
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. The legislature further finds
6 that improving the efficiency and quality of health care
7 services in all communities of the State has become increasingly
8 important. The continued financial challenges faced by the
9 Hawaii health systems corporation and the State necessitate that
10 state government consider and explore various options to improve
11 the quality, efficiency, and availability of health care
12 services in Hawaii.

13 Prominent national studies have demonstrated that many
14 public hospital systems have struggled financially for a variety
15 of reasons, including providing a disproportionate level of
16 uncompensated and under-compensated care compared to private
17 hospital systems and the inherent constraints and inefficiencies
18 that result from operating as a purely governmental agency. As



1 a result, an increasing number of states have looked to public-
2 private partnerships status as a vehicle to address these
3 issues.

4 The legislature finds that allowing the operations of the
5 regional systems of the Hawaii health systems corporation and
6 their facilities to transition to public-private partnership
7 status to address the health care needs of communities
8 throughout the State is worthy of further consideration.

9 The purpose of this Act is to establish a task force to
10 study the feasibility and merits of allowing the operations of
11 one or more regional systems of the Hawaii health systems
12 corporation, or one or more of its individual health facilities,
13 to transition to public-private partnership status.

14 SECTION 2. (a) There is established a task force that
15 shall conduct a study on the feasibility of allowing the
16 operations of one or more regional systems of the Hawaii health
17 systems corporation, or one or more of its individual health
18 facilities, to transition to public-private partnership status.
19 The study shall examine the advantages and disadvantages of
20 allowing the operations of one or more regional systems of the
21 Hawaii health systems corporation, or one or more of its
22 individual health facilities, to transition to public-private



1 partnership status, and shall include the effects of such a
2 transition on:

- 3 (1) The quality of health care services available to
4 communities and the State;
- 5 (2) The operational efficiencies of health facilities in
6 communities and the State;
- 7 (3) The financial costs and benefits to the State; and
- 8 (4) Health care personnel and other employees of the
9 Hawaii health systems corporation.

10 In its discussions, the task force shall engage the input of
11 members of communities that would be affected by the Hawaii
12 health systems corporation's transition to public-private
13 partnership status, including holding public meetings with
14 health care personnel and other employees of the Hawaii health
15 systems corporation in accordance with chapter 92 to gather
16 input on and take recommendations regarding, but not limited to
17 electrical costs, water costs, costs of having highly-qualified
18 personnel for staffing of positions like sitters, possible
19 revenue generating proposals, and other cost saving measures.

20 The task force shall also address a securitization
21 mechanism, including that a new entity be required to post bonds
22 equal to no less than fifty per cent of the entire capital



1 project funded by the State. The bonding would apply to any and
2 all facilities, improvements, infrastructure, or anything
3 purchased by or funded by the State of Hawaii to which the new
4 entity shall be gaining lease or ownership thereof. The task
5 force shall also study the impact of hiring solely out of state
6 contract workers, and the impact that would have on the
7 community, particularly the strain on the short term rental
8 housing market that hiring workers may have.

9 (b) The task force shall consist of the following nine
10 members:

11 (1) Four members to be appointed by the president of the
12 senate;

13 (2) Four members to be appointed by the speaker of the
14 house of representatives; and

15 (3) One member to be selected by the other eight members
16 of the task force.

17 (c) The task force shall report:

18 (1) Its findings and recommendations, including proposed
19 legislation, if any; and

20 (2) Any actions being taken to incorporate alternative
21 cost reductions,



1 to the legislature no later than twenty days prior to the
2 convening of the regular session of 2014.

3 (d) The members of the task force shall not be considered
4 employees for the purposes of chapter 84, Hawaii Revised
5 Statutes, based solely upon their participation in the task
6 force.

7 (e) The task force shall cease to exist on June 30, 2015.

8 SECTION 3. This Act shall take effect on July 1, 2112.



Report Title:

Task Force; HHSC Transition to Public-private Partnership Status

Description:

Establishes a task force to study, among other things, the feasibility of allowing the operations of the Hawaii Health Systems Corporation regional systems and their facilities to transition to public-private partnership status. Requires report to the Legislature prior to the 2014 Regular Session. Task force ceases to exist on June 30, 2015. Effective July 1, 2112. (HB1483 HD2)

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