

JAN 28 2009

A BILL FOR AN ACT

RELATING TO HAWAII HEALTH SYSTEMS CORPORATION.

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

1 SECTION 1. The legislature created the Hawaii health
2 systems corporation by Act 262, Session Laws of Hawaii 1996, for
3 the purpose of providing quality and cost effective health care
4 for all the people in the State served by the publicly owned and
5 operated community hospital facilities. One of the primary
6 cornerstones of this landmark legislation was the intent to free
7 these facilities from burdensome, redundant, and restrictive
8 bureaucratic procedures. The legislative intent, and the goal
9 of the Hawaii health systems corporation, of providing quality
10 health care services in remote areas of the State and supporting
11 much needed long-term care beds on Oahu while seeking to reduce
12 the need for general fund subsidy, is hindered by an inflexible
13 personnel system.

14 The purpose of this Act is to provide Hawaii health systems
15 corporation with the flexibility to place employees hired after
16 the effective date of this Act into a personnel system more
17 appropriate for meeting the legislative intent and the



1 corporation's goals to enhance its operational efficiency and to
2 serve as a quality focused, integrated health care system for
3 the people of Hawaii.

4 SECTION 2. Chapter 323F, Hawaii Revised Statutes, is
5 amended by adding five new sections to be appropriately
6 designated and to read as follows:

7 "§323F-A Hawaii health systems corporation personnel
8 system. (a) Notwithstanding any other law to the contrary, the
9 corporation board may establish without regard to the public
10 notice or public hearing requirements of chapter 91, a personnel
11 system separate from the state system, to be known as the Hawaii
12 health systems corporation personnel system, for employees
13 commencing employment with the corporation or any of the
14 regional systems on or after July 1, 2009.

15 (b) The general administration and responsibility for the
16 proper operation of the personnel system of the corporation
17 shall be vested in the corporation board and the regional system
18 boards for their respective employees.

19 (c) Any person hired after the establishment of the Hawaii
20 health systems corporation personnel system shall become an
21 employee under the system.



1 (d) Any person who commenced employment with the
2 corporation or any of the regional systems prior to the
3 establishment of the Hawaii health systems corporation personnel
4 system and continues uninterrupted to be employed by the same
5 shall remain an employee of the personnel system in existence
6 prior to the establishment of the Hawaii health systems
7 corporation personnel system.

8 (e) No rights are created under this section for employees
9 without tenure.

10 For purposes of this chapter, "employees without tenure"
11 means employees who are not members of the civil service system
12 entitled to hold the member's position for the duration of the
13 member's appointment, as provided in section 76-27.

14 **§323F-B Collective bargaining agreements.** Collective
15 bargaining agreements in effect on July 1, 2009, covering
16 employees of the Hawaii health systems corporation personnel
17 system shall continue in full force and effect and shall be
18 recognized by the corporation until the termination date of the
19 agreements or until mutually modified by the parties. Upon
20 expiration of those agreements, the corporation may negotiate
21 collective bargaining agreements or sub-agreements under chapter
22 89 to address its needs for efficiency and effectiveness.



1 §323F-C Hawaii health systems corporation personnel

2 system; rights. All employees of the corporation and the
3 regional system shall have full rights under all applicable laws
4 to self-organization, to form, join, or assist labor
5 organizations, to bargain collectively through representatives
6 of their own choosing, and to other concerted activities for the
7 purpose of collective bargaining or other mutual aid or
8 protection and shall have the right to refrain from any or all
9 such activities except to the extent that such right may be
10 affected by an agreement requiring membership in a labor
11 organization as a condition of employment as may be permitted
12 under all applicable laws; provided that the corporation and the
13 regional systems shall recognize the continuing effect of
14 collective bargaining agreements in effect on July 1, 2009,
15 covering employees of the corporation or any of the regional
16 systems until such agreements are altered or amended by the
17 parties in conformance with all applicable laws and as otherwise
18 provided.

19 §323F-D Hawaii health systems corporation retirement

20 system. (a) Notwithstanding any other law to the contrary, the
21 corporation board may establish without regard to the public
22 notice or public hearing requirements of chapter 91, a



1 retirement system separate from the state employees' retirement
2 system to provide retirement allowances and other benefits for
3 any person commencing employment on or after July 1, 2009, with
4 the corporation or any of its regions and who would otherwise be
5 eligible for membership in the state employees' retirement
6 system.

7 (b) The general administration and responsibility for the
8 proper operation of the Hawaii health systems corporation
9 retirement system shall be vested in the corporation board and
10 regional system boards for their respective employees.

11 (c) The corporation board may establish vesting periods
12 for the members of the Hawaii health systems corporation
13 retirement system that are different from those applicable to
14 members of the state employees' retirement system.

15 (d) The corporation board may establish retirement
16 allowances and other benefits for the Hawaii health systems
17 corporation retirement system.

18 (e) Any member of the state employees' retirement system
19 shall not have any right to opt for membership in the Hawaii
20 health systems corporation retirement system, when the Hawaii
21 health systems corporation retirement system is established.



1 (f) Any person hired after the establishment of the Hawaii
2 health systems corporation retirement system shall be enrolled
3 as a member of the Hawaii health systems corporation retirement
4 system. A person who remains employed by the corporation or the
5 regional system may not transfer from the Hawaii health systems
6 corporation retirement system to the state employees' retirement
7 system. Service under the Hawaii health systems corporation
8 retirement system shall not be creditable as service under the
9 state employees' retirement system.

10 (g) Notwithstanding any other law to the contrary,
11 retirement benefits for the Hawaii health systems corporation
12 retirement system shall be a subject of collective bargaining
13 negotiations for bargaining units (14) and (15).

14 **§323F-E Hawaii health systems corporation employee health**
15 **benefits plan.** (a) Notwithstanding any other law to the
16 contrary, the corporation board may establish without regard to
17 the public notice or public hearing requirements of chapter 91,
18 a health benefits plan separate from the state employees' health
19 benefits plan to provide health benefits for any person
20 commencing employment with the corporation or any of the
21 regional systems on or after July 1, 2009, and who would



1 otherwise be eligible for membership in the state employees'
2 health benefits plan.

3 (b) The general administration and responsibility for the
4 proper operation of the Hawaii health systems corporation
5 employee health benefits plan shall be vested in the corporation
6 board and the regional system boards for their respective
7 employees.

8 (c) The corporation board may establish vesting periods
9 and benefits for the Hawaii health systems corporation employee
10 health benefits plan that are different from the state
11 employees' health benefits plan.

12 (d) Any member of the state employees' health benefits
13 plan established under chapter 87A when the Hawaii health
14 systems corporation employee health benefits plan is established
15 shall not have any right to opt for membership in the Hawaii
16 health systems corporation employee health benefits plan.

17 (e) Any person hired after the establishment of the Hawaii
18 health systems corporation employee health benefits plan shall
19 be enrolled as a member of the corporation plan. A person who
20 remains employed may not transfer from the Hawaii health systems
21 corporation employee health benefits plan to the state
22 employees' health benefits plan. Service under the Hawaii



1 health systems corporation employee health benefits plan shall
2 not be creditable as service under the state employees' health
3 benefits plan.

4 (f) Notwithstanding any other law to the contrary,
5 benefits for the Hawaii health systems corporation employee
6 health benefits plan shall be a subject of collective bargaining
7 negotiations for bargaining units (14) and (15)."

8 SECTION 3. Section 89-6, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) All employees throughout the State within any of the
11 following categories shall constitute an appropriate bargaining
12 unit:

- 13 (1) Nonsupervisory employees in blue collar positions;
- 14 (2) Supervisory employees in blue collar positions;
- 15 (3) Nonsupervisory employees in white collar positions;
- 16 (4) Supervisory employees in white collar positions;
- 17 (5) Teachers and other personnel of the department of
18 education under the same pay schedule, including part-
19 time employees working less than twenty hours a week
20 who are equal to one-half of a full-time equivalent;
- 21 (6) Educational officers and other personnel of the
22 department of education under the same pay schedule;



- 1 (7) Faculty of the University of Hawaii and the community
- 2 college system;
- 3 (8) Personnel of the University of Hawaii and the
- 4 community college system, other than faculty;
- 5 (9) Registered professional nurses;
- 6 (10) Institutional, health, and correctional workers;
- 7 (11) Firefighters;
- 8 (12) Police officers; [~~and~~]
- 9 (13) Professional and scientific employees, who cannot be
- 10 included in any of the other bargaining units[-];
- 11 (14) Nonsupervisory employees in blue collar positions and
- 12 institutional, health, and correctional workers of the
- 13 Hawaii health systems corporation; and
- 14 (15) Supervisory employees in blue collar positions,
- 15 nonsupervisory and supervisory employees in white
- 16 collar positions, registered professional nurses and
- 17 professional and scientific employees of the Hawaii
- 18 health systems corporation."

19 SECTION 4. Section 89-6, Hawaii Revised Statutes, is
20 amended by amending subsection (d) to read as follows:

21 "(d) For the purpose of negotiating a collective
22 bargaining agreement, the public employer of an appropriate



1 bargaining unit shall mean the governor together with the
2 following employers:

3 (1) For bargaining units (1), (2), (3), (4), (9), (10),
4 and (13), the governor shall have six votes and the
5 mayors, the chief justice, and the Hawaii health
6 systems corporation board shall each have one vote if
7 they have employees in the particular bargaining unit;

8 (2) For bargaining units (11) and (12), the governor shall
9 have four votes and the mayors shall each have one
10 vote;

11 (3) For bargaining units (5) and (6), the governor shall
12 have three votes, the board of education shall have
13 two votes, and the superintendent of education shall
14 have one vote;

15 (4) For bargaining units (7) and (8), the governor shall
16 have three votes, the board of regents of the
17 University of Hawaii shall have two votes, and the
18 president of the University of Hawaii shall have one
19 vote[-]; and

20 (5) For bargaining units (14) and (15), the Hawaii health
21 systems corporation board shall have two votes and the
22 five regional boards shall each have one vote.



1 Any decision to be reached by the applicable employer group
2 shall be on the basis of simple majority, except when a
3 bargaining unit includes county employees from more than one
4 county~~[-]~~ and also except for bargaining units (14) and (15).
5 In [~~such~~] the case~~[-]~~ of a bargaining unit that includes county
6 employees from more than one county, the simple majority shall
7 include at least one county. In the case of bargaining units
8 (14) and (15), the simple majority shall include two votes of
9 the corporation board."

10 SECTION 5. Section 89-9, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§89-9 Scope of negotiations; consultation.** (a) The
13 employer and the exclusive representative shall meet at
14 reasonable times, including meetings sufficiently in advance of
15 the February 1 impasse date under section 89-11, and shall
16 negotiate in good faith with respect to wages, hours, the
17 amounts of contributions by the State and respective counties to
18 the Hawaii employer-union health benefits trust fund or a
19 voluntary employees' beneficiary association trust to the extent
20 allowed in subsection (e), and other terms and conditions of
21 employment that are subject to collective bargaining and that
22 are to be embodied in a written agreement as specified in



1 section 89-10, but the obligation does not compel either party
2 to agree to a proposal or make a concession; provided that the
3 parties may not negotiate with respect to cost items as defined
4 by section 89-2 for the biennium 1999 to 2001, and the cost
5 items of employees in bargaining units under section 89-6 in
6 effect on June 30, 1999, shall remain in effect until July 1,
7 2001.

8 (b) The employer or the exclusive representative desiring
9 to initiate negotiations shall notify the other party in
10 writing, setting forth the time and place of the meeting desired
11 and the nature of the business to be discussed, sufficiently in
12 advance of the meeting.

13 (c) Except as otherwise provided in this chapter, all
14 matters affecting employee relations, including those that are,
15 or may be, the subject of a rule adopted by the employer or any
16 director, shall be subject to consultation with the exclusive
17 representatives of the employees concerned. The employer shall
18 make every reasonable effort to consult with exclusive
19 representatives and consider their input, along with the input
20 of other affected parties, prior to effecting changes in any
21 major policy affecting employee relations.



1 (d) Excluded from the subjects of negotiations are matters
2 of classification, reclassification, benefits of but not
3 contributions to the Hawaii employer-union health benefits trust
4 fund ~~[ø]~~, a voluntary employees' beneficiary association
5 trust~~[+]~~, or separate medical, prescription drug, dental,
6 vision, and life insurance plans which may be established for
7 Hawaii health systems corporation's personnel system,
8 notwithstanding the provisions of chapter 87A; terms and
9 benefits of, but not contributions to, a retirement plan created
10 for Hawaii health systems corporation's personnel system,
11 notwithstanding the provisions of chapter 88; recruitment;
12 examination; initial pricing; and retirement benefits except as
13 provided in section 88-8(h). The employer and the exclusive
14 representative shall not agree to any proposal that would be
15 inconsistent with the merit principle or the principle of equal
16 pay for equal work pursuant to section 76-1 or that would
17 interfere with the rights and obligations of a public employer
18 to:

- 19 (1) Direct employees;
20 (2) Determine qualifications, standards for work, and the
21 nature and contents of examinations;



- 1 (3) Hire, promote, transfer, assign, and retain employees
2 in positions;
- 3 (4) Suspend, demote, discharge, or take other disciplinary
4 action against employees for proper cause;
- 5 (5) Relieve an employee from duties because of lack of
6 work or other legitimate reason;
- 7 (6) Maintain efficiency and productivity, including
8 maximizing the use of advanced technology, in
9 government operations;
- 10 (7) Determine methods, means, and personnel by which the
11 employer's operations are to be conducted; and
- 12 (8) Take such actions as may be necessary to carry out the
13 missions of the employer in cases of emergencies.

14 This subsection shall not be used to invalidate provisions
15 of collective bargaining agreements in effect on and after June
16 30, 2007, and shall not preclude negotiations over the
17 procedures and criteria on promotions, transfers, assignments,
18 demotions, layoffs, suspensions, terminations, discharges, or
19 other disciplinary actions as a permissive subject of bargaining
20 during collective bargaining negotiations or negotiations over a
21 memorandum of agreement, memorandum of understanding, or other
22 supplemental agreement.



1 Violations of the procedures and criteria so negotiated may
2 be subject to the grievance procedure in the collective
3 bargaining agreement.

4 (e) Negotiations relating to contributions to the Hawaii
5 employer-union health benefits trust fund or a voluntary
6 employees' beneficiary association trust shall be for the
7 purpose of agreeing upon the amounts that the State and counties
8 shall contribute under sections 87A-32 through 87A-37, toward
9 the payment of the costs for a health benefits plan, as defined
10 in section 87A-1 and group life insurance benefits, and the
11 parties shall not be bound by the amounts contributed under
12 prior agreements; provided that section 89-11 for the resolution
13 of disputes by way of arbitration shall not be available to
14 resolve impasses or disputes relating to the amounts the State
15 and counties shall contribute to the Hawaii employer-union
16 health benefits trust fund or a voluntary employees' beneficiary
17 association trust established under chapter 87D. Negotiations
18 relating to contributions to the health benefits plans and group
19 life insurance plans involving bargaining units (14) and (15)
20 shall be for the purpose of agreeing upon the amounts that the
21 Hawaii health systems corporation shall contribute to such
22 benefit plans that are established outside of chapter 87A.



1 (f) Negotiations relating to contributions to the Hawaii
2 health systems corporation's retirement plan involving
3 bargaining units (14) and (15) shall be for the purpose of
4 agreeing upon the amounts that the corporation shall contribute
5 to such a plan that are established outside of chapter 88.

6 [~~f~~] (g) The repricing of classes within an appropriate
7 bargaining unit may be negotiated as follows:

8 (1) At the request of the exclusive representative and at
9 times allowed under the collective bargaining
10 agreement, the employer shall negotiate the repricing
11 of classes within the bargaining unit. The negotiated
12 repricing actions that constitute cost items shall be
13 subject to the requirements in section 89-10; and

14 (2) If repricing has not been negotiated under paragraph
15 (1), the employer of each jurisdiction shall ensure
16 establishment of procedures to periodically review, at
17 least once in five years, unless otherwise agreed to
18 by the parties, the repricing of classes within the
19 bargaining unit. The repricing of classes based on
20 the results of the periodic review shall be at the
21 discretion of the employer. Any appropriations
22 required to implement the repricing actions that are



1 made at the employer's discretion shall not be
2 construed as cost items."

3 SECTION 6. Section 89-11, Hawaii Revised Statutes, is
4 amended by amending subsection (d) to read as follows:

5 "(d) If an impasse exists between a public employer and
6 the exclusive bargaining representative of bargaining unit (1),
7 nonsupervisory employees in blue collar positions; bargaining
8 unit (5), teachers and other personnel of the department of
9 education; [~~or~~] bargaining unit (7), faculty of the University
10 of Hawaii and the community college system~~[7]~~; bargaining unit
11 (14), nonsupervisory employees in blue collar positions and
12 institutional, health, and correctional workers of the Hawaii
13 health systems corporation; or bargaining unit (15), supervisory
14 employees in blue collar positions, nonsupervisory and
15 supervisory employees in white collar positions, registered
16 professional nurses and professional and scientific employees of
17 the Hawaii health systems corporation, the board shall assist in
18 the resolution of the impasse as follows:

19 (1) Voluntary mediation. During the first twenty days of
20 the date of impasse, either party may request the
21 board to assist in a voluntary resolution of the
22 impasse by appointing a mediator or mediators,



1 representative of the public from a list of qualified
2 persons maintained by the board;

3 (2) Mediation. If the impasse continues more than twenty
4 days, the board shall appoint a mediator or mediators
5 representative of the public from a list of qualified
6 persons maintained by the board, to assist the parties
7 in a voluntary resolution of the impasse. The board
8 may compel the parties to attend mediation, reasonable
9 in time and frequency, until the fiftieth day of
10 impasse. Thereafter, mediation shall be elective with
11 the parties, subject to the approval of the board;

12 (3) Report of the board. The board shall promptly report
13 to the appropriate legislative body or bodies the
14 following circumstances as each occurs:

15 (A) The date of a tentative agreement and whether the
16 terms thereof are confidential between the
17 parties;

18 (B) The ratification or failure of ratification of a
19 tentative agreement;

20 (C) The signing of a tentative agreement;

21 (D) The terms of a tentative agreement; or



1 (E) On or about the fiftieth day of impasse, the
2 failure of mediation.

3 The parties shall provide the board with the requisite
4 information; and

5 (4) After the fiftieth day of impasse, the parties may
6 resort to such other remedies that are not prohibited
7 by any agreement pending between them, other
8 provisions of this chapter, or any other law."

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

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

14 (1) Developing corporation-wide policies, procedures, and
15 rules necessary or appropriate to plan, operate,
16 manage, and control the system of public health
17 facilities and services without regard to chapter 91;
18 provided that each regional system board shall be
19 responsible for its own policies, procedures, and
20 rules necessary or appropriate to plan, operate,
21 manage, and control the public health facilities



1 within its own regional system consistent with
2 corporate policies;
3 (2) Evaluating the need for additional health facilities
4 and services; provided that each regional system board
5 shall be responsible for the evaluation within its own
6 regional system;
7 (3) Entering into and performing any contracts, leases,
8 cooperative agreements, partnerships, or other
9 transactions whatsoever that may be necessary or
10 appropriate in the performance of its purposes and
11 responsibilities, and on terms the corporation, or
12 regional system boards, may deem appropriate, with
13 either:
14 (A) Any agency or instrumentality of the United
15 States, or with any state, territory, or
16 possession, or with any subdivision thereof; or
17 (B) Any person, firm, association, partnership, or
18 corporation, whether operated on a for-profit or
19 not-for-profit basis;
20 provided that the transaction furthers the public
21 interest; and provided further that if any dispute
22 arises between any contract, lease, cooperative



1 agreement, partnership, or other transaction entered
2 into by the corporation and a regional system board
3 with regard to matters solely within that regional
4 system, after July 1, 2007, the contract, lease,
5 cooperative agreement, partnership, or other
6 transaction entered into by the regional system board
7 shall prevail; and provided further that such
8 agreements are consistent with corporation policies;

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

13 (A) Creating nonprofit corporations, including but
14 not limited to charitable fund-raising
15 foundations, to be controlled wholly by the
16 corporation, any regional system board, or
17 jointly with others;

18 (B) Establishing, subscribing to, and owning stock in
19 business corporations individually or jointly
20 with others; and

21 (C) Entering into partnerships and other joint
22 venture arrangements, or participating in



1 alliances, purchasing consortia, health insurance
2 pools, or other cooperative arrangements, with
3 any public or private entity; provided that any
4 corporation, venture, or relationship entered
5 into under this section furthers the public
6 interest; provided further that this paragraph
7 shall not be construed to authorize the
8 corporation or a regional system board to
9 abrogate any responsibility or obligation under
10 paragraph (15);

11 provided that each regional system board shall be
12 responsible for conducting the activities under this
13 paragraph in its own regional system consistent with
14 policies established by the corporation board;

15 (5) Participating in and developing prepaid health care
16 service and insurance programs and other alternative
17 health care delivery programs, including programs
18 involving the acceptance of capitated payments or
19 premiums that include the assumption of financial and
20 actuarial risk; provided that each regional system
21 board shall be responsible for conducting the
22 activities under this paragraph in its own regional



1 system consistent with policies established by the
2 corporation board;

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 or regional system boards;

7 (7) Preparing and executing all corporation-wide budgets,
8 policies, and procedures or any regional system
9 budgets, policies, and procedures; provided that the
10 regional system boards shall submit their regional and
11 facility budgets to the corporation to be consolidated
12 into a corporation-wide budget for purposes of
13 corporation-wide planning and appropriation requests.
14 Regional system and facility budgets shall be received
15 by the corporation and shall be included in the
16 corporation-wide budget upon submittal to the
17 corporation;

18 (8) Setting rates and charges for all services provided by
19 the corporation without regard to chapter 91; provided
20 that the duty and power of the corporation board shall
21 be limited to approving the rates and charges
22 developed by the regional system boards for the



1 regional system's facilities and services. Rates and
2 charges may vary among regional systems and facilities
3 and may be consolidated with the rates of other
4 regional systems into one charge master. Third-party
5 payer contracts may be negotiated at the corporation-
6 wide level with input from the regional systems,
7 taking into consideration the rates set by the
8 regional system boards. For purposes of securing
9 revenue bonds, the corporation or regional system
10 board may covenant to set, and if necessary increase,
11 rates and charges as needed to pay debt service and
12 related obligations plus a coverage factor;

13 (9) [~~Developing a corporation-wide hospital system that is~~
14 ~~subject to chapters 76 and 89;~~] Employing personnel as
15 the business of the corporation requires, and to
16 classify, prescribe the duties and qualifications, and
17 fix the compensation and benefits of all officers,
18 employees, and agents of the corporation as the
19 business of the corporation requires, including:

20 (A) Establishing policies and procedures as may be
21 necessary, without regard to chapter 91,
22 including a personnel system; and



1 (B) Entering into employee collective bargaining
2 agreements in conformance with all applicable
3 laws;

4 provided that employment of regional system and
5 facility personnel shall be the responsibility of the
6 regional system boards pursuant to corporation-wide
7 policies and procedures, applicable laws, rules,
8 regulations, and collective bargaining agreements;

9 (10) Developing the corporation's corporation-wide capital
10 and strategic plans or any regional system board's
11 capital and strategic plans; provided that each
12 regional system board shall be responsible for
13 development of capital and strategic plans in its own
14 regional system that shall be consistent with, and
15 incorporated into, the overall corporation-wide plans;
16 and provided further that the corporation and each
17 regional system board shall be entitled to undertake
18 the acquisition, construction, and improvement of
19 property, facilities, and equipment to carry out these
20 capital and strategic plans;

21 (11) Suing and being sued; provided that only the
22 corporation may sue or be sued; and provided further



1 that the corporation and regional system boards shall
2 enjoy the same sovereign immunity available to the
3 State;

4 (12) Making and altering corporation board and regional
5 system board bylaws for its organization and
6 management without regard to chapter 91 and consistent
7 with this chapter; provided that each regional system
8 board shall be responsible for the final approval of
9 its regional system board bylaws;

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

14 (14) Entering into any contract or agreement whatsoever,
15 not inconsistent with this chapter or the laws of this
16 State, and authorizing the corporation, regional
17 system boards, and chief executive officers to enter
18 into all contracts, execute all instruments, and do
19 all things necessary or appropriate in the exercise of
20 the powers granted in this chapter, including securing
21 the payment of bonds; provided that the corporation
22 board shall delegate to a regional system board its



1 authority to enter into and execute contracts or
2 agreements relating to matters exclusively affecting
3 that regional system; provided further that a regional
4 system board shall exercise this power consistent with
5 corporation-wide policies; and provided further that
6 contracts or agreements executed by a regional system
7 board shall encumber only the regional subaccounts of
8 that regional system board;

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

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

14 (B) The corporation and any regional system board
15 shall have the power to issue revenue bonds in
16 any amount without regard to any limitation in
17 chapter 39; and

18 (C) The corporation shall have the power to incur
19 debt, including the issuance of revenue bonds in
20 any amount, and the regional system boards shall
21 have the power to issue revenue bonds in any
22 amount upon approval by the corporation board;



1 (16) Reimbursing the state general fund for debt service on
2 general obligation bonds or reimbursable general
3 obligation bonds issued by the State for the purposes
4 of the corporation or any regional system board;
5 (17) Pledging or assigning all or any part of the receipts,
6 revenues, and other financial assets of the
7 corporation or the regional system boards for purposes
8 of meeting or securing bond or health systems
9 liabilities; provided that each regional system board
10 shall be responsible for conducting the activities
11 under this paragraph in its own regional system. Any
12 pledge or assignment by the corporation or any
13 regional system board to secure revenue bonds or
14 health system liabilities shall be valid and binding
15 in accordance with its terms against the pledgor,
16 creditors, and all others asserting rights thereto
17 from the time the pledge or assignment is made,
18 without the need of physical delivery, recordation,
19 filing, or further act. The corporation shall not
20 take or omit to take any act that would interfere
21 with, impair, or adversely affect any pledge of
22 assignment by a regional system board pursuant to this



1 chapter. In connection with issuing revenue bonds or
2 related obligations, consistent with corporation
3 policies and procedures, any regional system board may
4 make such other covenants, binding on the regional
5 system board and the corporation, that the regional
6 system board determines to be necessary or appropriate
7 to establish and maintain security for the revenue
8 bonds or related obligations;

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

15 (A) Regional system boards shall have custodial
16 control over facilities and physical assets in
17 their respective regional systems. A regional
18 system board may own, purchase, lease, exchange,
19 or otherwise acquire property, whether real,
20 personal or mix, tangible or intangible, and of
21 any interest therein, other than property owned
22 or controlled by the corporation, in the name of



1 the regional system board; provided further that
2 a regional system board shall be subject to
3 section 323F-3.5; and

4 (B) Each regional system board shall be responsible
5 for conducting the activities under this
6 paragraph in its own regional system;

7 (19) Maintaining, improving, pledging, mortgaging, selling,
8 or otherwise holding or disposing of property, whether
9 real, personal or mixed, tangible or intangible, and
10 of any interest therein, at any time and manner, in
11 furtherance of the purposes and mission of the
12 corporation or any regional system board; provided
13 that the corporation or any regional system board
14 legally holds or controls the property in its own
15 name; provided further that other than to secure
16 revenue bonds and related obligations and agents, the
17 corporation or any regional system board shall not
18 sell, assign, lease, hypothecate, mortgage, pledge,
19 give, or dispose of all or substantially all of its
20 property; and provided further that each regional
21 system board shall be responsible for conducting the
22 activities under this paragraph in its own regional



1 system, and control over such property shall be
2 delegated to each regional system board;

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

15 (21) Acquiring by condemnation, pursuant to chapter 101,
16 any real property required by the corporation to carry
17 out the powers granted by this chapter;

18 (22) Depositing any moneys of the corporation or any
19 regional system board in any banking institution
20 within or without the State, and appointing, for the
21 purpose of making deposits, one or more persons to act
22 as custodians of the moneys of the corporation; or any



1 regional system board; provided that regional system
2 boards may deposit moneys in banking institutions
3 pursuant to corporation-wide guidelines established by
4 the corporation board;

5 (23) Contracting for and accepting any gifts, grants, and
6 loans of funds, property, or any other aid in any form
7 from the federal government, the State, any state
8 agency, or any other source, or any combination
9 thereof, and complying, subject to this chapter, with
10 the terms and conditions thereof; provided that the
11 regional system boards shall be responsible for
12 contracting for and accepting any gifts, grants,
13 loans, property, or other aid if intended to benefit
14 the public health facilities and operations
15 exclusively in their respective regional systems; and
16 provided further that all contracting for or
17 acceptance of gifts, grants, loans, property, or other
18 aid shall be consistent with corporation-wide policies
19 established by the corporation board;

20 (24) Providing health and medical services for the public
21 directly or by agreement or lease with any person,
22 firm, or private or public corporation, partnership,



1 or association through or in the health facilities of
2 the corporation or regional system boards or
3 otherwise; provided that the regional system boards
4 shall be responsible for conducting the activities
5 under this paragraph in their respective regional
6 systems;

7 (25) Approving medical staff bylaws, rules, and medical
8 staff appointments and reappointments for all public
9 health facilities of the corporation or any regional
10 system board, including but not limited to determining
11 the conditions under which a health professional may
12 be extended the privilege of practicing within a
13 health facility, as determined by the respective
14 regional system board and consistent with corporate-
15 wide policies, and adopting and implementing
16 reasonable rules, without regard to chapter 91, for
17 the credentialing and peer review of all persons and
18 health professionals within the facility; provided
19 that regional system boards shall be the governing
20 body responsible for all medical staff organization,
21 peer review, and credentialing activities to the
22 extent allowed by law;



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



1 certificates of deposit. Any bank or financial
2 institution incorporated under the laws of this
3 State may act as depository of any funds of the
4 corporation or a regional system board and may
5 issue indemnity bonds or may pledge securities as
6 may be required by the corporation or regional
7 system board; provided that regional system
8 boards may exercise the powers under this
9 subsection with respect to financial assets of
10 the regional system consistent with corporation-
11 wide policies; and

12 (B) Notwithstanding subparagraph (A), contracting
13 with the holders of any of its notes or bonds as
14 to the custody, collection, securing, investment,
15 and payment of any moneys of the corporation or
16 regional system board and of any moneys held in
17 trust or otherwise for the payment of notes or
18 bonds and carrying out the contract. Moneys held
19 in trust or otherwise for the payment of notes or
20 bonds or in any way to secure notes or bonds, and
21 deposits of such moneys, may be secured in the
22 same manner as moneys of the corporation or



1 regional system board, and all banks and trust
2 companies are authorized to give security for the
3 deposits;

4 (27) Entering into any agreement with the State, including
5 but not limited to contracts for the provision of
6 goods, services, and facilities in support of the
7 corporation's programs or the regional system boards'
8 programs, and contracting for the provision of
9 services to or on behalf of the State; provided that
10 the regional system boards shall be responsible for
11 entering into agreements to provide goods, services,
12 and facilities in support of programs in their
13 respective regional systems consistent with
14 corporation-wide policies;

15 (28) Having a seal and altering the same at pleasure;

16 (29) Waiving, by means that the corporation or regional
17 system board deems appropriate, the exemption from
18 federal income taxation of interest on the
19 corporation's or regional system boards' bonds, notes,
20 or other obligations provided by the Internal Revenue
21 Code of 1986, as amended, or any other federal statute
22 providing a similar exemption;



1 (30) Developing internal policies and procedures for the
2 procurement of goods and services, consistent with the
3 goals of public accountability and public procurement
4 practices, and subject to management and financial
5 legislative audits; provided that the regional system
6 boards shall be responsible for developing internal
7 policies and procedures for each of their regional
8 systems consistent with the corporation's policies and
9 procedures; and further provided that:
10 (A) The regional system boards and the corporate
11 board shall enjoy the exemption under section
12 103-53(e);
13 (B) The regional system boards shall enjoy the
14 exemption under chapter 103D; and
15 (C) The corporation shall be subject to chapter 103D;
16 (31) Authorizing and establishing positions; provided that
17 regional system boards shall be responsible for hiring
18 and firing regional and facility personnel consistent
19 with corporation policies, except a regional chief
20 executive officer and regional chief financial officer
21 shall only be hired or dismissed upon the approval of



1 the regional system board and the corporation board as
2 further set forth in section 323F-8.5;

3 (32) Having and exercising all rights and powers necessary
4 or incidental to or implied from the specific powers
5 granted in this chapter, which specific powers shall
6 not be considered as a limitation upon any power
7 necessary or appropriate to carry out the purposes and
8 intent of this chapter; provided that the regional
9 system boards shall be responsible for having and
10 exercising all powers and rights with respect to
11 matters in their regional systems consistent with the
12 law; and

13 (33) Each regional system, through its regional system
14 board, shall:

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

20 (B) Exercise custodial control over and use of all
21 assets of the corporation that are located in the
22 regional system pursuant to this chapter; and



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

5 SECTION 8. All acts passed prior to or during this regular
6 session of 2009, whether enacted before or after passage of this
7 Act shall be interpreted to conform to this Act, unless the acts
8 specifically provide that this Act is being amended. In so far
9 as this Act is inconsistent with any other law, this Act shall
10 control.

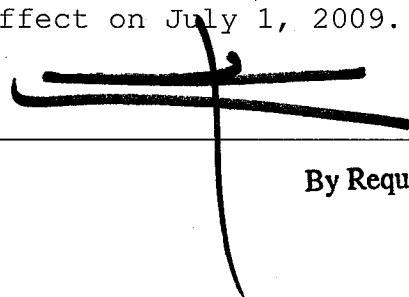
11 SECTION 9. In codifying the new sections added by section
12 2 of this Act, the revisor of statutes shall substitute
13 appropriate section numbers for the letters used in designating
14 the new sections in this Act.

15 SECTION 10. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 11. This Act shall take effect on July 1, 2009.

18

INTRODUCED BY: _____

A large, bold, handwritten signature in black ink, consisting of several horizontal strokes and a vertical line extending downwards.

By Request



Report Title:

Hawaii Health Systems Corporation; Retirement System; Collective Bargaining Agreements

Description:

Authorizes the establishment of Hawaii health systems corporation retirement system and a personnel system separate from the state system that allows for collective bargaining agreements.

