
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 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.

21 PART I

1 SECTION 2. Section 323F-31, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§323F-31 Maintenance of services.** (a) [~~The corporation~~
4 ~~and each regional system board shall notify the legislature of~~
5 ~~any planned substantial reduction or elimination of direct~~
6 ~~patient care services.] No planned substantial reduction or
7 elimination of direct patient care services at any facility
8 shall be undertaken unless all of the following requirements are
9 met:~~

- 10 (1) An initial determination is made as to critical and
11 emergency services which shall not be subject to
12 reduction or elimination pursuant to this section;
13 (2) The plan of the facility to substantially reduce or
14 eliminate any direct patient care services shall first
15 be presented to the regional system board for its
16 approval;
17 (3) Subsequent to the requisite regional system board
18 approval, the facility shall present its plan to the
19 community in which the facility is located, at a
20 community informational meeting, in order to obtain
21 community input on the plan; and

1 (4) Provided that if the regional system board approves
2 the plan, the plan as approved by the regional system
3 board may be submitted to the corporation board for
4 ratification. A facility shall not proceed with the
5 implementation of the plan without corporation board
6 ratification.

7 ~~(b) [No substantial reduction or elimination of direct~~
8 ~~patient care services at any facility shall be undertaken by the~~
9 ~~corporation without the approval of the legislature.] Twenty~~
10 ~~days prior to the implementation of the plan approved by the~~
11 ~~regional system board and ratified by the corporation board, the~~
12 ~~regional system board that approved the plan shall give notice~~
13 ~~of implementation of the plan to the governor, senate president,~~
14 ~~and the speaker of the house of representatives.~~

15 ~~(c) [The legislature shall maintain review and oversight~~
16 ~~authority over the provision of direct patient care services~~
17 ~~provided at each facility and may intervene to counter or~~
18 ~~restrict any substantial reduction or elimination of patient~~
19 ~~care services.] The decision of the regional system board, as~~
20 ~~ratified by the corporation board, shall be the final decision~~
21 ~~with respect to the plan. Implementation of the plan shall~~

1 commence and continue, provided that no legislation is enacted

2 that:

3 (1) Requires the reinstatement and continuation of the
4 direct patient care services that are subject to
5 reduction or elimination under the plan; and

6 (2) Includes an appropriation of additional moneys
7 sufficient to adequately fund the mandated
8 reinstatement and continuation of the subject direct
9 patient care services."

10 PART II

11 SECTION 3. **Community hospitals; liabilities prior to**

12 **July 1, 1996; assumption by department of health; report. (a)**

13 On July 1, 2009, the department of health shall assume the total
14 amount of all liabilities and debts or other obligations of the
15 Hawaii health systems corporation that had been accrued up to
16 June 30, 1996, by the community hospitals while the community
17 hospitals were operating within the division of community
18 hospitals of the department of health. The department of
19 health, with the assistance and cooperation of the Hawaii health
20 systems corporation, shall determine the final amount of the
21 liabilities and debts or other obligations to be transferred to

1 and assumed by the department of health pursuant this
2 subsection.

3 (b) The department of health shall report to the
4 legislature the details of the total amount of liabilities and
5 debts or other obligations transferred from the Hawaii health
6 systems corporation and assumed by the department pursuant to
7 subsection (a) no later than December 1, 2009.

8 SECTION 4. **Community hospitals; assumption of liabilities**
9 **by Hawaii health systems corporation; after June 30, 1996.** The
10 Hawaii health systems corporation shall bear the sole
11 responsibility for assuming all liabilities and debts or other
12 obligations accrued beginning on July 1, 1996, and thereafter,
13 by the community hospitals operating within the Hawaii health
14 systems corporation.

15 SECTION 5. **Hawaii health systems corporation; employees'**
16 **retirement system liabilities; after June 30, 1996.** The Hawaii
17 health systems corporation shall bear sole responsibility for
18 making all appropriate employer payments into funds of the
19 employees' retirement system under chapter 88, Hawaii Revised
20 Statutes beginning on July 1, 1996, and thereafter.

21 SECTION 6. Section 88-125, Hawaii Revised Statutes, is
22 amended to read as follows:

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1 "**§88-125 Contributions by certain state agencies.** (a)

2 Each of the departments and agencies hereinafter described
3 [~~and~~], the office of Hawaiian affairs, and the Hawaii health
4 systems corporation shall reimburse the State for the respective
5 amounts payable by the State to cover the liability of the State
6 to the various funds of the system on account of the employees
7 in [~~such~~] the departments and agencies [~~and~~], the trustees of
8 the office of Hawaiian affairs[-], and the employees of the
9 Hawaii health systems corporation. This provision shall apply
10 to any department or agency of the State [~~which~~] that is
11 authorized by law to fix, regulate, and collect rents, rates,
12 fees, or charges of any nature. [~~The provisions herein~~] This
13 subsection shall not apply as to rental units receiving federal
14 subsidies until approval has been obtained from the appropriate
15 federal agency.

16 (b) Whenever any department or agency of the State or the
17 Hawaii health systems corporation receives federal-aid funds
18 [~~which~~] that may be expended for the purpose of covering the
19 liability of the State to the various funds of the system, the
20 department or agency or the Hawaii health systems corporation
21 shall set aside a portion of these funds sufficient to cover the
22 amount of the State's liability to the various funds of the

1 system on account of the employees in the department or agency
2 or the Hawaii health systems corporation whose compensation is
3 paid in whole or part from federal funds.

4 (c) The amount payable by each department or agency of the
5 State, [~~or~~] the office of Hawaiian affairs, or the Hawaii health
6 systems corporation, covered by this section shall be determined
7 at least quarterly by the department of budget and finance on
8 the basis of the payroll of the employees of the department or
9 agency, [~~or~~] trustees of the office of Hawaiian affairs, or the
10 Hawaii health systems corporation who are members of the system
11 in the same manner the allocation of employer contributions is
12 determined in section 88-123. The comptroller of the State, the
13 office of Hawaiian affairs, the Hawaii health systems
14 corporation, or any department or agency having control of its
15 own funds [~~shall~~], upon information furnished by the department
16 of budget and finance, shall issue a check for the proper amount
17 to the director of finance, charging the same to the appropriate
18 fund. The director of finance shall place all such sums to the
19 credit of the State as part payment of the State's contributions
20 to the various funds of the system.

1 federally qualified health center for services to plan
2 beneficiaries.

3 (d) The commissioner may adopt administrative rules
4 pursuant to chapter 91 to effectuate the purpose of this
5 section. The commissioner may require health insurers other
6 than government payors to annually demonstrate compliance with
7 this section, including validation of payment rates in
8 accordance with medicare interim rate letters.

9 The commissioner may require critical access hospitals and
10 federally qualified health centers to provide information as
11 requested by the commissioner to clarify, supplement, or rebut
12 information supplied by a health insurer; provided that the
13 release of information by a critical access hospital or
14 federally qualified health center shall be subject to the
15 provisions of the Health Insurance Portability and
16 Accountability Access Act of 1996.

17 (e) As used in this section:

18 "Government payor" means a state or federal government
19 entity that provides medical assistance in the form of payment
20 or reimbursement to a health care provider for the cost of
21 providing health care to an enrollee, or a nongovernmental party
22 contracted by a government entity to do so.

1 (f) This section shall not apply to an accident-only,
2 specified disease, hospital indemnity, medicare supplement,
3 long-term care, or other limited benefit health insurance
4 policy."

5 SECTION 8. Chapter 432, article 1, Hawaii Revised
6 Statutes, is amended by adding a new section to be appropriately
7 designated and to read as follows:

8 "§432:1- **Cost-based payments to critical access**
9 **hospitals and federally qualified health centers.** (a) Mutual
10 benefit societies shall reimburse critical access hospitals as
11 defined in section 346D-1 at a rate not less than one hundred
12 and one per cent of costs, consistent with the medicare
13 reimbursement rate, for all services rendered to health plan
14 beneficiaries.

15 (b) Mutual benefit societies shall pay federally qualified
16 health centers as defined in section 1905(l) of the Social
17 Security Act (42 USC 1396d) no less than their respective
18 prospective payment system rates determined pursuant to sections
19 346-53.6 to 346-53.64.

20 (c) Nothing in this section shall be construed to
21 determine a maximum amount that a mutual benefit society may pay

1 to a critical access hospital or federally qualified health
2 center for services to plan beneficiaries.

3 (d) The commissioner may adopt administrative rules
4 pursuant to chapter 91 to effectuate the purpose of this
5 section. The commissioner may require mutual benefit societies
6 to annually demonstrate compliance with this section, including
7 validation of payment rates in accordance with medicare interim
8 rate letters.

9 The commissioner may require critical access hospitals and
10 federally qualified health centers to provide information as
11 requested by the commissioner to clarify, supplement, or rebut
12 information supplied by a mutual benefit society; provided that
13 the release of information by a critical access hospital or
14 federally qualified health center shall be subject to the
15 provisions of the Health Insurance Portability and
16 Accountability Access Act of 1996."

17 SECTION 9. Chapter 432, article 2, Hawaii Revised
18 Statutes, is amended by adding a new section to be appropriately
19 designated and to read as follows:

20 **"§432:2- Cost-based payments to critical access**
21 **hospitals and federally qualified health centers. (a)**
22 **Fraternal benefit societies shall reimburse critical access**

1 hospitals as defined in section 346D-1 at a rate not less than
2 one hundred and one per cent of costs, consistent with the
3 medicare reimbursement rate, for all services rendered to health
4 plan beneficiaries.

5 (b) Fraternal benefit societies shall pay federally
6 qualified health centers as defined in section 1905(l) of the
7 Social Security Act (42 USC 1396d) no less than their respective
8 prospective payment system rates determined pursuant to sections
9 346-53.6 to 346-53.64.

10 (c) Nothing in this section shall be construed to
11 determine a maximum amount that a fraternal benefit society may
12 pay to a critical access hospital or federally qualified health
13 center for services to plan beneficiaries.

14 (d) The commissioner may adopt administrative rules
15 pursuant to chapter 91 to effectuate the purpose of this
16 section. The commissioner may require fraternal benefit
17 societies to annually demonstrate compliance with this section,
18 including validation of payment rates in accordance with
19 medicare interim rate letters.

20 The commissioner may require critical access hospitals and
21 federally qualified health centers to provide information as
22 requested by the commissioner to clarify, supplement, or rebut

1 information supplied by a fraternal benefit society; provided
2 that the release of information by a critical access hospital or
3 federally qualified health center shall be subject to the
4 provisions of the Health Insurance Portability and
5 Accountability Access Act of 1996."

6 SECTION 10. Chapter 432D, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§432D- Cost-based payments to critical access
10 hospitals and federally qualified health centers. (a) Health
11 maintenance organizations other than government payors shall
12 reimburse critical access hospitals as defined in section 346D-1
13 at a rate not less than one hundred and one per cent of costs,
14 consistent with the medicare reimbursement rate, for all
15 services rendered to health plan beneficiaries.

16 (b) Health maintenance organizations other than government
17 payors shall pay federally qualified health centers as defined
18 in section 1905(l) of the Social Security Act (42 USC 1396d) no
19 less than their respective prospective payment system rates
20 determined pursuant to sections 346-53.6 to 346-53.64.

21 (c) Nothing in this section shall be construed to
22 determine a maximum amount that a health maintenance

1 organization other than a government payor may pay to a critical
2 access hospital or federally qualified health center for
3 services to plan beneficiaries.

4 (d) The commissioner may adopt administrative rules
5 pursuant to chapter 91 to effectuate the purpose of this
6 section. The commissioner may require health maintenance
7 organizations other than government payors to annually
8 demonstrate compliance with this section, including validation
9 of payment rates in accordance with medicare interim rate
10 letters.

11 The commissioner may require critical access hospitals and
12 federally qualified health centers to provide information as
13 requested by the commissioner to clarify, supplement, or rebut
14 information supplied by a health maintenance organization other
15 than a government payor; provided that the release of
16 information by a critical access hospital or federally qualified
17 health center shall be subject to the provisions of the Health
18 Insurance Portability and Accountability Access Act of 1996.

19 (e) As used in this section:

20 "Government payor" means a state or federal government
21 entity that provides medical assistance in the form of
22 reimbursement to a health care provider for the cost of

1 providing health care to an enrollee, or a nongovernmental party
2 contracted by a government entity to do so."

3 PART IV

4 SECTION 11. Chapter 89, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 "§89- Negotiating authority; Hawaii health systems
8 corporation. Notwithstanding any law to the contrary, including
9 section 89-6(d), the Hawaii health systems corporation or any of
10 the regional boards, as a sole employer negotiator, may
11 negotiate with the exclusive representative of any appropriate
12 bargaining unit and execute memorandums of understanding for
13 employees under its control to alter any existing or new
14 collective bargaining agreement on any item or items subject to
15 section 89-9."

16 PART V

17 SECTION 12. Chapter 323F, Hawaii Revised Statutes, is
18 amended by adding a new section to be appropriately designated
19 and to read as follows:

20 "§323F- Criminal history record checks. (a) The
21 corporation shall develop procedures for obtaining verifiable
22 information regarding the criminal history of persons who are

1 employed or seeking employment, or are current or prospective
2 contractors, providers, or volunteers in any of the
3 corporation's health facilities. The procedures shall include
4 but not be limited to criminal history record checks in
5 accordance with section 846-2.7.

6 The Hawaii criminal justice data center may assess
7 providers and contractors a reasonable fee for criminal history
8 record checks performed. Providers and contractors shall be
9 responsible for payment to the Hawaii criminal justice data
10 center of the fee for the criminal history records checks. The
11 corporation shall be responsible for payment to the Hawaii
12 criminal justice data center of the fee for the criminal history
13 record checks for employees and volunteers.

14 (b) Except as otherwise specified, any person who is
15 employed or who seeks employment with the corporation, or is a
16 current or prospective contractor, provider, or volunteer in any
17 of the corporation's health facilities, may be required to
18 provide to the corporation:

19 (1) A sworn statement indicating whether or not the person
20 has ever been convicted of an offense for which
21 incarceration was a sentencing option, and the details
22 thereof;

- 1 (2) Written consent for the corporation to obtain criminal
2 history record check information for verification; and
3 (3) Written consent to be fingerprinted for the purpose of
4 a criminal history record check.

5 Information obtained pursuant to subsection (a) and this
6 subsection shall be used exclusively by the corporation for the
7 purposes of determining whether a person is suitable for working
8 or providing services in any of the corporation's health
9 facilities. All such decisions shall be subject to federal laws
10 and regulations currently or hereafter in effect.

11 (c) Any corporation employee, applicant seeking
12 employment, or current or prospective contractor, provider, or
13 volunteer, who has been convicted of a criminal offense for
14 which incarceration is a sentencing option, may be terminated,
15 not hired, released, or not be used. This action shall be based
16 on the corporation's analysis of whether the nature and
17 circumstances of the crime may pose a risk to the health,
18 safety, or well-being of patients and residents in its health
19 facilities.

20 (d) Notwithstanding any other law to the contrary, for
21 purposes of this section, the corporation shall be exempt from
22 section 831-3.1 and need not conduct investigations,

1 notifications, or hearings under this section in accordance with
2 chapter 91.

3 (e) For the purposes of this section:

4 "Contractor" means any organization or individual that
5 enters into a contract or agreement to provide services to the
6 patients or residents in any of the corporation's health
7 facilities.

8 "Criminal history record check" means an examination of an
9 individual's criminal history records by means including but not
10 limited to fingerprint analysis and name inquiry into state and
11 national criminal history record files.

12 "Provider" means any organization or individual that
13 currently provides or intends to enter into a contract or
14 agreement to provide services to the patients or residents in
15 any of the corporation's health facilities, or is a student in
16 any program at any of the corporation's health facilities."

17 SECTION 13. Section 378-2.5, Hawaii Revised Statutes, is
18 amended by amending subsection (d) to read as follows:

19 "(d) Notwithstanding subsections (b) and (c), the
20 requirement that inquiry into and consideration of a prospective
21 employee's conviction record may take place only after the
22 individual has received a conditional job offer, and the

1 limitation to the most recent ten-year period, excluding the
2 period of incarceration, shall not apply to employers who are
3 expressly permitted to inquire into an individual's criminal
4 history for employment purposes pursuant to any federal or state
5 law other than subsection (a), including:

6 (1) The State or any of its branches, political
7 subdivisions, or agencies pursuant to sections 78-2.7
8 and 831-3.1;

9 (2) The department of education pursuant to section
10 302A-601.5;

11 (3) The department of health with respect to employees,
12 providers, or subcontractors in positions that place
13 them in direct contact with clients when providing
14 non-witnessed direct mental health services pursuant
15 to section 321-171.5;

16 (4) The judiciary pursuant to section 571-34;

17 (5) The counties pursuant to section 846-2.7;

18 (6) Armed security services pursuant to section 261-17(b);

19 (7) Providers of a developmental disabilities domiciliary
20 home pursuant to section 333F-22;

21 (8) Private schools pursuant to sections 302C-1 and
22 378-3(8);

- 1 (9) Financial institutions in which deposits are insured
2 by a federal agency having jurisdiction over the
3 financial institution pursuant to section 378-3(9);
- 4 (10) Detective agencies and security guard agencies
5 pursuant to sections 463-6(b) and 463-8(b);
- 6 (11) Employers in the business of insurance pursuant to
7 section 431:2-201.3;
- 8 (12) Employers of individuals or supervisors of individuals
9 responsible for screening passengers or property under
10 title 49 [U.S.C. ~~§44901~~] United States Code section
11 44901 or individuals with unescorted access to an
12 aircraft of an air carrier or foreign carrier or in a
13 secured area of an airport in the United States
14 pursuant to title 49 [U.S.C. ~~§44936(a)~~] United States
15 Code section 44936(a);
- 16 (13) The department of human services pursuant to sections
17 346-97 and 352-5.5;
- 18 (14) The public library system pursuant to section
19 302A-601.5;
- 20 (15) The department of public safety pursuant to section
21 353C-5;

- 1 (16) The board of directors of a cooperative housing
2 corporation or the manager of a cooperative housing
3 project pursuant to section 421I-12;
- 4 (17) The board of directors of an association of owners
5 under chapter 514A or 514B, or the manager of a
6 condominium project pursuant to section 514A-82.1 or
7 514B-133; [~~and~~]
- 8 (18) The department of health pursuant to section
9 321-15.2[~~-~~]; and
- 10 (19) The Hawaii health systems corporation with respect to
11 employees, applicants seeking employment, and current
12 or prospective contractors, providers, or volunteers,
13 pursuant to section 323F- ."

14 SECTION 14. Section 846-2.7, Hawaii Revised Statutes, is
15 amended by amending subsection (b) to read as follows:

- 16 "(b) Criminal history record checks may be conducted by:
- 17 (1) The department of health on operators of adult foster
18 homes or developmental disabilities domiciliary homes
19 and their employees, as provided by section 333F-22;
- 20 (2) The department of health on prospective employees,
21 persons seeking to serve as providers, or
22 subcontractors in positions that place them in direct

1 contact with clients when providing non-witnessed
2 direct mental health services as provided by section
3 321-171.5;

4 (3) The department of health on all applicants for
5 licensure for, operators for, and prospective
6 employees, and volunteers at one or more of the
7 following: skilled nursing facility, intermediate
8 care facility, adult residential care home, expanded
9 adult residential care home, assisted living facility,
10 home health agency, hospice, adult day health center,
11 special treatment facility, therapeutic living
12 program, intermediate care facility for the mentally
13 retarded, hospital, rural health center and
14 rehabilitation agency, and, in the case of any of the
15 above-related facilities operating in a private
16 residence, on any adult living in the facility other
17 than the client as provided by section 321-15.2;

18 (4) The department of education on employees, prospective
19 employees, and teacher trainees in any public school
20 in positions that necessitate close proximity to
21 children as provided by section 302A-601.5;

- 1 (5) The counties on employees and prospective employees
2 who may be in positions that place them in close
3 proximity to children in recreation or child care
4 programs and services;
- 5 (6) The county liquor commissions on applicants for liquor
6 licenses as provided by section 281-53.5;
- 7 (7) The department of human services on operators and
8 employees of child caring institutions, child placing
9 organizations, and foster boarding homes as provided
10 by section 346-17;
- 11 (8) The department of human services on prospective
12 adoptive parents as established under section
13 346-19.7;
- 14 (9) The department of human services on applicants to
15 operate child care facilities, prospective employees
16 of the applicant, and new employees of the provider
17 after registration or licensure as provided by section
18 346-154;
- 19 (10) The department of human services on persons exempt
20 pursuant to section 346-152 to be eligible to provide
21 child care and receive child care subsidies as
22 provided by section 346-152.5;

- 1 (11) The department of human services on operators and
2 employees of home and community-based case management
3 agencies and operators and other adults, except for
4 adults in care, residing in foster family homes as
5 provided by section 346-335;
- 6 (12) The department of human services on staff members of
7 the Hawaii youth correctional facility as provided by
8 section 352-5.5;
- 9 (13) The department of human services on employees,
10 prospective employees, and volunteers of contracted
11 providers and subcontractors in positions that place
12 them in close proximity to youth when providing
13 services on behalf of the office or the Hawaii youth
14 correctional facility as provided by section 352D-4.3;
- 15 (14) The judiciary on employees and applicants at detention
16 and shelter facilities as provided by section 571-34;
- 17 (15) The department of public safety on employees and
18 prospective employees who are directly involved with
19 the treatment and care of persons committed to a
20 correctional facility or who possess police powers
21 including the power of arrest as provided by section
22 353C-5;

- 1 (16) The department of commerce and consumer affairs on
2 applicants for private detective or private guard
3 licensure as provided by section 463-9;
- 4 (17) Private schools and designated organizations on
5 employees and prospective employees who may be in
6 positions that necessitate close proximity to
7 children; provided that private schools and designated
8 organizations receive only indications of the states
9 from which the national criminal history record
10 information was provided as provided by section
11 302C-1;
- 12 (18) The public library system on employees and prospective
13 employees whose positions place them in close
14 proximity to children as provided by section
15 302A-601.5;
- 16 (19) The State or any of its branches, political
17 subdivisions, or agencies on applicants and employees
18 holding a position that has the same type of contact
19 with children, vulnerable adults, or persons committed
20 to a correctional facility as other public employees
21 who hold positions that are authorized by law to

- 1 require criminal history record checks as a condition
2 of employment as provided by section 78-2.7;
- 3 (20) The department of human services on licensed adult day
4 care center operators, employees, new employees,
5 subcontracted service providers and their employees,
6 and adult volunteers as provided by section 346-97;
- 7 (21) The department of human services on purchase of
8 service contracted and subcontracted service providers
9 and their employees serving clients of the adult and
10 community care services branch, as provided by section
11 346-97;
- 12 (22) The department of human services on foster grandparent
13 program, retired and senior volunteer program, senior
14 companion program, and respite companion program
15 participants as provided by section 346-97;
- 16 (23) The department of human services on contracted and
17 subcontracted service providers and their current and
18 prospective employees that provide home and community-
19 based services under Section 1915© of the Social
20 Security Act (Title 42 United States Code Section
21 1396n©), or under any other applicable section or
22 sections of the Social Security Act for the purposes

1 of providing home and community-based services, as
2 provided by section 346-97;

3 (24) The department of commerce and consumer affairs on
4 proposed directors and executive officers of a bank,
5 savings bank, savings and loan association, trust
6 company, and depository financial services loan
7 company as provided by section 412:3-201;

8 (25) The department of commerce and consumer affairs on
9 proposed directors and executive officers of a
10 nondepository financial services loan company as
11 provided by section 412:3-301;

12 (26) The department of commerce and consumer affairs on the
13 original chartering applicants and proposed executive
14 officers of a credit union as provided by section
15 412:10-103;

16 [†] (27) [†] The department of commerce and consumer affairs on:

17 (A) Each principal of every non-corporate applicant
18 for a money transmitter license; and

19 (B) The executive officers, key shareholders, and
20 managers in charge of a money transmitter's
21 activities of every corporate applicant for a
22 money transmitter license,

1 as provided by section 489D-9; [~~and~~]
2 (28) The Hawaii health systems corporation on employees,
3 applicants seeking employment, or current and
4 prospective volunteers, providers, or contractors in
5 any of the corporation's health facilities as provided
6 by section 323F- ; and
7 [~~+(28)+~~] (29) Any other organization, entity, or the State,
8 its branches, political subdivisions, or agencies as
9 may be authorized by state law.

10 PART VI

11 SECTION 15. Chapter 323F, Hawaii Revised Statutes, is
12 amended by adding two new sections to be appropriately
13 designated and to read as follows:

14 **"§323F- Transition to a corporation or corporations.**

15 (a) Notwithstanding any other law to the contrary, including
16 but not limited to section 27-1 and chapter 171, any of the
17 regional systems or individual facilities of the Hawaii health
18 systems corporation is hereby authorized to transition into a
19 new legal entity in any form recognized under the laws of the
20 State, including but not limited to:

21 (1) A non-profit corporation;

22 (2) A for-profit corporation;

- 1 (3) A municipal facility;
- 2 (4) A public benefit corporation; or
- 3 (5) Any two or more of the entities in paragraphs (1)
- 4 through (4).

5 A transition shall occur through the sale, lease, or transfer of
6 all or substantially all of the assets of the facility or
7 regional system; provided that a transition shall comply with
8 chapter 323D.

9 (b) A transition shall only occur upon approval of the
10 appropriate regional system board in the case of a regional
11 system or individual facility transition, or upon approval of
12 the corporation board and regional system boards in the case of
13 the transition of the entire corporation, subject to the
14 following terms and conditions:

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

18 (2) Any and all liabilities of a regional system or
19 facility transitioning into a new entity that were
20 transferred to the Hawaii health systems corporation
21 upon its creation by Act 262, Session Laws of Hawaii
22 1996, and all liabilities of the regional system or

1 facility related to collective bargaining contracts
2 negotiated by the State, shall become the
3 responsibility of the State; and

4 (3) During the period of transition:

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

8 (B) All applicable provisions of this chapter shall
9 continue to apply.

10 Upon the completion of the transition of all the facilities
11 in a regional system to a new entity, the regional system board
12 for that regional system shall terminate; provided that if not
13 all of a regional system's facilities are transitioned to a new
14 entity, the existing regional system board shall not terminate
15 but shall continue to retain jurisdiction over those facilities
16 remaining in the regional system.

17 **§323F- Regional system board; community hospitals;**
18 **community health centers; collaboration.** Each regional system
19 board and each community hospital under the jurisdiction of the
20 corporation shall collaborate with community health centers
21 within their respective geographic jurisdictions to maximize
22 funding from the state and federal governments to:

- 1 (1) Maximize reimbursement for health care services
2 provided;
- 3 (2) Acquire funds for capital investment;
- 4 (3) Provide expanded hours of service; and
- 5 (4) Ensure the provision of the appropriate level of care
6 to the community served by each community health
7 center."

8 SECTION 16. Section 323F-3.5, Hawaii Revised Statutes, is
9 amended by amending subsection (d) to read as follows:

- 10 "(d) Each regional system board shall ~~[be]~~ :
- 11 (1) Be responsible for local governance, operations, and
12 administration of the delivery of services in its
13 respective regional system as set forth in this
14 chapter and as further delegated by the corporation~~[-~~
15 ~~Each regional system board shall include]~~ ;
- 16 (2) Include medical and health care providers and
17 professionals, consumers, and knowledgeable
18 individuals in other appropriate areas, such as
19 business, finance, and law; provided that no more than
20 three members of the regional system board shall be
21 physicians~~[-. Each regional system board shall be]~~ ;

- 1 (3) Be as balanced and representative of the community
2 stakeholders as possible[~~-~~]; and
- 3 (4) Have the powers, duties, and responsibilities that are
4 specific to the regional system board as provided in
5 this chapter."

6 SECTION 17. Section 323F-7, Hawaii Revised Statutes, is
7 amended by amending subsection (c) to read as follows:

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

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

1 shall be responsible for the evaluation within its own
2 regional system;

3 (3) Entering into and performing any contracts, leases,
4 cooperative agreements, partnerships, or other
5 transactions whatsoever that may be necessary or
6 appropriate in the performance of its purposes and
7 responsibilities, and on terms the corporation, or
8 regional system boards, may deem appropriate, with
9 either:

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

13 (B) Any person, firm, association, partnership, or
14 corporation, whether operated on a for-profit or
15 not-for-profit basis;

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

1 cooperative agreement, partnership, or other
2 transaction entered into by the regional system board
3 shall prevail; and provided further that such
4 agreements are consistent with corporation policies;

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

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

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

17 (C) Entering into partnerships and other joint
18 venture arrangements, or participating in
19 alliances, purchasing consortia, health insurance
20 pools, or other cooperative arrangements, with
21 any public or private entity; provided that any
22 corporation, venture, or relationship entered

1 into under this section furthers the public
2 interest; provided further that this paragraph
3 shall not be construed to authorize the
4 corporation or a regional system board to
5 abrogate any responsibility or obligation under
6 paragraph (15);

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

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

21 (6) Executing, in accordance with all applicable bylaws,
22 rules, and laws, all instruments necessary or

1 appropriate in the exercise of any powers of the
2 corporation or regional system boards;

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

14 (8) Setting rates and charges for all services provided by
15 the corporation without regard to chapter 91; provided
16 that the duty and power of the corporation board shall
17 be limited to approving the rates and charges
18 developed by the regional system boards for the
19 regional system's facilities and services. Rates and
20 charges may vary among regional systems and facilities
21 and may be consolidated with the rates of other
22 regional systems into one charge master. Third-party

1 payer contracts may be negotiated at the corporation-
2 wide level with input from the regional systems,
3 taking into consideration the rates set by the
4 regional system boards. For purposes of securing
5 revenue bonds, the corporation or regional system
6 board may covenant to set, and if necessary increase,
7 rates and charges as needed to pay debt service and
8 related obligations plus a coverage factor;

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

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

1 and provided further that the corporation and each
2 regional system board shall be entitled to undertake
3 the acquisition, construction, and improvement of
4 property, facilities, and equipment to carry out these
5 capital and strategic plans;

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

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

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

21 (14) Entering into any contract or agreement whatsoever,
22 not inconsistent with this chapter or the laws of this

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

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

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

21 (B) The corporation and any regional system board
22 shall have the power to issue revenue bonds in

1 any amount without regard to any limitation in
2 chapter 39; and

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

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

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

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

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

- 1 (A) Regional system boards shall have custodial
2 control over facilities and physical assets in
3 their respective regional systems. A regional
4 system board may own, purchase, lease, exchange,
5 or otherwise acquire property, whether real,
6 personal, or [~~mix,~~] mixed, tangible or
7 intangible, and of any interest therein, other
8 than property owned or controlled by the
9 corporation, in the name of the regional system
10 board; provided further that a regional system
11 board shall be subject to section 323F-3.5; and
- 12 (B) Each regional system board shall be responsible
13 for conducting the activities under this
14 paragraph in its own regional system;
- 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 system board; provided
21 that the corporation or any regional system board
22 legally holds or controls the property in its own

1 name; provided further that other than to secure
2 revenue bonds and related obligations and agents, and
3 to transition into a new entity, the corporation or
4 any regional system board shall not sell, assign,
5 lease, hypothecate, mortgage, pledge, give, or dispose
6 of all or substantially all of its property; and
7 provided further that each regional system board shall
8 be responsible for conducting the activities under
9 this paragraph in its own regional system, and control
10 over such property shall be delegated to each regional
11 system board;

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

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

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

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

17 (25) Approving medical staff bylaws, rules, and medical
18 staff appointments and reappointments for all public
19 health facilities of the corporation or any regional
20 system board, including but not limited to determining
21 the conditions under which a health professional may
22 be extended the privilege of practicing within a

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

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

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

1 (B) Notwithstanding subparagraph (A), contracting
2 with the holders of any of its notes or bonds as
3 to the custody, collection, securing, investment,
4 and payment of any moneys of the corporation or
5 regional system board and of any moneys held in
6 trust or otherwise for the payment of notes or
7 bonds and carrying out the contract. Moneys held
8 in trust or otherwise for the payment of notes or
9 bonds or in any way to secure notes or bonds, and
10 deposits of such moneys, may be secured in the
11 same manner as moneys of the corporation or
12 regional system board, and all banks and trust
13 companies are authorized to give security for the
14 deposits;

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

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

1 (A) The regional system boards and the [~~corporate~~
2 corporation board shall enjoy the exemption under
3 section 103-53(e);

4 (B) The regional system boards shall enjoy the
5 exemption under chapter 103D; and

6 (C) The corporation shall be subject to chapter 103D;

7 (31) Authorizing and establishing positions; provided that
8 regional system boards shall be responsible for hiring
9 and firing regional and facility personnel consistent
10 with corporation policies, except a regional chief
11 executive officer [~~and regional chief financial~~
12 ~~officer~~] shall only be hired or dismissed upon the
13 approval of the regional system board [~~and the~~
14 ~~corporation board~~] as further set forth in section
15 323F-8.5;

16 (32) Having and exercising all rights and powers necessary
17 or incidental to or implied from the specific powers
18 granted in this chapter, which specific powers shall
19 not be considered as a limitation upon any power
20 necessary or appropriate to carry out the purposes and
21 intent of this chapter; provided that the regional
22 system boards shall be responsible for having and

1 exercising all powers and rights with respect to
2 matters in their regional systems consistent with the
3 law; and

4 (33) Each regional system, through its regional system
5 board, shall:

6 (A) Develop policies and procedures necessary or
7 appropriate to plan, operate, manage, and control
8 the day-to-day operations of facilities within
9 the regional system that are consistent with
10 corporation-wide policies;

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

14 (C) Expend funds within its approved regional system
15 budget and expend additional funds in excess of
16 its approved regional system budget upon approval
17 of the corporation board."

18 SECTION 18. Section 323F-8.5, Hawaii Revised Statutes, is
19 amended by amending its title and subsections (a) and (b) to
20 read as follows:

21 "[+]§323F-8.5[+] **Regional chief executive officer; exempt**
22 **position.** (a) Upon establishment [~~and until December 31,~~

1 2008], a regional system board may appoint a regional chief
2 executive officer [~~and regional chief financial officer~~] whose
3 salary shall be set by the corresponding regional system board
4 and may discharge a regional chief executive officer [~~or~~
5 ~~regional chief financial officer for cause, consistent with~~
6 ~~subsection (b)~~]; provided that the position shall be exempt from
7 chapter 76 and section 26-35(a)(4). [~~Effective January 1, 2009,~~
8 ~~the hiring and firing of the regional chief executive officers~~
9 ~~shall be subject to approval of both the regional system board~~
10 ~~and the corporation board.~~] Each regional chief executive
11 officer may also appoint, as necessary, other personnel, exempt
12 from chapters 76 and 89, to work directly for the regional chief
13 executive officer for the regional system and for the
14 corresponding regional system board.

15 (b) Any regional system board or its designee may
16 discharge its exempt personnel with or without cause; provided
17 that removal without cause shall not prejudice any contract
18 rights of personnel [~~; and provided further that the discharge of~~
19 ~~a regional chief executive officer shall be limited to the~~
20 ~~reasons outlined in section 323F-3.5(c) up to December 31, 2008.~~
21 ~~Effective January 1, 2009, regional chief executive officers and~~
22 ~~other exempt personnel shall be subject to discipline, including~~

1 ~~discharge, in accordance with duly executed contracts, laws~~
2 ~~governing exempt personnel of the State, and regional system~~
3 ~~policies adopted in accordance with corporate policies]."~~

4 PART VII

5 SECTION 19. If any provision of this Act, or the
6 application thereof to any person or circumstance is held
7 invalid, the invalidity does not affect other provisions or
8 applications of the Act, which can be given effect without the
9 invalid provision or application, and to this end the provisions
10 of this Act are severable.

11 SECTION 20. This Act does not affect rights and duties
12 that matured, penalties that were incurred, and proceedings that
13 were begun before its effective date.

14 SECTION 21. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 22. This Act shall take effect on July 1, 2050.

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; amends the maintenance of services requirements; requires Hawaii health systems corporation to assume liabilities and debts or other obligations accrued beginning on July 1, 1996; requires commercial health plans to provide a minimum reimbursement level; authorizes special negotiating authority for Hawaii health systems corporation with bargaining units; authorizes criminal history record checks. (SD2)