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# 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.



**Report Title:**

Hawaii Health Systems Corporation Board; Composition

**Description:**

Makes the five regional chief executive officers on the Hawaii Health Systems Corporation (HHSC) Board, ex-officio, nonvoting members. Adds five regional system board members appointed by the governor to serve as voting members on the HHSC Board.  
(SD1)

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