



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

GOV. MSG. NO. 1384

July 8, 2013

The Honorable Donna Mercado Kim,
President and Members of
the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of
the House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

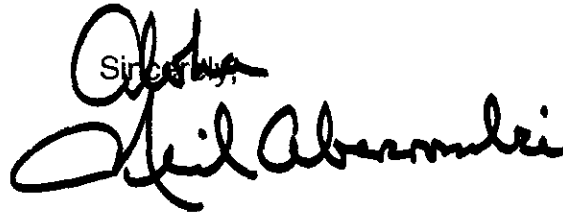
Re: House Bill No. 1130, H.D. 1, S.D. 1

House Bill No. 1130, H.D. 1, S.D. 1, entitled "A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION" will become law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to expand and diversify the membership of the Hawaii Health Systems Corporation Board of Directors.

This bill will improve accountability in the management of the Hawaii Health Systems Corporation, create a more balanced multi-board tiered system, and help address the challenges facing the health care system. Additionally, this bill will allow the Corporation to reposition its health care services in accordance with health care transformation. However, I am concerned about the current financial situation of the Hawaii Health Systems Corporation and will ask the Board of Directors to address its long term sustainability.

For the foregoing reasons, House Bill No. 1130, H.D. 1, S.D. 1 will become law as Act 278, Session Laws of Hawaii 2013, effective July 9, 2013, without my signature.

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

Permitted to become law without the

Governor's signature JUL 9 2013

ACT 278

HOUSE OF REPRESENTATIVES
TWENTY-SEVENTH LEGISLATURE, 2013
STATE OF HAWAII

H.B. NO. 1130
H.D. 1
S.D. 1

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 Hawaii health systems corporation, the
2 fourth largest public hospital system in the nation, operates
3 public health care facilities that provide essential safety-net
4 hospital and long-term care services throughout the State. The
5 legislature finds that changes in the health care industry and
6 implementation of national health care reform necessitate that
7 the Hawaii health systems corporation board of directors have
8 the necessary flexibility and autonomy needed for community
9 hospitals to compete and remain viable.

10 The Hawaii health systems corporation board currently
11 includes five regional chief executive officers who serve as ex-
12 officio, voting members. The regional chief executive officers
13 have been instrumental in bringing additional expertise to the
14 board during its time of transition from a single corporation
15 board to a multi-level board. In light of the successful
16 establishment of the regional system boards, the significant
17 challenges imposed by an ever-changing and complex health care
18 environment, the time required to serve on the Hawaii health



1 systems corporation board, and the desire for additional
2 community participation, the legislature finds it appropriate to
3 shift the voting powers of the five regional chief executive
4 officers on the board to the community members from each of the
5 regional systems. The regional chief executive officers will
6 continue to participate in the Hawaii health systems
7 corporation's board meetings, along with the Hawaii health
8 systems corporation president and chief executive officer.

9 The legislature finds that the statewide nature and
10 function of the Hawaii health systems corporation are essential
11 for coordination of decisions and are necessary to provide a
12 centralized system of operations, budgeting, and planning for
13 public healthcare in the State. As a statewide governing
14 entity, the Hawaii health systems corporation is able to make
15 decisions from a statewide perspective to minimize costs and
16 maximize efficiencies in healthcare provision through economies
17 of scale. The Hawaii health systems corporation's role and
18 function ensure coordination and consolidation of services among
19 public hospitals in areas such as facilities management, capital
20 planning, purchasing, personnel, and public-private partnerships
21 for the needs of communities statewide.



1 The purpose of this Act is to improve accountability in the
2 health care system, support clear and consistent roles for all
3 regional systems, and create a more balanced multi-board tiered
4 system by shifting the voting powers of the five regional chief
5 executive officers on the Hawaii health systems corporation
6 board of directors to community members who are appointed by the
7 governor.

8 SECTION 2. Section 323F-3, Hawaii Revised Statutes, is
9 amended by amending subsections (a) and (b) to read as follows:

10 "(a) The corporation shall be governed by [~~a-thirteen-~~
11 ~~member~~] an eighteen-member board of directors that shall carry
12 out the duties and responsibilities of the corporation other
13 than those duties and responsibilities relating to the
14 establishment of any captive insurance company pursuant to
15 section 323F-7(c)(20) and the operation thereof.

16 (b) The members of the corporation board shall be
17 appointed as follows:

18 (1) The director of health as an ex-officio, voting
19 member;

20 (2) The five regional chief executive officers as ex-
21 officio, [~~voting~~] nonvoting members;



- 1 (3) ~~[Two]~~ Three members who reside in the county of Maui
- 2 ~~[who]~~, two of whom shall be appointed by the Maui
- 3 regional system board[+] and one of whom shall be
- 4 appointed by the governor, all of whom shall serve as
- 5 voting members;

- 6 (4) ~~[One member]~~ Two members who ~~[resides]~~ reside in the
- 7 eastern section of the county of Hawaii ~~[who]~~, one of
- 8 whom shall be appointed by the East Hawaii regional
- 9 system board[+] and one of whom shall be appointed by
- 10 the governor, both of whom shall serve as voting
- 11 members;

- 12 (5) ~~[One member]~~ Two members who ~~[resides]~~ reside in the
- 13 western section of the county of Hawaii ~~[who]~~, one of
- 14 whom shall be appointed by the West Hawaii regional
- 15 system board[+] and one of whom shall be appointed by
- 16 the governor, both of whom shall serve as voting
- 17 members;

- 18 (6) ~~[One member]~~ Two members who ~~[resides]~~ reside on the
- 19 island of Kauai ~~[who]~~, one of whom shall be appointed
- 20 by the Kauai regional system board[+] and one of whom
- 21 shall be appointed by the governor, both of whom shall
- 22 serve as voting members;

1 (7) ~~[One member]~~ Two members who ~~[resides]~~ reside on the
2 island of Oahu ~~[who]~~, one of whom shall be appointed
3 by the Oahu regional system board~~[+]~~ and one of whom
4 shall be appointed by the governor, both of whom shall
5 serve as voting members; and

6 (8) One member who shall be appointed by the governor and
7 serve as an at-large voting member.

8 The appointed board members who reside in the county of
9 Maui, eastern section of the county of Hawaii, western section
10 of the county of Hawaii, on the island of Kauai, and on the
11 island of Oahu shall each serve for a term of four years;
12 provided that the terms of the initial appointments of the
13 members who are appointed by their respective regional system
14 boards shall be as follows: one of the initial members from the
15 county of Maui shall be appointed to serve a term of two years
16 and the other member shall be appointed to serve a term of four
17 years; the initial member from East Hawaii shall be appointed to
18 serve a term of two years; the initial member from West Hawaii
19 shall be appointed to serve a term of four years; the initial
20 member from the island of Kauai shall be appointed to serve a
21 term of two years; and the initial member from the island of
22 Oahu shall be appointed to serve a term of four years~~[+]~~; and



1 provided further that the terms of the initial appointments of
2 the members who are appointed by the governor shall be four
3 years. The at-large member appointed by the governor shall
4 serve a term of two years.

5 Any vacancy shall be filled in the same manner provided for
6 the original appointments. The corporation board shall elect
7 its own chair from among its members. Appointments to the
8 corporation board shall be as representative as possible of the
9 system's stakeholders as outlined in this subsection. The board
10 member appointments shall strive to create a board that includes
11 expertise in the fields of medicine, finance, health care
12 administration, government affairs, human resources, and law."

13 SECTION 3. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 4. This Act shall take effect upon its approval.

APPROVED this day of , 2013

GOVERNOR OF THE STATE OF HAWAII

