
A BILL FOR AN ACT

RELATING TO HEALTH.

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 that the Hawaii health systems corporation
4 operates public health care facilities that provide essential
5 safety-net hospital and long-term care services throughout the
6 State.

7 The legislature also finds that there is a shortage of
8 long-term care beds in many areas of the state, including Oahu.
9 This shortage places an undue burden on the acute care
10 hospitals, which have a wait list of patients who need to be
11 placed in long-term care beds. The wait list problem presents
12 quality of care issues for the wait-listed patients and the
13 patients who need an acute care bed where none are available.
14 The closing of Hawaii Medical Center exasperated this problem by
15 eliminating a large number of long-term care beds, along with
16 the elimination of other needed services. While some beds are
17 empty at Leahi hospital, a Hawaii health systems corporation
18 facility, Leahi hospital needs a major renovation. Furthermore,



1 the number and various types of beds eliminated by the closing
2 of Hawaii Medical Center cannot be fully accommodated by the
3 existing facilities.

4 Accordingly, the legislature finds that it is in the public
5 interest to establish a public-private partnership between the
6 owners of the facility previously known as Hawaii Medical Center
7 East (located on Liliha Street in Honolulu) and the Hawaii
8 health systems corporation in order to provide long-term care
9 and other health care services.

10 The purpose of this Act is to authorize the Hawaii health
11 systems corporation to bring the Hawaii Medical Center East
12 facility under its governance through formal affiliation,
13 acquisition, or both, and to appropriate the necessary funding.

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

17 **"§323F- Assimilation of Hawaii Medical Center East. (a)**

18 The Hawaii Medical Center East facility on Oahu may be
19 assimilated into the Hawaii health systems corporation in a
20 manner and to an extent that may be negotiated between the
21 corporation and the owners. Assimilation may be accomplished
22 with the creation of a new entity, a partnership, a long-term



1 lease, or any other legal vehicle determined to be in the best
2 interests of the public by the corporation's board of directors
3 and as negotiated with the owners. After assimilation, Hawaii
4 Medical Center East shall be operated by the corporation either
5 directly, through contractors, or through a subsidiary.

6 (b) None of the liabilities of Hawaii Medical Center East
7 shall become liabilities of the corporation.

8 (c) The Hawaii Medical Center East facility, once
9 assimilated, shall be exempt from chapter 102 and section 103-53
10 and its board of directors, if any, shall be exempt from part I
11 of chapter 92.

12 (d) The purchase of goods and services by or on behalf of
13 Hawaii Medical Center East, after assimilation, shall be exempt
14 from chapters 103D and 103F.

15 (e) The assimilation shall be exempt from part VII of
16 chapter 323D, relating to hospital acquisition."

17 SECTION 3. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of \$ or so
19 much thereof as may be necessary for fiscal year 2012-2013 for
20 the purposes of this Act, including hiring or contracting the
21 necessary staff.



1 The sum appropriated shall be expended by the Hawaii health
2 systems corporation for the purposes of this Act.

3 SECTION 4. New statutory material is underscored.

4 SECTION 5. This Act shall take effect on July 1, 2012.



Report Title:

Hawaii Health Systems Corporation; Hawaii Medical Center East;
Affiliation; Acquisition; Appropriation

Description:

Authorizes the Hawaii Health Systems Corporation to bring the Hawaii Medical Center East facility under its governance through formal affiliation, acquisition, or both. Appropriates necessary funds. (SD1)

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