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

4 "§323F- Duties and powers of the corporate board. The
5 corporate board shall be a central service and coordination
6 group. The corporate board shall provide services for the
7 regional system boards that shall include:

8 (1) Coordination and reporting of financial and other key
9 operating information to the:

10 (A) Regional system boards;

11 (B) Department of health; and

12 (C) Legislature;

13 (2) Compliance audits under federal and state
14 requirements;

15 (3) Operational audits;

16 (4) Other services as determined by the regional system
17 boards, which may include:

18 (A) Information technology services and coordination;



- 1 (B) Purchasing and contracting services;
- 2 (C) Management of reimbursements to the corporation;
- 3 (D) Human resources and union negotiations;
- 4 (E) Legal resources; and
- 5 (F) Centralized billing services."

6 SECTION 2. Section 37-74, Hawaii Revised Statutes, is
7 amended by amending subsection (d) to read as follows:

8 "(d) No appropriation transfers or changes between
9 programs or agencies shall be made without legislative
10 authorization; provided that:

11 (1) Authorized transfers or changes, when made, shall be
12 reported to the legislature;

13 (2) Except with respect to appropriations to fund
14 financing agreements under chapter 37D, the University
15 of Hawaii shall have the flexibility to transfer
16 appropriated funds and positions for the operating
17 cost category among programs, among cost elements in a
18 program, and between quarters, as applicable; except
19 with respect to appropriations to fund financing
20 agreements under chapter 37D, the department of
21 education shall have the flexibility to transfer
22 appropriated funds and positions for the operating



1 cost category among programs and among cost elements
2 in a program, and between quarters, as applicable; and
3 the Hawaii health systems corporation and its regional
4 system boards shall have the flexibility to transfer
5 special fund appropriations among regional system
6 hospital facilities as applicable [~~and as mutually~~
7 ~~agreed to by the corporation and~~] to the respective
8 regional system [~~board,~~] boards; provided that the
9 Hawaii health systems corporation and the regional
10 system boards shall maintain the integrity and
11 services of each individual regional system and shall
12 not transfer appropriations out of any regional system
13 that would result in a reduction of services offered
14 by the regional system, with due regard for statutory
15 requirements, changing conditions, the needs of the
16 programs, and the effective utilization of resources;
17 and

- 18 (3) The university and the department of education shall
19 account for each transfer implemented under this
20 subsection in quarterly reports to the governor and
21 annual reports at the end of each fiscal year to the
22 legislature and the governor, which shall be prepared



1 in the form and manner prescribed by the governor and
2 shall include information on the sources and uses of
3 the transfer."

4 SECTION 3. Section 323F-1, Hawaii Revised Statutes, is
5 amended by amending the definition of "corporation board" to
6 read as follows:

7 ["~~Corporation~~] "Corporate board" means the central service
8 and coordination group under the management of the regional
9 system boards that acts as:

- 10 (1) A board of directors [~~of~~] for the corporation; and
- 11 (2) A liaison between the corporation and administration
12 and the legislature."

13 SECTION 4. Section 323F-3, Hawaii Revised Statutes, is
14 amended by amending its title and subsections (a) and (b) to
15 read as follows:

16 "**§323F-3** [~~Corporation~~] Corporate board. (a) The
17 corporation shall be governed by a fifteen-member board of
18 directors that shall [~~carry out the duties and responsibilities~~
19 ~~of the corporation other than those duties and responsibilities~~
20 ~~relating to the establishment of any captive insurance company~~
21 ~~pursuant to section [{}323F-7(c)(20){}] and the operation~~
22 ~~thereof.~~] be a central service and coordination group under the



1 direction of the regional system boards established in section
2 323F-3.5.

3 (b) Twelve members of the [~~corporation~~] corporate board
4 shall be appointed as follows:

5 (1) Two members from regional system I who reside in the
6 city and county of Honolulu shall be appointed by the
7 governor from a list consisting of four individuals,
8 two individuals submitted by the speaker of the house
9 of representatives and two individuals submitted by
10 the president of the senate within fifteen days of
11 July 1, 2007; provided that this list shall not
12 include physicians;

13 (2) Two members from regional system II who reside in the
14 county of Kauai shall be appointed by the governor
15 from a list consisting of four individuals, two
16 individuals submitted by the speaker of the house of
17 representatives and two individuals submitted by the
18 president of the senate within fifteen days of July 1,
19 2007; provided that this list shall not include
20 physicians;

21 (3) Two members from regional system III who reside in the
22 county of Maui shall be appointed by the governor from



1 a list consisting of four individuals, two individuals
2 submitted by the speaker of the house of
3 representatives and two individuals submitted by the
4 president of the senate within fifteen days of July 1,
5 2007; provided that this list shall not include
6 physicians;

7 (4) Two members from regional system IV who reside in the
8 eastern section of the county of Hawaii shall be
9 appointed by the governor from a list consisting of
10 four individuals, two individuals submitted by the
11 speaker of the house of representatives and two
12 individuals submitted by the president of the senate
13 within fifteen days of July 1, 2007; provided that
14 this list shall not include physicians;

15 (5) Two members from regional system V who reside in the
16 western section of the county of Hawaii shall be
17 appointed by the governor from a list consisting of
18 four individuals, two individuals submitted by the
19 speaker of the house of representatives and two
20 individuals submitted by the president of the senate
21 within fifteen days of July 1, 2007; provided that
22 this list shall not include physicians; [+]and[+]



1 (6) Two additional members who reside in the [State] state
2 shall be appointed by the governor.

3 The thirteenth and fourteenth members, who shall serve as
4 voting members, shall be physicians with active medical staff
5 privileges at one of the corporation's public health facilities.
6 The physician members shall each serve a term of two years.
7 The initial physician members shall be from regional system II,
8 and subsequent physician members shall come from regional
9 systems IV, III, and V respectively. The physician member
10 positions shall continue to rotate in this order. The physician
11 members shall be appointed to the [~~corporation~~] corporate board
12 by a two-thirds majority vote of the [~~corporation~~] corporate
13 board from a list of qualified nominees submitted by the public
14 health facility management advisory committees or by any
15 regional system board. If for any reason a physician member is
16 unable to serve a full term, the remainder of that term shall be
17 filled by a physician from the same regional system.

18 The fifteenth member shall be the director of health or the
19 director's designee, who shall serve as an ex officio, voting
20 member.

21 Appointments to the [~~corporation~~] corporate board, with the
22 exception of the chairperson of the executive public health



1 facility management advisory committee and the regional
2 physician member, shall be made by the governor, subject to
3 confirmation by the senate pursuant to section 26-34.

4 The appointed board members shall serve for a term of four
5 years; provided that the first member appointed from each
6 regional system shall be appointed for a term of two years.

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

13 SECTION 5. Section 323F-3.5, Hawaii Revised Statutes, is
14 amended by amending subsection (a), (b), and (c) to read as
15 follows:

16 "(a) There [~~is~~] are hereby established [~~a~~] regional system
17 [~~board~~] boards of directors [~~to~~] that shall govern each of the
18 five regional systems specified in section 323F-2, [~~no later~~
19 ~~than January 1, 2008. The regional system boards of directors~~
20 ~~shall carry out the duties and responsibilities as set forth in~~
21 ~~this chapter and as further delegated by the corporation.] and
22 shall carry out the duties and responsibilities of the~~



1 corporation other than those duties and responsibilities
2 relating to the establishment of any captive insurance company
3 pursuant to section 323F-7(c)(20) and the operation thereof.

4 (b) Upon its establishment, a regional system board shall
5 assume custodial care of all financial assets, real property,
6 including land, structures, and fixtures, or other physical
7 assets, such as personal property, including furnishings,
8 equipment, and inventory, of the corporation within its regional
9 system. No sale or encumbrance of any such real property or
10 such other financial assets, physical assets of the corporation
11 shall be permitted without the mutual consent of the Hawaii
12 health systems [~~corporation~~] corporate board and the appropriate
13 regional system board. No additional debts or liabilities or
14 superior debts shall be added by the corporation to any regional
15 system board that would negatively impact the holders of bond
16 notes. Each regional system board shall be liable for any
17 liabilities arising from financial assets, real or personal
18 property in its custodial care.

19 (c) Each regional system shall be governed by a regional
20 system board of directors to consist of not less than seven
21 members and not more than fifteen members, as determined by the



1 regional system board [~~after the initial regional system board~~
2 ~~is established.~~].

3 (1) Each regional system board shall initially consist of
4 twelve members to be appointed by the governor under
5 section 26-34 or as provided in this section, as
6 follows:

7 (A) Four members shall be appointed by the governor
8 within thirty days of receipt of a qualified list
9 of candidates as follows:

10 (i) Two members shall be chosen from a list of
11 four individuals submitted by the speaker of
12 the house of representatives within fifteen
13 days of July 1, 2007; provided that this
14 list shall not include physicians; and

15 (ii) Two members shall be chosen from a list of
16 four individuals submitted by the president
17 of the senate within fifteen days of July 1,
18 2007; provided that this list shall not
19 include physicians;

20 (B) Four members shall be appointed by the governor
21 within thirty days from a list of eight
22 individuals nominated by the regional public



1 health facility management advisory committee
2 within fifteen days of July 1, 2007. These
3 individuals may be medical and health care
4 providers and professionals, consumers, and
5 knowledgeable individuals in other appropriate
6 areas such as business, finance, and law;
7 provided that these individuals shall not be
8 physicians currently in active practice;

9 (C) Three physicians shall be appointed by the
10 governor within thirty days from a list submitted
11 within fifteen days of July 1, 2007, of six
12 physicians nominated by a majority vote of the
13 medical staff of the public health facilities in
14 the regional system present at a duly noticed
15 meeting from a list of qualified candidates
16 submitted by the medical executive committees in
17 the regional system; and

18 (D) The [~~corporation~~] corporate board chairperson or
19 chairperson's designee shall serve as an ex
20 officio, nonvoting member of each regional system
21 board;



1 (2) One member of each regional system board nominated by
2 the speaker of the house of representatives, the
3 president of the senate, and medical executive
4 committees in a regional system shall be appointed for
5 a term of two years;

6 (3) One member of each initial regional system board
7 nominated by the regional public health facility
8 management advisory committee for the regional system
9 shall be appointed for a term of two years;

10 (4) The remaining members of each initial regional system
11 board and all members appointed thereafter shall be
12 appointed for terms of three years; and

13 (5) New regional system board members appointed to any
14 regional system board after the initial regional
15 system board shall be selected by a two-thirds
16 affirmative vote of the existing regional system board
17 members.

18 Except for the ex officio members of each regional system board,
19 all other members of a regional system board shall be residents
20 of the region. Each regional system board shall elect its own
21 chair."



1 SECTION 6. Section 323F-6 Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§323F-6 Records.** The corporation and each regional
4 system board shall be subject to the requirements of chapter
5 92F, except that the following categories of government records
6 shall not be required to be disclosed:

7 (1) Applications for credentials or staff privileges at
8 any of the [~~corporation's~~] regional systems' medical
9 facilities, records from peer review proceedings, and
10 medical records; and

11 (2) Marketing strategies, strategic plans, evaluations,
12 assessments, negotiations, or rates and charges, the
13 disclosure of which would raise the cost of
14 procurement or give a manifestly unfair advantage to
15 any competitor or to any person or entity seeking to
16 do business or proposing to enter into an agreement
17 with a regional system board, the corporation, or any
18 of its facilities.

19 Any person denied access to any such government records
20 shall have available the remedies specified in sections 92F-15
21 and 92F-15.5. Government records protected from disclosure by
22 this section shall be subject to the interagency disclosure



1 provisions of section 92F-19. Section 624-25.5 shall apply to
2 this part notwithstanding anything to the contrary contained in
3 this section."

4 SECTION 7. Section 323F-7, Hawaii Revised Statutes, is
5 amended by amending its title and subsections (a), (b), and (c)
6 to read as follows:

7 "**§323F-7 Duties and powers of the [corporation and]**
8 **regional system boards.** (a) [~~Notwithstanding any other law to~~
9 ~~the contrary and unless otherwise specified, only those duties~~
10 ~~and powers related to corporation wide matters, including but~~
11 ~~not limited to corporation wide budgeting, personnel policies,~~
12 ~~procurement policies, fiscal policies, accounting policies,~~
13 ~~policies related to affiliations, joint ventures and contracts,~~
14 ~~regulatory compliance, risk management, continuing medical~~
15 ~~education programs, strategic planning, and capital planning,~~
16 ~~including the issuance of revenue bonds in any amount, shall be~~
17 ~~carried out by the corporation board in collaboration with the~~
18 ~~regional system boards.] Duties and powers related to the
19 operation of facilities within each regional system, including
20 but not limited to regional system and facility budgeting,
21 employment and removal of regional system and facility
22 personnel, purchasing, regional system strategic and capital~~



1 planning, organization, quality assurance, improvement and
2 reporting, credentialing of medical staff, and the issuance of
3 revenue bonds in any amount with corporation board approval,
4 shall be carried out by the regional system boards, either
5 directly or by delegation to regional and facility
6 administration. Unless otherwise prohibited, the duties and
7 powers granted to the corporation board may be delegated to the
8 regional system boards.

9 ~~[(b) Duties and powers exercised by the regional system~~
10 ~~boards under this chapter or delegated to the regional system~~
11 ~~boards by the corporation board shall be consistent with~~
12 ~~corporation wide policies. Wherever appropriate, corporation-~~
13 ~~wide policies shall take into account differences among regional~~
14 ~~systems and among types of facilities, particularly acute care,~~
15 ~~critical access, and long term care facilities within the~~
16 ~~system.~~

17 ~~New corporation wide policies, and major changes to~~
18 ~~existing policies other than those changes mandated by legal or~~
19 ~~regulatory requirements, shall be developed by the corporation~~
20 ~~board after consultation with a policies committee. The~~
21 ~~policies committee shall be made up of representatives of the~~
22 ~~corporation board and each regional system board or designees of~~



1 ~~each board. The corporation board shall have two~~
2 ~~representatives on this committee. The corporation board shall~~
3 ~~review and consider approval of the policies within thirty days~~
4 ~~of transmittal by the policies committee or at the next board~~
5 ~~meeting; provided that, if the policies committee fails to take~~
6 ~~action within thirty days of receiving the proposed policy, the~~
7 ~~corporation board may consider and adopt or reject or revise the~~
8 ~~policy. The regional system boards and corporation board, as~~
9 ~~needed, may submit a request to the committee to alter~~
10 ~~corporation wide policies along with detailed justification for~~
11 ~~the request. The regional system boards and the corporation~~
12 ~~board shall collaboratively establish a procedure to further~~
13 ~~implement this section.]~~

14 (c) Notwithstanding any other law to the contrary, [the
15 ~~corporation and any of the] each regional system [~~boards~~] board
16 shall exercise the following duties and powers:~~

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



1 ~~policies, procedures, and rules necessary or~~
2 ~~appropriate to plan, operate, manage, and control the~~
3 ~~public health facilities within its own regional~~
4 ~~system consistent with corporate policies,]~~

5 (2) Evaluating the need for additional health facilities
6 and services [~~; provided that each regional system~~
7 ~~board shall be responsible for the evaluation within~~
8 ~~its own regional system,]~~ within its own regional
9 system;

10 (3) Entering into and performing any contracts, leases,
11 cooperative agreements, partnerships, or other
12 transactions whatsoever that may be necessary or
13 appropriate within its own regional system in the
14 performance of its purposes and responsibilities, and
15 on terms the [~~corporation, or~~] regional system boards,
16 may deem appropriate, with either:

17 (A) Any agency or instrumentality of the United
18 States, or with any state, territory, or
19 possession, or with any subdivision thereof; or

20 (B) Any person, firm, association, partnership, or
21 corporation, whether operated on a for-profit or
22 not-for-profit basis;



1 provided that the transaction furthers the public
2 interest; [~~and provided further that if any dispute~~
3 ~~arises between any contract, lease, cooperative~~
4 ~~agreement, partnership, or other transaction entered~~
5 ~~into by the corporation and a regional system board~~
6 ~~with regard to matters solely within that regional~~
7 ~~system, after July 1, 2007, the contract, lease,~~
8 ~~cooperative agreement, partnership, or other~~
9 ~~transaction entered into by the regional system board~~
10 ~~shall prevail; and provided further that such~~
11 ~~agreements are consistent with corporation policies;]~~

12 (4) Conducting activities and entering into business
13 relationships as the [~~corporation board, or any~~]
14 regional system board[~~;~~] deems necessary or
15 appropriate within its own regional system, including
16 but not limited to:

17 (A) Creating nonprofit corporations, including but
18 not limited to charitable fund-raising
19 foundations, to be controlled wholly by the
20 [~~corporation, any~~] regional system board, or
21 jointly with others;



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

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

16 [~~provided that each regional system board shall be~~
17 ~~responsible for conducting the activities under this~~
18 ~~paragraph in its own regional system consistent with~~
19 ~~policies established by the corporation board~~];

20 (5) Participating in and developing prepaid health care
21 service and insurance programs and other alternative
22 health care delivery programs[~~7~~] within its own



1 regional system, including programs involving the
2 acceptance of capitated payments or premiums that
3 include the assumption of financial and actuarial
4 risk; [~~provided that each regional system board shall~~
5 ~~be responsible for conducting the activities under~~
6 ~~this paragraph in its own regional system consistent~~
7 ~~with policies established by the corporation board,]~~

8 (6) Executing, in accordance with all applicable bylaws,
9 rules, and laws, all instruments necessary or
10 appropriate in the exercise of any powers of the
11 [~~corporation or~~] regional system boards;

12 (7) Preparing and executing [~~all corporation wide~~]
13 budgets, policies, and procedures [~~or any regional~~
14 ~~system budgets, policies, and procedures; provided~~
15 ~~that the regional system boards shall submit their~~
16 ~~regional and facility budgets to the corporation to be~~
17 ~~consolidated into a corporation wide budget for~~
18 ~~purposes of corporation wide planning and~~
19 ~~appropriation requests. Regional system and facility~~
20 ~~budgets shall be received by the corporation and shall~~
21 ~~be included in the corporation wide budget upon~~



1 ~~submittal to the corporation,~~] for its own regional
2 system;

3 (8) Setting rates and charges for all services provided by
4 the corporation within its regional system without
5 regard to chapter 91 [~~provided that the duty and~~
6 ~~power of the corporation board shall be limited to~~
7 ~~approving the rates and charges developed by the~~
8 ~~regional system boards for the regional system's~~
9 ~~facilities and services. Rates and charges may vary~~
10 ~~among regional systems and facilities and may be~~
11 ~~consolidated with the rates of other regional systems~~
12 ~~into one charge master. Third party payer contracts~~
13 ~~may be negotiated at the corporation wide level with~~
14 ~~input from the regional systems, taking into~~
15 ~~consideration the rates set by the regional system~~
16 ~~boards~~]. For purposes of securing revenue bonds, the
17 [~~corporation or~~] regional system board may covenant to
18 set, and if necessary increase, rates and charges as
19 needed to pay debt service and related obligations
20 plus a coverage factor;

21 (9) Developing a [~~corporation wide~~] regional system-wide
22 hospital system that is subject to chapters 76 and 89;



1 ~~[provided that employment of regional system and~~
2 ~~facility personnel shall be the responsibility of the~~
3 ~~regional system boards pursuant to corporation wide~~
4 ~~policies and procedures, applicable laws, rules,~~
5 ~~regulations, and collective bargaining agreements;]~~

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

18 (11) Suing and being sued; provided that ~~[only the~~
19 ~~corporation may sue or be sued, and provided further~~
20 ~~that]~~ the corporation and the regional system boards
21 shall enjoy the same sovereign immunity available to
22 the State;



- 1 (12) Making and altering [~~corporation board and~~] regional
2 system board bylaws for its organization and
3 management without regard to chapter 91 and consistent
4 with this chapter; [~~provided that each regional system~~
5 ~~board shall be responsible for the final approval of~~
6 ~~its regional system board bylaws;~~]
- 7 (13) Adopting rules without regard to chapter 91 governing
8 the exercise of the [~~corporation's or~~] regional system
9 boards' powers and the fulfillment of its purpose
10 under this chapter;
- 11 (14) Entering into any contract or agreement whatsoever,
12 not inconsistent with this chapter or the laws of this
13 State, and authorizing the [~~corporation,~~] regional
14 system boards[~~7~~] and chief executive officers to enter
15 into all contracts, execute all instruments, and do
16 all things necessary or appropriate in the exercise of
17 the powers granted in this chapter, including securing
18 the payment of bonds; provided that [~~the corporation~~
19 ~~board shall delegate to a regional system board its~~
20 ~~authority to enter into and execute contracts or~~
21 ~~agreements relating to matters exclusively affecting~~
22 ~~that regional system;~~ provided further that a regional



1 ~~system board shall exercise this power consistent with~~
 2 ~~corporation wide policies, and provided further that]~~
 3 contracts or agreements executed by a regional system
 4 board shall encumber only the regional subaccounts of
 5 that regional system board;

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

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

11 (B) ~~[The corporation and any]~~ Any regional system
 12 board shall have the power to issue revenue bonds
 13 in any amount without regard to any limitation in
 14 chapter 39; and

15 (C) ~~[The corporation]~~ Any regional system board shall
 16 have the power to incur debt, including the
 17 issuance of revenue bonds in any amount~~[, and the~~
 18 ~~regional system boards shall have the power to~~
 19 ~~issue revenue bonds in any amount upon approval~~
 20 ~~by the corporation board];~~

21 (16) Reimbursing the state general fund for debt service on
 22 general obligation bonds or reimbursable general



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



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

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

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



1 a regional system board shall be subject to
2 section 323F-3.5; and
3 (B) Each regional system board shall be responsible
4 for conducting the activities under this
5 paragraph in its own regional system;
6 (19) Maintaining, improving, pledging, mortgaging, selling,
7 or otherwise holding or disposing of property~~[7]~~
8 within its own regional system, whether real, personal
9 or mixed, tangible or intangible, and of any interest
10 therein, at any time and manner, in furtherance of the
11 purposes and mission of the ~~[corporation or any]~~
12 regional system board; provided that ~~[the corporation~~
13 ~~or]~~ any regional system board legally holds or
14 controls the property in its own name; provided
15 further that other than to secure revenue bonds and
16 related obligations and agents, ~~[the corporation or]~~
17 any regional system board shall not sell, assign,
18 lease, hypothecate, mortgage, pledge, give, or dispose
19 of all or substantially all of its property; ~~[and~~
20 ~~provided further that each regional system board shall~~
21 ~~be responsible for conducting the activities under~~
22 ~~this paragraph in its own regional system, and control~~

1 ~~over such property shall be delegated to each regional~~
2 ~~system board;~~]

3 (20) Purchasing insurance and creating captive insurers in
4 any arrangement deemed in the best interest of the
5 ~~[corporation,]~~ the regional system board, including
6 but not limited to funding and payment of deductibles
7 and purchase of reinsurance; provided that only the
8 ~~[corporation]~~ captive insurance board established
9 under section 323F-4.5 shall have the power to create
10 captive insurers to benefit public health facilities
11 and operations in all regional systems; and provided
12 further that a regional system board may purchase
13 insurance for its regional system in collaboration
14 with the other regional systems and the corporation
15 until captive coverage is provided by the
16 ~~[corporation,]~~ captive insurance board.

17 (21) Acquiring by condemnation, pursuant to chapter 101,
18 any real property required by the ~~[corporation]~~
19 regional system board to carry out the powers granted
20 by this chapter;

21 (22) Depositing any moneys of ~~[the corporation or]~~ any
22 regional system board in any banking institution



1 within or without the [~~State,~~] state, and appointing,
2 for the purpose of making deposits, one or more
3 persons to act as custodians of the moneys of [~~the~~
4 ~~corporation, or~~] any regional system board; [~~provided~~
5 ~~that regional system boards may deposit moneys in~~
6 ~~banking institutions pursuant to corporation-wide~~
7 ~~guidelines established by the corporation board;~~]

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



- 1 (24) Providing health and medical services for the public
2 directly or by agreement or lease with any person,
3 firm, or private or public corporation, partnership,
4 or association through or in the health facilities of
5 the [~~corporation or~~] regional system boards in their
6 respective regional systems or otherwise; [~~provided~~
7 ~~that the regional system boards shall be responsible~~
8 ~~for conducting the activities under this paragraph in~~
9 ~~their respective regional systems;~~]
- 10 (25) Approving medical staff bylaws, rules, and medical
11 staff appointments and reappointments for all public
12 health facilities [~~of the corporation or any regional~~
13 ~~system board,~~] in their respective regional systems,
14 including but not limited to determining the
15 conditions under which a health professional may be
16 extended the privilege of practicing within a health
17 facility, [~~as determined by the respective regional~~
18 ~~system board and consistent with corporate wide~~
19 ~~policies,~~] and adopting and implementing reasonable
20 rules, without regard to chapter 91, for the
21 credentialing and peer review of all persons and
22 health professionals within the facility; [~~provided~~



1 ~~that regional system boards shall be]~~ and acting as
2 the governing body responsible for all medical staff
3 organization, peer review, and credentialing
4 activities to the extent allowed by law;

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



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

16 (B) Notwithstanding subparagraph (A), contracting
 17 with the holders of any of its notes or bonds as
 18 to the custody, collection, securing, investment,
 19 and payment of any moneys of the corporation or a
 20 regional system board and of any moneys held in
 21 trust or otherwise for the payment of notes or
 22 bonds and carrying out the contract. Moneys held



1 in trust or otherwise for the payment of notes or
 2 bonds or in any way to secure notes or bonds, and
 3 deposits of such moneys, may be secured in the
 4 same manner as moneys of the [~~corporation or~~]
 5 regional system board, and all banks and trust
 6 companies are authorized to give security for the
 7 deposits;

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

19 (28) Having a seal and altering the same at a regional
 20 system board's pleasure;

21 (29) Waiving, by means that the corporation or a regional
 22 system board deems appropriate, the exemption from



1 federal income taxation of interest on the
2 corporation's or a regional system boards' bonds,
3 notes, or other obligations provided by the Internal
4 Revenue Code of 1986, as amended, or any other federal
5 statute providing a similar exemption;

6 (30) Developing internal policies and procedures for the
7 procurement of goods and services, consistent with the
8 goals of public accountability and public procurement
9 practices, and subject to management and financial
10 legislative audits; [~~provided that the regional system~~
11 ~~boards shall be responsible for developing internal~~
12 ~~policies and procedures for each of their regional~~
13 ~~systems consistent with the corporation's policies and~~
14 ~~procedures, and further]~~ provided that{:

15 ~~(A) The regional system boards and the corporate~~
16 ~~board shall enjoy the exemption under section~~
17 ~~103-53(e);~~

18 ~~(B) The]~~ the regional system boards shall enjoy the
19 ~~[exemption]~~ exemptions under section 103-53(e)
20 and chapter 103D[~~, and~~

21 ~~(C) The corporation shall be subject to chapter~~
22 ~~103D];~~



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

10 (32) Having and exercising all rights and powers necessary
11 or incidental to or implied from the specific powers
12 granted in this chapter, which specific powers shall
13 not be considered as a limitation upon any power
14 necessary or appropriate to carry out the purposes and
15 intent of this chapter; ~~[provided that the regional~~
16 ~~system boards shall be responsible for having and~~
17 ~~exercising all powers and rights with respect to~~
18 ~~matters in their regional systems consistent with the~~
19 ~~law;]~~ and

20 (33) Each regional system, through its regional system
21 board, shall:



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

14 SECTION 8. Section 323F-8.5, Hawaii Revised Statutes, is
15 amended as follows:

16 1. By amending its title and subsections (a) an (b) to
17 read:

18 "[~~+~~]**§323F-8.5**[~~+~~] **Regional chief executive officer; exempt**
19 **position.** (a) Upon establishment, [~~and until December 31,~~
20 ~~2008,~~] a regional system board may appoint a regional chief
21 executive officer and regional chief financial officer whose
22 salary shall be set by the corresponding regional system board



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

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



1 State, and regional system policies adopted in accordance with
2 [~~corporate~~] regional system board policies."

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

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

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

13 "**§323F-9 Hiring of attorneys.** The [~~corporation~~] corporate
14 board and regional system boards may employ or retain any
15 attorney, by contract or otherwise, for the purpose of
16 representing the [~~corporation or~~] regional system boards in any
17 litigation, rendering legal counsel, or drafting legal documents
18 for the [~~corporation or~~] regional system boards.

19 SECTION 10. Section 323F-10, Hawaii Revised Statutes, is
20 amended by amending subsections (a) and (b) to read as follows:

21 "(a) On the transfer date, there shall be established
22 within the corporation for each region, a public health facility



1 management advisory committee to consist of nine members
2 initially to be appointed by the chief executive officer of the
3 corporation with the advice of the hospital administrators of
4 the facilities in the affected regions. The members shall serve
5 for a term of four years; provided that upon the initial
6 appointment of the members, two shall be appointed for a term of
7 one year, two for a term of two years, two for a term of three
8 years, and three for a term of four years.

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

17 Each regional management advisory committee shall include
18 medical and health care providers, consumers, and knowledgeable
19 individuals in other appropriate areas such as business and law;
20 provided that at least one member shall be a physician with
21 active medical staff privileges at one of the region's public



1 health facilities. At least three members of the committee
2 shall be consumers.

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

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

21 The members of the regional committees shall serve without
22 compensation, but shall be reimbursed for traveling expenses



1 incurred in the performance of their duties. The corporation
2 shall provide for the necessary expenses of the committees;
3 provided that no expenses may be incurred without prior
4 authorization by the chief executive officer.

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

16 SECTION 11. Section 323F-10.5, Hawaii Revised Statutes, is
17 amended by amending subsections (a), and (b) to read as follows:

18 "(a) There is established within the corporation an
19 executive public health facility management advisory committee
20 to consist of the chairpersons of each of the five regional
21 public health facility management advisory committees. The
22 executive committee shall, through its chairperson, represent



1 the interests of all regional committees on the [~~corporation~~]
2 corporate board.

3 (b) The executive committee shall select its own
4 chairperson to serve on the [~~corporation~~] corporate board and
5 shall adopt rules governing the terms of office and removal from
6 the [~~corporation~~] corporate board. The executive committee
7 shall also adopt rules governing the terms of office for each of
8 the five regional committee chairpersons. The executive
9 committee may also adopt other rules as it may consider
10 necessary for the conduct of its business."

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

13 **"§323F-11 Executive branch; noninterference.**

14 Notwithstanding any other law to the contrary, the governor and
15 executive branch agencies shall limit their responsibilities to
16 that of review and oversight when the [~~corporation or~~] regional
17 system board receives general funds from the State to subsidize
18 the operating budgets of deficit facilities. The governor and
19 executive branch agencies shall not interfere with the systemic
20 change, capacity building, advocacy, budget, personnel, system
21 plan development, or plan implementation activities of [~~the~~
22 ~~corporation or~~] any regional system board. The governor and



1 executive branch agencies shall not interfere with the ability
2 of [~~the corporation or~~] any regional system board to function as
3 a multiple facility public hospital system delivering health
4 care services to the residents of the [~~State.~~] state."

5 SECTION 13. Section 323F-21, Hawaii Revised Statutes, is
6 amended as follows:

7 1. By amending subsections (a) through (f) to read:

8 "(a) There is created in the state treasury a special fund
9 to be known as the health systems special fund, into which shall
10 be deposited all fees, proceeds, reimbursements, and the like
11 owed to or received by the corporation, any regional system
12 board, and its facilities, except as herein provided. There
13 shall be established within the special fund regional
14 subaccounts for each regional system board upon its
15 establishment. The special fund and the regional subaccounts
16 shall be used solely to fulfill the purposes outlined in this
17 chapter.

18 [~~The corporation and each~~] A regional system board may
19 establish and maintain, within the health systems special fund
20 or any regional subaccount, any other accounts that may be
21 necessary and appropriate to carry out its purposes and
22 responsibilities.



1 ~~[The corporation and any]~~ A regional system board may
2 deposit moneys into trustee accounts for the purposes of
3 securing or issuing bonds.

4 ~~[The corporation and]~~ A regional system ~~[boards]~~ board may
5 provide reasonable reserves for any of the following purposes:

6 (1) Insurance deductibles;

7 (2) The improvement, replacement, or expansion of ~~[their]~~
8 its facilities or services;

9 (3) The securing of ~~[the corporation's or]~~ regional system
10 boards' bonds, notes, or other instruments of
11 indebtedness; or

12 (4) Any other purpose ~~[the corporation or the]~~ a regional
13 system ~~[boards deem]~~ board deems necessary or
14 appropriate in the performance of ~~[their]~~ its purposes
15 and responsibilities.

16 (b) ~~[The corporation board and]~~ A regional system ~~[boards]~~
17 board shall ~~[collaboratively]~~ develop budgetary guidelines and
18 annual operating and capital budgets for each facility within
19 its respective regional system, taking into account anticipated
20 surpluses from or subsidies to the facilities pursuant to the
21 annual guidelines described in this section, accumulated
22 corporation and regional reserves and accounts, subsidies, if



1 any, that are determined to be needed from the general fund, and
2 other sources of corporation-wide and regional income as may be
3 identified. Two-year budgets will be approved for regional
4 system boards, in alignment with State of Hawaii biennium
5 budgeting. The corporate board shall not alter the two-year
6 budget of a regional system [~~except:~~

- 7 ~~(1) Where state general funding is reduced;~~
8 ~~(2) An emergency exists; or~~
9 ~~(3) There is a renegotiated budget approved by a regional~~
10 ~~system board].~~

11 The [~~corporation and~~] regional system boards shall
12 [~~collaboratively~~] develop budgetary guidelines and negotiate
13 with each facility within its respective regional system
14 reasonable corporation administrative costs, including funds
15 determined by [~~the corporation or any~~] a regional system board
16 to be needed from or provided to each facility within its
17 regional system to:

- 18 (1) Repay [~~corporation or~~] regional system board debts;
19 (2) Provide subsidies to any facility within its regional
20 system determined to be unable to fund from within
21 that facility's programs and services deemed essential
22 to community needs; and



1 (3) Maintain appropriate reserves.

2 (c) ~~[The corporation and]~~ A regional system [boards] board
3 shall ~~[collaboratively]~~ develop annual ~~[corporation]~~ operating
4 and capital budgets, taking into account anticipated surpluses
5 from or subsidies to the facilities within its respective
6 regional system pursuant to the annual guidelines described in
7 this section, accumulated corporation and regional system board
8 reserves and accounts, subsidies, if any, that are determined to
9 be needed from the general fund, and other sources of
10 corporation-wide and regional system board income as may be
11 identified.

12 (d) Beginning with the first of the legislative biennium
13 budget years following the establishment of a regional system
14 board, and for each biennium period thereafter, the
15 ~~[corporation]~~ regional boards shall call together all the
16 ~~[regional systems through representatives selected by each~~
17 ~~regional system board, and the]~~ chairs of the facility
18 management advisory committees within their respective regional
19 systems, if any, to determine which services and functions
20 should be provided by the ~~[corporation]~~ regional system board
21 for the next biennium budget period, consistent with this
22 chapter. As part of the biennium budgeting process, ~~[the~~



1 ~~corporation board and the representatives of]~~ each regional
2 system, working through the [~~corporation]~~ corporate board
3 regional representatives, shall agree upon an allocation
4 methodology for funding the agreed upon and statutorily created
5 corporate services and functions.

6 (e) The corporation may share in any facility's surplus
7 and may offset any facility's deficits as provided herein. Any
8 regional system board shall share in the surplus of any facility
9 within the regional system and shall offset any facility
10 deficits within its regional system. Operating surpluses of the
11 regional system board shall be reinvested in the operations of
12 that regional system in any prudent manner; provided that upon
13 request, and subject to authorization by the regional system
14 board, the regional system board may share its surplus or
15 resources with a facility outside of the regional system to
16 benefit the corporation-wide system of health care. Obligations
17 undertaken by a facility shall be paid only from funds of that
18 facility, unless the [~~corporation]~~ corporate board, the regional
19 system board managing the facility, or an authorized agent
20 explicitly agrees to guarantee the obligation. Loans and other
21 transfers may be made between regional systems upon approval of



1 the affected regional system boards to assist in the cash flow
2 and operations of the public health facilities.

3 (f) In accordance with each annual facility budget, and
4 subject to policies established by the [~~corporation~~] corporate
5 board and by each regional system board, each facility of the
6 corporation and regional system board, respectively, shall:

- 7 (1) Bill and collect for its services;
- 8 (2) Maintain bank accounts; and
- 9 (3) Pay for needed personnel, supplies, equipment, and
10 other operational and capital expenditures."

11 2. By amending subsection (h) to read:

12 "(h) The [~~corporation~~] corporate board and regional system
13 boards may hold public informational meetings on their budgets.
14 Representatives of any county government, state government, or
15 any other person having an interest in the budget, shall have
16 the right to be heard at the meetings."

17 SECTION 14. Section 323F-22, Hawaii Revised Statutes, is
18 amended by amending subsection (a) to read as follows:

19 "(a) The corporation shall engage a certified public
20 accountant to conduct an annual audit of its financial affairs,
21 books, and records in accordance with generally accepted
22 accounting principles. The corporation, in consultation with a



1 regional system board, may permit or require a regional system
2 board to retain an audit firm to conduct an independent audit of
3 the regional system. Each regional system board shall submit
4 the results of the annual audit to the [~~corporation~~] corporate
5 board within one hundred twenty days after the close of the
6 regional system board's fiscal year. The corporation shall
7 submit to the governor and the legislature, within one hundred
8 fifty days after the close of the corporation's fiscal year, a
9 report that shall include the audited financial report for that
10 fiscal year for the corporation and each regional system board."

11 SECTION 15. Section 323F-7.5, Hawaii Revised Statutes, is
12 repealed:

13 [~~["§323F-7.5] Regional system boards, delegated authority.~~
14 ~~If the Hawaii health systems corporation board is unable to act~~
15 ~~on important transactions in as timely a manner as the~~
16 ~~chairperson of the corporation board deems reasonable, the~~
17 ~~chairperson of the corporation board may further delegate~~
18 ~~authority to the regional system boards to take action on~~
19 ~~specific matters."]~~

20 SECTION 16. Section 323F-3, Hawaii Revised Statutes, is
21 repealed:



1 ~~["§323F-8 Chief executive officer, exempt positions. (a)~~

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

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

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



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

3 ~~(d) Hiring, firing, compensation packages, and other~~
4 ~~personnel actions with respect to employees not covered by~~
5 ~~chapter 76 and 89 shall be governed by policies and guidelines~~
6 ~~established by the corporation, except as otherwise provided in~~
7 ~~this chapter.~~

8 ~~(e) Upon the establishment of a regional system board, the~~
9 ~~authority to appoint regional hospital administrators, assistant~~
10 ~~administrators, directors of nursing, medical directors, and~~
11 ~~staff physicians under subsection (c) shall be superseded by~~
12 ~~section 323F-8.5 for that regional system. No incumbent~~
13 ~~personnel shall lose a position without specific action taken by~~
14 ~~the regional system board."]~~

15 SECTION 17. Sections 26-35.5, 76-11, 89-2, 89C-1.5, 323F-4,
16 323F-4.5, 323F-5, Hawaii Revised Statutes, are amended by
17 substituting the words "corporate board" or like terms wherever
18 the words "corporation board" or like terms occur as the context
19 requires.

20 SECTION 17. (a) It is the intent of this Act that the
21 ability of the Hawaii health systems corporation to carry out
22 its mission and improve the quality and efficiency of care in



1 all of its regional systems will be enhanced by the delegation
2 to community-based, regional system boards the control over the
3 assets, personnel, services, and operations of the corporation.
4 This regional control shall be delegated to the regional system
5 boards within a reasonable period of time following the
6 effective date of this Act. This Act shall be construed with
7 this intent.

8 (b) Following a transition period of no longer than one
9 year after this Act taking effect, each regional system board
10 the control over the assets, personnel, services, and operations
11 of the Hawaii health systems corporation with regard to the
12 respective regional system shall be transferred to the
13 appropriate regional system board. The corporate board shall
14 assist as directed by any regional system board in transitioning
15 regional control of Hawaii health system corporation operations
16 within the respective regional systems. Transition shall take
17 no longer than one year, unless a longer period is agreed to by
18 the regional system board.

19 (b) No officer or employee of the State having tenure
20 shall suffer any loss of salary, seniority, prior service
21 credit, vacation, sick leave, or other employee benefit or
22 privilege as a consequence of this Act, and such officer or



1 employee may be transferred or appointed to a civil service
2 position without the necessity of examination; provided that the
3 officer or employee possess the minimum qualifications for the
4 position to which transferred or appointed; and provided that
5 subsequent changes in status may be made pursuant to applicable
6 civil service laws.

7 (c) During any transition period or until a methodology
8 for funding regional system services and functions as provided
9 for in section 323F-21, Hawaii Revised Statutes, is developed,
10 the Hawaii health systems corporation shall continue to provide
11 to any regional system board services that the Hawaii health
12 systems corporation provides to any of its facilities as of
13 April 1, 2009, and may charge an amount consistent with charges
14 levied on other facilities within the system for such services.
15 In the event there is a service provided by the corporation to
16 only one regional system, and the regional system board
17 determines that it does not need the service during this interim
18 period, the regional system board may terminate the service upon
19 one hundred eighty days written notice to the corporate board.

20 SECTION 18. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so much
22 thereof as may be necessary for fiscal year 2009-2010 to support



1 the necessary transfer in services and regional control from
2 Hawaii health systems corporation's corporate board to the
3 regional system boards.

4 The sum appropriated shall be expended by the regional
5 system boards of the Hawaii health systems corporation for the
6 purposes of this Act.

7 SECTION 19. All acts passed prior to or during this
8 regular session of 2009, whether enacted before or after passage
9 of this Act shall be interpreted to conform to this Act, unless
10 the acts specifically provide that this Act is being amended.
11 In so far as this Act is inconsistent with any other law, this
12 Act shall control.

13 SECTION 20. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 21. This Act shall take effect on July 1, 2009.

16

INTRODUCED BY: Calvin H. Iy
JAN 28 2009



Report Title:

Corporate Board Functions; Service and Coordination Group

Description:

Restructures the Hawaii Health Systems Corporation so the Corporate Board takes on a new role as a service and coordination group to assist the Regional Boards in improving public hospital services.

