

TESTIMONY

SB417, SD1

**HTH
Committee Hearing
02-27-2012**

HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Touching Lives Everyday"

Senate Committee on Health
Senator Josh Green, M.D., Chair

February 27, 2012
Conference Room 229 2:45 p.m.
Hawaii State Capitol

Testimony Supporting Senate Bill 417 S.D. 1 Adds a member to the corporation board of Hawaii health systems corporation who alternately represents the eastern and western regions of the county of Hawaii. Replaces the regional chief executive officers with community members from each respective region. Removes the at-large member selected by the governor.

Bruce S. Anderson, Ph.D.
President and Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC), thank you for the opportunity to submit testimony in support of SB 417 S.D. 1, as amended in proposed S.D. 2. The proposed S.D. 2 will provide more flexibility to the HHSC regional system boards in recruiting and retaining experienced board members by allowing the boards to establish a two, three, four, or five year term upon the appointment of each board member.

The proposed S.D. 2 amends section 323F-3.5©, Hawaii Revised Statutes (HRS), which presently provides that all regional system board members appointed after the initial regional system board shall serve three years (after the initial term of two years). Section 26-34, HRS, provides that no board member may serve for more than two consecutive terms or for more than eight years. The two statutes result in setting the maximum number of years a regional board member may serve at five to six years. Healthcare is a complex industry which requires a great deal of time and resources to learn. In addition, the staggered terms result in half the board leaving one year and the other half leaving the next year. The regional system boards desire the flexibility to appoint board members to terms of two to five years in order to stagger terms further and to allow experienced board members to serve the full eight years, as allowed by section 26-34, HRS.

We are fortunate that each region has cultivated experienced, committed, and interested board members. By giving the regional system boards this added flexibility, the board members will be able to serve the number of years appropriate to their

backgrounds and circumstances, up to the full eight years, and the terms will be more staggered, leaving a majority of experienced members always on the board. By giving this flexibility to the regional system boards, they will be able to continue to provide local governance in advancing health care services provided to our communities and visitors.

Thank you for the opportunity to testify before this committee. We would respectfully recommend the Committee's support of the proposed S.D. 2 version of this measure.

**Pls see attached*

____.B. NO. _____

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. Due to rapid change taking place
6 in the health care industry and the impending implementation of
7 national health care reform, the legislature acknowledges that
8 the structure of governance must be provided with the
9 appropriate flexibility and autonomy needed for community
10 hospitals to compete and remain viable.

11 The current regional governance arrangement calls for
12 staggered three-year terms, after some initial two-year terms.
13 In practice, half the board terms end one year, and the
14 remaining end the following year. The legislature finds that
15 the significant challenges imposed by an ever-changing and
16 complex health environment and the time and effort required to
17 understand the issues renders the three-year term too short for
18 most directors, which is exacerbated by the possible replacement

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1 of the most experienced board members entirely within a 12 month
2 span. Section 26-34, Hawaii Revised Statutes, prohibits a
3 director from serving more than two consecutive terms, so a
4 director who serves two terms totaling five or six years would
5 not be qualified to serve again at that time. In addition, on
6 occasion, a board member wishes to remain for a second term, but
7 cannot commit to a full three years, after having already served
8 one term. Therefore, the legislature finds that additional
9 flexibility should be given to the regional system boards by
10 allowing the boards to establish the length of each term. This
11 flexibility would assist the regional system boards in
12 recruiting and retaining the best complement of active, trained,
13 and committed board members.

14 The purpose of this Act is to affirm the State's commitment
15 to provide quality health care for the people of our State, by
16 amending Section 323F-3.5(c), Hawaii Revised Statutes, to change
17 the regional system board members terms from three years to "two
18 to five years as determined by a two-thirds affirmative vote of
19 the existing regional system board members."

20 SECTION 2. Section 323F-3.5, Hawaii Revised Statutes, is
21 amended by amending subsection (c) to read as follows:

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1 "(c) Each regional system shall be governed by a regional
2 system board of directors to consist of not less than seven
3 members and not more than fifteen members, as determined by the
4 regional system board after the initial regional system board is
5 established.

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

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

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

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

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1 (B) Four members shall be appointed by the
2 governor within thirty days from a list of eight
3 individuals nominated by the regional public
4 health facility management advisory committee
5 within fifteen days of July 1, 2007. These
6 individuals may be medical and health care
7 providers and professionals, consumers, and
8 knowledgeable individuals in other appropriate
9 areas such as business, finance, and law;
10 provided that these individuals shall not be
11 physicians currently in active practice;

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

21 (D) The corporation board chairperson or
22 chairperson's designee shall serve as an ex

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1 officio, nonvoting member of each regional system
2 board;

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

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

12 (4) The remaining members of each initial regional system
13 board [and all members appointed thereafter] shall be
14 appointed for terms of three years. All members
15 appointed thereafter shall be appointed for terms of
16 two to five years, as established by a two-thirds
17 affirmative vote of the existing regional system board
18 members at the time of appointment; and

19 (5) New regional system board members appointed to any
20 regional system board after the initial regional
21 system board shall be selected by a two-thirds
22 affirmative vote of the existing regional system

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1 board members.

2 Except for the ex officio members of each regional system board,
3 all other members of a regional system board shall be residents
4 of the region. Each regional system board shall elect its own
5 chair."

6 SECTION 3. This Act shall take effect on July 1, 2012.

7

8 INTRODUCED BY: _____

9

BY REQUEST

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Report Title:

Hawaii Health Systems Corporation; Regional System Board
Terms

Description:

Amends Section 323F-3.5, Hawaii Revised Statutes, to allow regional system board terms of two to five years, as determined by the regional system board at the time of appointment, instead of three years.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

Testimony for HTH 2/27/2012 2:45:00 PM SB417

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

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Submitted on: 2/23/2012

Comments: