 any regional system board; provided that regional
10 system boards may deposit moneys in banking
11 institutions pursuant to corporation-wide guidelines
12 established by the corporation board;
- 13 (23) Contracting for and accepting any gifts, grants, and
14 loans of funds, property, or any other aid in any form
15 from the federal government, the State, any state
16 agency, or any other source, or any combination
17 thereof, and complying, subject to this chapter, with
18 the terms and conditions thereof; provided that the
19 regional system boards shall be responsible for
20 contracting for and accepting any gifts, grants,
21 loans, property, or other aid if intended to benefit
22 the public health facilities and operations



1 exclusively in their respective regional systems; and
2 provided further that all contracting for or
3 acceptance of gifts, grants, loans, property, or other
4 aid shall be consistent with corporation-wide policies
5 established by the corporation board;

6 (24) Providing health and medical services for the public
7 directly or by agreement or lease with any person,
8 firm, or private or public corporation, partnership,
9 or association through or in the health facilities of
10 the corporation or regional system boards or
11 otherwise; provided that the regional system boards
12 shall be responsible for conducting the activities
13 under this paragraph in their respective regional
14 systems;

15 (25) Approving medical staff bylaws, rules, and medical
16 staff appointments and reappointments for all public
17 health facilities of the corporation or any regional
18 system board, including but not limited to determining
19 the conditions under which a health professional may
20 be extended the privilege of practicing within a
21 health facility, as determined by the respective
22 regional system board and consistent with [~~corporate-~~



1 wide] corporation-wide policies, and adopting and
2 implementing reasonable rules, without regard to
3 chapter 91, for the credentialing and peer review of
4 all persons and health professionals within the
5 facility; provided that regional system boards shall
6 be the governing body responsible for all medical
7 staff organization, peer review, and credentialing
8 activities to the extent allowed by law;

9 (26) (A) Investing any funds not required for immediate
10 disbursement in property or in securities that
11 meet the standard for investments established in
12 chapter 88 as provided by the corporation board
13 or any regional system board; provided that
14 proceeds of bonds and moneys pledged to secure
15 bonds may be invested in obligations permitted by
16 any document that authorizes the issuance or
17 securing of bonds; and provided further that the
18 investment assists the corporation or any
19 regional system board in carrying out its public
20 purposes; selling from time to time securities
21 thus purchased and held, and depositing any
22 securities in any bank or financial institution



1 within or without the State. Any funds deposited
2 in a banking institution or in any depository
3 authorized in this section shall be secured in a
4 manner and subject to terms and conditions as the
5 corporation board or a regional system board may
6 determine, with or without payment of any
7 interest on the deposit, including without
8 limitation time deposits evidenced by
9 certificates of deposit. Any bank or financial
10 institution incorporated under the laws of this
11 State may act as depository of any funds of the
12 corporation or a regional system board and may
13 issue indemnity bonds or may pledge securities as
14 may be required by the corporation or regional
15 system board; provided that regional system
16 boards may exercise the powers under this
17 subsection with respect to financial assets of
18 the regional system consistent with corporation-
19 wide policies; and

20 (B) Notwithstanding subparagraph (A), contracting
21 with the holders of any of its notes or bonds as
22 to the custody, collection, securing, investment,



1 and payment of any moneys of the corporation or
2 regional system board and of any moneys held in
3 trust or otherwise for the payment of notes or
4 bonds and carrying out the contract. Moneys held
5 in trust or otherwise for the payment of notes or
6 bonds or in any way to secure notes or bonds, and
7 deposits of such moneys, may be secured in the
8 same manner as moneys of the corporation or
9 regional system board, and all banks and trust
10 companies are authorized to give security for the
11 deposits;

12 (27) Entering into any agreement with the State, including
13 but not limited to contracts for the provision of
14 goods, services, and facilities in support of the
15 corporation's programs or the regional system boards'
16 programs, and contracting for the provision of
17 services to or on behalf of the State; provided that
18 the regional system boards shall be responsible for
19 entering into agreements to provide goods, services,
20 and facilities in support of programs in their
21 respective regional systems consistent with
22 corporation-wide policies;



- 1 (28) Having a seal and altering the same at pleasure;
- 2 (29) Waiving, by means that the corporation or regional
3 system board deems appropriate, the exemption from
4 federal income taxation of interest on the
5 corporation's or regional system boards' bonds, notes,
6 or other obligations provided by the Internal Revenue
7 Code of 1986, as amended, or any other federal statute
8 providing a similar exemption;
- 9 (30) Developing internal policies and procedures for the
10 procurement of goods and services, consistent with the
11 goals of public accountability and public procurement
12 practices, and subject to management and financial
13 legislative audits; provided that the regional system
14 boards shall be responsible for developing internal
15 policies and procedures for each of their regional
16 systems consistent with the corporation's policies and
17 procedures; and further provided that:
- 18 (A) The regional system boards and the [~~corporate~~
19 corporation] board shall enjoy the exemption under
20 section 103-53(e);
- 21 (B) The regional system boards shall enjoy the
22 exemption under chapter 103D; and



- 1 (C) The corporation shall be subject to chapter 103D;
- 2 (31) Authorizing and establishing positions; provided that
- 3 regional system boards shall be responsible for hiring
- 4 and firing regional and facility personnel consistent
- 5 with corporation policies, except a regional chief
- 6 executive officer [~~and regional chief financial~~
- 7 ~~officer~~] shall only be hired or dismissed upon the
- 8 approval of the regional system board [~~and the~~
- 9 ~~corporation board~~] as further set forth in section
- 10 323F-8.5;
- 11 (32) Having and exercising all rights and powers necessary
- 12 or incidental to or implied from the specific powers
- 13 granted in this chapter, which specific powers shall
- 14 not be considered as a limitation upon any power
- 15 necessary or appropriate to carry out the purposes and
- 16 intent of this chapter; provided that the regional
- 17 system boards shall be responsible for having and
- 18 exercising all powers and rights with respect to
- 19 matters in their regional systems consistent with the
- 20 law; and
- 21 (33) Each regional system, through its regional system
- 22 board, shall:



- 1 (A) Develop policies and procedures necessary or
- 2 appropriate to plan, operate, manage, and control
- 3 the day-to-day operations of facilities within
- 4 the regional system that are consistent with
- 5 corporation-wide policies;
- 6 (B) Exercise custodial control over and use of all
- 7 assets of the corporation that are located in the
- 8 regional system pursuant to this chapter; and
- 9 (C) Expend funds within its approved regional system
- 10 budget and expend additional funds in excess of
- 11 its approved regional system budget upon approval
- 12 of the corporation board."

13 SECTION 6. Section 323F-8.5, Hawaii Revised Statutes, is
 14 amended to read as follows:

15 "[~~+~~]§323F-8.5[~~+~~] **Regional chief executive officer; exempt**
 16 **position.** (a) Upon establishment [~~, and until December 31,~~
 17 ~~2008~~], a regional system board may appoint a regional chief
 18 executive officer [~~and regional chief financial officer~~] whose
 19 salary shall be set by the corresponding regional system board
 20 and may discharge a regional chief executive officer [~~or~~
 21 ~~regional chief financial officer for cause, consistent with~~
 22 ~~subsection (b)~~]; provided that the position shall be exempt from



1 chapter 76 and section 26-35(a)(4). [~~Effective January 1, 2009,~~
2 ~~the hiring and firing of the regional chief executive officers~~
3 ~~shall be subject to approval of both the regional system board~~
4 ~~and the corporation board.] Each regional chief executive
5 officer may also appoint, as necessary, other personnel, exempt
6 from chapters 76 and 89, to work directly for the regional chief
7 executive officer for the regional system and for the
8 corresponding regional system board.~~

9 (b) Any regional system board or its designee may
10 discharge its exempt personnel with or without cause; provided
11 that removal without cause shall not prejudice any contract
12 rights of personnel [~~; and provided further that the discharge of~~
13 ~~a regional chief executive officer shall be limited to the~~
14 ~~reasons outlined in section 323F-3.5(c) up to December 31, 2008.~~
15 ~~Effective January 1, 2009, regional chief executive officers and~~
16 ~~other exempt personnel shall be subject to discipline, including~~
17 ~~discharge, in accordance with duly executed contracts, laws~~
18 ~~governing exempt personnel of the State, and regional system~~
19 ~~policies adopted in accordance with corporate policies].~~

20 (c) Each regional chief executive officer or their
21 designees may appoint, exempt from chapters 76 and 89, hospital
22 administrators, assistant administrators, directors of nursing,



1 medical directors, and staff physicians, to facilitate the
2 management of facilities within the regional system.

3 (d) Hiring, firing, compensation packages, and other
4 personnel actions with respect to employees not covered by
5 chapters 76 and 89 shall be governed by policies adopted by each
6 regional system board. These policies and guidelines shall be
7 consistent with policies and guidelines adopted by the
8 corporation board after consultation with the regional system
9 boards."

10 SECTION 7. Section 323F-31, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§323F-31 Maintenance of services.** [~~a~~] The corporation
13 and each regional system board shall notify the [~~legislature~~]:

14 (1) Speaker of the house of representatives;

15 (2) President of the senate; and

16 (3) Chairperson of the respective subject matter committee
17 for health in each house

18 within thirty days of any [~~planned~~] substantial reduction or
19 elimination of direct patient care services.

20 [~~b~~] ~~No substantial reduction or elimination of direct~~
21 ~~patient care services at any facility shall be undertaken by the~~
22 ~~corporation without the approval of the legislature.~~



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1 ~~(c) The legislature shall maintain review and oversight~~
 2 ~~authority over the provision of direct patient care services~~
 3 ~~provided at each facility and may intervene to counter or~~
 4 ~~restrict any substantial reduction or elimination of patient~~
 5 ~~care services.]"~~

6 SECTION 8. Statutory material to be repealed is bracketed
 7 and stricken. New statutory material is underscored.

8 SECTION 9. This Act shall take effect upon its approval.

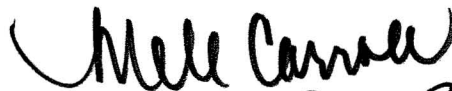
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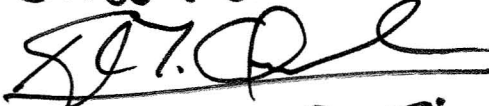
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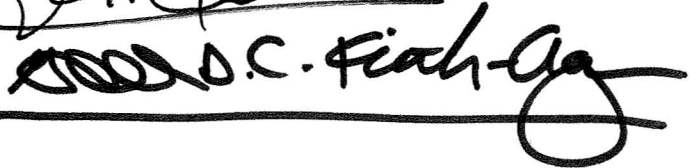












JAN 27 2009



Report Title:

Hawaii Health Systems Corporation; Regional Systems; New Entity

Description:

Authorizes a facility or regional health care system under the Hawaii health systems corporation to transition into a new legal entity, including a nonprofit or for-profit corporation, municipal facility, or public benefit corporation.

