
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 operates public health care facilities that
3 provide essential safety-net hospital and long-term care
4 services throughout the State. Due to rapid change taking place
5 in the health care industry and the impending implementation of
6 national health care reform, the legislature acknowledges that
7 the corporate structure of governance must be provided with the
8 appropriate flexibility and autonomy needed for community
9 hospitals to compete and remain viable.

10 The current governance arrangement includes the regional
11 chief executive officers serving as ex officio, voting members.
12 The regional chief executive officers have been instrumental in
13 bringing additional expertise to the board during the time of
14 transition to a multi-level board system. However, in light of
15 the successful establishment of the regional boards, coupled by
16 the significant challenges imposed by an ever-changing and
17 complex health environment, the time required to serve on the
18 corporate board, and the desire for additional community



1 participation, it is time to add more community members with
2 expertise in healthcare, finance, business, and related
3 disciplines, and change the role of the regional chief executive
4 officers to nonvoting status.

5 In addition, the roles, powers, and responsibilities of the
6 corporate board and the regional boards have been the subject of
7 extensive debate since the regional boards were established in
8 2007. The amendments in this law will clarify and separate the
9 powers in order to provide a clear line of authority and
10 accountability.

11 The Act also allows the corporation to leverage one of its
12 major assets, property owned in fee simple, by mortgaging it in
13 order to secure loans and expanding the ability to enter into
14 financing leases. These changes will assist the corporation by
15 providing it with the flexibility intended by the legislature in
16 1996 when the corporation was first created to run the state
17 hospitals.

18 Finally, a revamp of the employee structure is necessary
19 for the Hawaii health systems corporation to become more
20 efficient, operate more like private hospitals, and compete for
21 qualified healthcare workers. Consequently, the corporation
22 will be allowed to establish a separate benefit structure,



1 including a new retirement system, for new employees. In
2 addition, separate bargaining units are established to allow the
3 corporation to negotiate contracts for its health care workers,
4 in recognition of the fact that the duties and responsibilities
5 of healthcare workers are very different from those of the
6 typical state employee.

7 The purpose of this Act is to affirm the State's commitment
8 to provide quality health care for the people of our State, by
9 amending HRS 323F, and related statutes, in order to increase
10 flexibility for the corporation while improving the
11 accountability and sustainability of the health system. The
12 amendment will build on the excellent progress made by the
13 regions to coordinate service delivery and improve the health of
14 the island communities. The new board structure will support
15 clear and consistent roles for all regions and reduce the
16 conflict of interest of regional chief executive officers who
17 currently sit as voting members on the corporation board yet are
18 clearly required to look out for the best interests of their
19 respective regions at all times. It will create a more balanced
20 multi-board tiered system. Equally important, the amendment
21 will create a more balanced playing field for the regions, and
22 enable them to strengthen their focus on quality care and



1 services which respond to the needs of the communities. As the
2 health system moves forward as a region-focused health system,
3 it will advance health care services and continue to be flexible
4 and continue to work collaboratively with other health service
5 organizations.

6 SECTION 2. Chapter 323F, Hawaii Revised Statutes, is
7 amended by adding four new sections to be appropriately
8 designated and to read as follows:

9 "§323F-A Hawaii health systems corporation personnel
10 system. (a) Notwithstanding any other law to the contrary, the
11 corporation board may establish without regard to the public
12 notice or public hearing requirements of chapter 91, a personnel
13 system separate from the existing system, to be known as the
14 Hawaii health systems corporation personnel system, for
15 employees commencing employment on or after July 1, 2014.

16 (b) The general administration and responsibility for the
17 proper operation of the personnel system of the corporation
18 shall be vested in the corporation board and may be delegated to
19 the regional system boards for their respective employees.

20 (c) Any person hired after the establishment of the Hawaii
21 health systems corporation personnel system shall become an
22 employee under the system.



1 (d) Any person who commenced employment with the
2 corporation or any of the regional systems prior to the
3 establishment of the Hawaii health systems corporation personnel
4 system and continues uninterrupted to be employed by the same
5 shall remain an employee of the personnel system in existence
6 prior to the establishment of the Hawaii health systems
7 corporation personnel system.

8 (e) No rights are created under this section for employees
9 without tenure. For purposes of this chapter, "employees
10 without tenure" means employees who are not members of the civil
11 service system entitled to hold the member's position for the
12 duration of the member's appointment, as provided in section
13 76-27.

14 §323F-B Collective bargaining agreements. Collective
15 bargaining agreements in effect on July 1, 2014, covering
16 employees of the Hawaii health systems corporation personnel
17 system, shall continue in full force and effect and shall be
18 recognized by the corporation until the termination date of the
19 agreements or until mutually modified by the parties. Upon
20 expiration of those agreements, the corporation may negotiate
21 collective bargaining agreements or sub-agreements under chapter
22 89 to address its needs for efficiency and effectiveness.



1 §323F-C Hawaii health systems corporation personnel
2 system; rights. All employees of the corporation shall have
3 full rights under all applicable laws to self-organization, to
4 form, join, or assist labor organizations, to bargain
5 collectively through representatives of their own choosing, and
6 to other concerted activities for the purpose of collective
7 bargaining or other mutual aid or protection and shall have the
8 right to refrain from any or all such activities except to the
9 extent that such right may be affected by an agreement requiring
10 membership in a labor organization as a condition of employment
11 as may be permitted under all applicable laws; provided that the
12 corporation shall recognize the continuing effect of collective
13 bargaining agreements in effect on July 1, 2014, covering
14 employees of the corporation, until such agreements are altered
15 or amended by the parties in conformance with all applicable
16 laws and as otherwise provided.

17 §323F-D Hawaii health systems corporation retirement
18 system. (a) Notwithstanding any other law to the contrary, the
19 corporation board may establish without regard to the public
20 notice or public hearing requirements of chapter 91, a
21 retirement system separate from the state employees' retirement
22 system to provide retirement allowances and other benefits for



1 any person commencing employment on or after July 1, 2014, with
2 the corporation or any of its regions and who would otherwise be
3 eligible for membership in the state employees' retirement
4 system.

5 (b) The general administration and responsibility for the
6 proper operation of the Hawaii health systems corporation
7 retirement system shall be vested in the corporation board.

8 (c) The corporation board may establish vesting periods
9 for the members of the Hawaii health systems corporation
10 retirement system that are different from those applicable to
11 members of the state employees' retirement system.

12 (d) The corporation board may establish retirement
13 allowances and other benefits for the Hawaii health systems
14 corporation retirement system.

15 (e) The general administration and responsibility for the
16 proper operation of the Hawaii health systems corporation
17 retirement system shall be vested in the corporation board.

18 (f) The corporation board may establish vesting periods
19 for the members of the Hawaii health systems corporation
20 retirement system that are different from those applicable to
21 members of the state employees' retirement system.



1 (g) The corporation board may establish retirement
2 allowances and other benefits for the Hawaii health systems
3 corporation retirement system.

4 (h) Members of the state employees' retirement system
5 employed by the corporation on the date the Hawaii health
6 systems corporation retirement system is established shall have
7 the right to opt into membership in the Hawaii health systems
8 corporation retirement system, consistent with a process and
9 criteria established by the corporation.

10 (i) Any person hired after the establishment of the Hawaii
11 health systems corporation retirement system shall be enrolled
12 as a member of the Hawaii health systems corporation retirement
13 system, except employees hired for less than ninety day periods,
14 who shall not be entitled to enroll in any Hawaii health systems
15 corporation or state retirement system. A person who remains
16 employed by the corporation may not transfer from the Hawaii
17 health systems corporation retirement system to the state
18 employees' retirement system. Service under the Hawaii health
19 systems corporation retirement system shall not be creditable as
20 service under the state employees' retirement system.

21 (j) Notwithstanding any other law to the contrary,
22 retirement benefits for the Hawaii health systems corporation



1 retirement system shall be a subject of collective bargaining
2 negotiations for bargaining units (14) through (20) and any
3 other collective bargaining units established for corporation
4 employees."

5 SECTION 3. Section 89-6, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "§89-6 **Appropriate bargaining units.** (a) All employees
8 throughout the State within any of the following categories
9 shall constitute an appropriate bargaining unit:

- 10 (1) Nonsupervisory employees in blue collar positions;
- 11 (2) Supervisory employees in blue collar positions;
- 12 (3) Nonsupervisory employees in white collar positions;
- 13 (4) Supervisory employees in white collar positions;
- 14 (5) Teachers and other personnel of the department of
15 education under the same pay schedule, including part-
16 time employees working less than twenty hours a week
17 who are equal to one-half of a full-time equivalent;
- 18 (6) Educational officers and other personnel of the
19 department of education under the same pay schedule;
- 20 (7) Faculty of the University of Hawaii and the community
21 college system;



- 1 (8) Personnel of the University of Hawaii and the
- 2 community college system, other than faculty;
- 3 (9) Registered professional nurses;
- 4 (10) Institutional, health, and correctional workers;
- 5 (11) Firefighters;
- 6 (12) Police officers; [and]
- 7 (13) Professional and scientific employees, who cannot be
- 8 included in [~~any of the other~~] bargaining units[-]
- 9 (1), (2), (3), (4), (5), (6), (7), (8), (9), (10),
- 10 (11), and (12);
- 11 (14) Nonsupervisory employees in blue collar positions with
- 12 the Hawaii health systems corporation;
- 13 (15) Supervisory employees in blue collar positions with
- 14 the Hawaii health systems corporation;
- 15 (16) Nonsupervisory employees in white collar positions
- 16 with the Hawaii health systems corporation;
- 17 (17) Supervisory employees in white collar positions with
- 18 the Hawaii health systems corporation;
- 19 (18) Registered professional nurses with the Hawaii health
- 20 systems corporation;
- 21 (19) Institutional and health workers with the Hawaii
- 22 health systems corporation; and



1 (20) Professional and scientific employees with the Hawaii
2 health systems corporation, who cannot be included in
3 bargaining units (14), (15), (16), (17), (18), and
4 (19).

5 (b) Because of the nature of work involved and the
6 essentiality of certain occupations that require specialized
7 training, supervisory employees who are eligible for inclusion
8 in units (9) through (13) shall be included in units (9) through
9 (13), respectively, instead of unit (2) or (4).

10 (c) The classification systems of each jurisdiction shall
11 be the bases for differentiating blue collar from white collar
12 employees, professional from institutional, health and
13 correctional workers, supervisory from nonsupervisory employees,
14 teachers from educational officers, and faculty from nonfaculty.
15 In differentiating supervisory from nonsupervisory employees,
16 class titles alone shall not be the basis for determination.
17 The nature of the work, including whether a major portion of the
18 working time of a supervisory employee is spent as part of a
19 crew or team with nonsupervisory employees, shall be considered
20 also.



1 (d) For the purpose of negotiating a collective bargaining
2 agreement, the public employer of an appropriate bargaining unit
3 shall mean the governor together with the following employers:

4 (1) For bargaining units (1), (2), (3), (4), (9), (10),
5 and (13), the governor shall have [~~six~~] five votes and
6 the mayors [~~,~~] and the chief justice [~~,~~ ~~and the Hawaii~~
7 ~~health systems corporation board~~] shall each have one
8 vote if they have employees in the particular
9 bargaining unit;

10 (2) For bargaining units (11) and (12), the governor shall
11 have four votes and the mayors shall each have one
12 vote;

13 (3) For bargaining units (5) and (6), the governor shall
14 have three votes, the board of education shall have
15 two votes, and the superintendent of education shall
16 have one vote;

17 (4) For bargaining units (7) and (8), the governor shall
18 have three votes, the board of regents of the
19 University of Hawaii shall have two votes, and the
20 president of the University of Hawaii shall have one
21 vote [~~,~~] and



1 (5) For bargaining units (14), (15), (16), (17), (18),
2 (19), and (20), the governor shall have one vote and
3 the Hawaii health systems corporation board shall have
4 one vote.

5 Any decision to be reached by the applicable employer group
6 shall be on the basis of simple majority, except when a
7 bargaining unit includes county employees from more than one
8 county. In [~~such~~] that case, the simple majority shall include
9 at least one county.

10 (e) In addition to a collective bargaining agreement under
11 subsection (d), each employer may negotiate, independently of
12 one another, supplemental agreements that apply to their
13 respective employees; provided that any supplemental agreement
14 reached between the employer and the exclusive representative
15 shall not extend beyond the term of the applicable collective
16 bargaining agreement and shall not require ratification by
17 employees in the bargaining unit.

18 (f) For the purposes of negotiating contributions by the
19 State and the counties to a voluntary employees' beneficiary
20 association trust as part of a collective bargaining agreement,
21 all prospective retirees who retire on or after July 1, 2005,
22 shall be considered members of the bargaining unit to which they



1 belonged immediately prior to their retirement from the State or
2 the counties.

3 ~~(f)~~ (g) The following individuals shall not be included
4 in any appropriate bargaining unit or be entitled to coverage
5 under this chapter:

6 (1) Elected or appointed official;

7 (2) Member of any board or commission; provided that
8 nothing in this paragraph shall prohibit a member of a
9 collective bargaining unit from serving on a governing
10 board of a charter school, on the state public charter
11 school commission, or as a charter school authorizer
12 established under chapter 302D;

13 (3) Top-level managerial and administrative personnel,
14 including the department head, deputy or assistant to
15 a department head, administrative officer, director,
16 or chief of a state or county agency or major
17 division, and legal counsel;

18 (4) Secretary to top-level managerial and administrative
19 personnel under paragraph (3);

20 (5) Individual concerned with confidential matters
21 affecting employee-employer relations;



- 1 (6) Part-time employee working less than twenty hours per
- 2 week, except part-time employees included in unit (5);
- 3 (7) Temporary employee of three months' duration or less;
- 4 (8) Employee of the executive office of the governor or a
- 5 household employee at Washington Place;
- 6 (9) Employee of the executive office of the lieutenant
- 7 governor;
- 8 (10) Employee of the executive office of the mayor;
- 9 (11) Staff of the legislative branch of the State;
- 10 (12) Staff of the legislative branches of the counties,
- 11 except employees of the clerks' offices of the
- 12 counties;
- 13 (13) Any commissioned and enlisted personnel of the Hawaii
- 14 national guard;
- 15 (14) Inmate, kokua, patient, ward, or student of a state
- 16 institution;
- 17 (15) Student help;
- 18 (16) Staff of the Hawaii labor relations board;
- 19 (17) Employees of the Hawaii national guard youth challenge
- 20 academy; or
- 21 (18) Employees of the office of elections.



1 ~~[(g)]~~ (h) Where any controversy arises under this section,
2 the board shall, pursuant to chapter 91, make an investigation
3 and, after a hearing upon due notice, make a final determination
4 on the applicability of this section to specific individuals,
5 employees, or positions."

6 SECTION 4. Section 89-8.5, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "~~[(h)]~~§89-8.5~~[(h)]~~ **Negotiating authority; Hawaii health**
9 **systems corporation.** Notwithstanding any law to the contrary,
10 including section 89-6(d), the Hawaii health systems corporation
11 ~~[or any of the regional boards]~~, as a sole employer negotiator,
12 may negotiate with the exclusive representative of any
13 appropriate bargaining unit and execute memorandums of
14 understanding for employees under its control to alter any
15 existing or new collective bargaining agreement on any item or
16 items subject to section 89-9."

17 SECTION 5. Section 89-11, Hawaii Revised Statutes, is
18 amended by amending subsection (e) to read as follows:

19 "(e) If an impasse exists between a public employer and
20 the exclusive representative of bargaining unit (2), supervisory
21 employees in blue collar positions; bargaining unit (3),
22 nonsupervisory employees in white collar positions; bargaining



1 unit (4), supervisory employees in white collar positions;
2 bargaining unit (6), educational officers and other personnel of
3 the department of education under the same salary schedule;
4 bargaining unit (8), personnel of the University of Hawaii and
5 the community college system, other than faculty; bargaining
6 unit (9), registered professional nurses; bargaining unit (10),
7 institutional, health, and correctional workers; bargaining unit
8 (11), firefighters; bargaining unit (12), police officers; [~~e~~]
9 bargaining unit (13), professional and scientific employees[~~r~~];
10 bargaining unit (14), nonsupervisory employees in blue collar
11 positions with the Hawaii health systems corporation; bargaining
12 unit (15), supervisory employees in blue collar positions with
13 the Hawaii health systems corporation; bargaining unit (16),
14 nonsupervisory employees in white collar positions with the
15 Hawaii health systems corporation; bargaining unit (17),
16 supervisory employees in white collar positions with the Hawaii
17 health systems corporation; bargaining unit (18), registered
18 professional nurses with the Hawaii health systems corporation;
19 bargaining unit (19), institutional and health workers with the
20 Hawaii health systems corporation; or bargaining unit (20),
21 professional and scientific employees with the Hawaii health



1 systems corporation, the board shall assist in the resolution of
2 the impasse as follows:

3 (1) Mediation. During the first twenty days after the
4 date of impasse, the board shall immediately appoint a
5 mediator, representative of the public from a list of
6 qualified persons maintained by the board, to assist
7 the parties in a voluntary resolution of the impasse.

8 (2) Arbitration. If the impasse continues twenty days
9 after the date of impasse, the board shall immediately
10 notify the employer and the exclusive representative
11 that the impasse shall be submitted to a three-member
12 arbitration panel who shall follow the arbitration
13 procedure provided herein.

14 (A) Arbitration panel. Two members of the
15 arbitration panel shall be selected by the
16 parties; one shall be selected by the employer
17 and one shall be selected by the exclusive
18 representative. The neutral third member of the
19 arbitration panel, who shall chair the
20 arbitration panel, shall be selected by mutual
21 agreement of the parties. In the event that the
22 parties fail to select the neutral third member



1 of the arbitration panel within thirty days from
2 the date of impasse, the board shall request the
3 American Arbitration Association, or its
4 successor in function, to furnish a list of five
5 qualified arbitrators from which the neutral
6 arbitrator shall be selected. Within five days
7 after receipt of such list, the parties shall
8 alternately strike names from the list until a
9 single name is left, who shall be immediately
10 appointed by the board as the neutral arbitrator
11 and chairperson of the arbitration panel.

12 (B) Final positions. Upon the selection and
13 appointment of the arbitration panel, each party
14 shall submit to the panel, in writing, with copy
15 to the other party, a final position which shall
16 include all provisions in any existing collective
17 bargaining agreement not being modified, all
18 provisions already agreed to in negotiations, and
19 all further provisions which each party is
20 proposing for inclusion in the final agreement.

21 (C) Arbitration hearing. Within one hundred twenty
22 days of its appointment, the arbitration panel



1 shall commence a hearing at which time the
2 parties may submit either in writing or through
3 oral testimony, all information or data
4 supporting their respective final positions. The
5 arbitrator, or the chairperson of the arbitration
6 panel together with the other two members, are
7 encouraged to assist the parties in a voluntary
8 resolution of the impasse through mediation, to
9 the extent practicable throughout the entire
10 arbitration period until the date the panel is
11 required to issue its arbitration decision.

12 (D) Arbitration decision. Within thirty days after
13 the conclusion of the hearing, a majority of the
14 arbitration panel shall reach a decision pursuant
15 to subsection (f) on all provisions that each
16 party proposed in its respective final position
17 for inclusion in the final agreement and transmit
18 a preliminary draft of its decision to the
19 parties. The parties shall review the
20 preliminary draft for completeness, technical
21 correctness, and clarity and may mutually submit
22 to the panel any desired changes or adjustments



1 that shall be incorporated in the final draft of
2 its decision. Within fifteen days after the
3 transmittal of the preliminary draft, a majority
4 of the arbitration panel shall issue the
5 arbitration decision."

6 SECTION 6. Section 323F-2, Hawaii Revised Statutes, is
7 amended by amending subsection (b) to read as follows:

8 "(b) The corporate organization shall be divided into
9 ~~[five]~~ two regional systems, as follows:

10 (1) The Oahu regional health care system; and

11 (2) The Kauai regional health care system;

12 ~~[(3) The Maui regional health care system;~~

13 ~~(4) The east Hawaii regional health care system,~~

14 ~~comprising the Puna district, north Hilo district,~~

15 ~~south Hilo district, Hamakua district, and Kau~~

16 ~~district; and~~

17 ~~(5) The west Hawaii regional health care system,~~

18 ~~comprising the north Kohala district, south Kohala~~

19 ~~district, north Kona district, and south Kona~~

20 ~~district,]~~

21 and shall be identified as regional systems I~~[7]~~ and II, ~~[III,~~
22 ~~IV, and V,]~~ respectively."



1 SECTION 7. Section 323F-3, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) The members of the corporation board shall be
4 appointed as follows:

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

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

9 (3) [~~Two~~] Four members who reside in the county of [~~Maui~~]
10 Kauai who shall be appointed by the [~~Maui~~] Kauai
11 regional system board[;] and two of whom shall be
12 appointed by the governor;

13 (4) [~~One member~~] Four members who [~~resides~~] reside in the
14 [~~eastern section of the county of Hawaii who~~] city and
15 county of Honolulu two of whom shall be appointed by
16 the [~~East Hawaii~~] Oahu regional system board[;] and
17 two of whom shall be appointed by the governor;

18 [~~(5) One member who resides in the western section of the~~
19 ~~county of Hawaii who shall be appointed by the West~~
20 ~~Hawaii regional system board;~~

21 [~~(6) One member who resides on the island of Kauai who~~
22 ~~shall be appointed by the Kauai regional system board;~~



1 ~~(7) One member who resides on the island of Oahu who shall~~
2 ~~be appointed by the Oahu regional system board; and~~
3 ~~(8)]~~ (5) ~~[One member]~~ Two members who shall be appointed
4 by the governor and serve as [an] at-large voting
5 ~~[member.]~~ members.

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



1 ~~and the other members shall be appointed to serve a term of two~~
2 ~~years].~~ The at-large ~~[member]~~ members appointed by the governor
3 shall serve a term of two years.

4 Any vacancy shall be filled in the same manner provided for
5 the original appointments. The corporation board shall elect
6 its own chair from among its members. Appointments to the
7 corporation board shall be as representative as possible of the
8 system's stakeholders as outlined in this subsection~~[-]~~ and
9 shall include at least one physician."

10 SECTION 8. Section 323F-7, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§323F-7 Duties and powers of the corporation** ~~[and~~
13 ~~regional system boards]~~. (a) Notwithstanding any other law to
14 the contrary and unless otherwise specified, only those duties
15 and powers related to corporation-wide matters, including but
16 not limited to ~~[corporation-wide budgeting]~~ approval of the
17 system-wide, regional, and facility budgets, personnel policies,
18 procurement policies, fiscal policies, accounting policies,
19 policies and decisions related to affiliations~~[-]~~ and joint
20 ventures ~~[and contracts]~~, legal affairs, legislative affairs,
21 regulatory compliance, risk management, continuing medical
22 education programs, strategic planning~~[-]~~ and capital planning,



1 ~~[including]~~ the issuance of revenue bonds in any amount, and
2 collective bargaining negotiations, shall be carried out by the
3 corporation board in collaboration with the regional system
4 boards. ~~[Duties and powers related to the operation of~~
5 ~~facilities within each regional system, including but not~~
6 ~~limited to regional system and facility budgeting, employment~~
7 ~~and removal of regional system and facility personnel,~~
8 ~~purchasing, regional system strategic and capital planning,~~
9 ~~organization, quality assurance, improvement and reporting,~~
10 ~~credentialing of medical staff, and the issuance of revenue~~
11 ~~bonds in any amount with corporation board approval, shall be~~
12 ~~carried out by the regional system boards, either directly or by~~
13 ~~delegation to regional and facility administration.] Unless~~
14 otherwise prohibited, the duties and powers granted to the
15 corporation board may be delegated to the regional system
16 boards.

17 (b) Duties and powers exercised by the regional system
18 boards under this chapter or delegated to the regional system
19 boards by the corporation board shall be consistent with
20 corporation-wide policies. Wherever appropriate, corporation-
21 wide policies shall take into account differences among regional
22 systems and among types of facilities, particularly acute care,



1 critical access, and long-term care facilities within the
2 system.

3 New corporation-wide policies, and major changes to
4 existing policies other than those changes mandated by legal or
5 regulatory requirements, shall be developed by the corporation
6 board after consultation with a policies committee. The
7 policies committee shall be made up of representatives of the
8 corporation board and each regional system board or designees of
9 each board. The corporation board shall have two
10 representatives on this committee. The corporation board shall
11 review and consider approval of the policies within thirty days
12 of transmittal by the policies committee or at the next board
13 meeting; provided that, if the policies committee fails to take
14 action within thirty days of receiving the proposed policy, the
15 corporation board may consider and adopt or reject or revise the
16 policy. The regional system boards and corporation board, as
17 needed, may submit a request to the committee to alter
18 corporation-wide policies along with detailed justification for
19 the request. The regional system boards and the corporation
20 board shall collaboratively establish a procedure to further
21 implement this section.



1 (c) Notwithstanding any other law to the contrary, the
2 corporation ~~[and any of the regional system boards]~~ shall
3 exercise the following duties and powers:

4 (1) Developing corporation-wide policies, procedures, and
5 rules necessary or appropriate to plan, operate,
6 manage, and control the system of public health
7 facilities and services without regard to chapter 91;
8 ~~[provided that each regional system board shall be~~
9 ~~responsible for its own policies, procedures, and~~
10 ~~rules necessary or appropriate to plan, operate,~~
11 ~~manage, and control the public health facilities~~
12 ~~within its own regional system consistent with~~
13 ~~corporation policies;~~

14 ~~(2) Evaluating the need for additional health facilities~~
15 ~~and services; provided that each regional system board~~
16 ~~shall be responsible for the evaluation within its own~~
17 ~~regional system; and~~

18 ~~(3)]~~ (2) Entering into and performing any contracts,
19 leases, cooperative agreements, partnerships, or other
20 transactions whatsoever that may be necessary or
21 appropriate in the performance of its purposes and
22 responsibilities, and on terms the corporation, ~~[ex~~



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1 ~~regional system boards,]~~ may deem appropriate, with
2 either:

3 (A) Any agency or instrumentality of the United
4 States, or with any state, territory, or
5 possession, or with any subdivision thereof; ~~[or]~~

6 (B) Any person, firm, association, partnership, or
7 corporation, whether operated on a for-profit or
8 not-for-profit basis; provided that the
9 transaction furthers the public interest; ~~[and~~
10 ~~provided further that if any dispute arises~~
11 ~~between any contract, lease, cooperative~~
12 ~~agreement, partnership, or other transaction~~
13 ~~entered into by the corporation and a regional~~
14 ~~system board with regard to matters solely within~~
15 ~~that regional system, after July 1, 2007, the~~
16 ~~contract, lease, cooperative agreement,~~
17 ~~partnership, or other transaction entered into by~~
18 ~~the regional system board shall prevail,]~~ and
19 provided further that such agreements are
20 consistent with corporation policies; or

21 (C) A collective bargaining representative;



1 ~~[(4)]~~ (3) Conducting activities and entering into business
2 relationships as the corporation board [~~, or any~~
3 ~~regional system board,~~] deems necessary or
4 appropriate, including but not limited to:
5 (A) Creating nonprofit corporations, including but
6 not limited to charitable fund-raising
7 foundations, to be controlled wholly by the
8 corporation [~~, any regional system board,~~] or
9 jointly with others;
10 (B) Establishing, subscribing to, and owning stock in
11 business corporations individually or jointly
12 with others; and
13 (C) Entering into partnerships and other joint
14 venture arrangements, or participating in
15 alliances, purchasing consortia, health insurance
16 pools, or other cooperative arrangements, with
17 any public or private entity; provided that any
18 corporation, venture, or relationship entered
19 into under this section furthers the public
20 interest; provided further that this paragraph
21 shall not be construed to authorize the
22 corporation [~~or a regional system~~] board to



1 abrogate any responsibility or obligation under
2 paragraph (15);
3 ~~[provided that each regional system board shall be~~
4 ~~responsible for conducting the activities under this~~
5 ~~paragraph in its own regional system consistent with~~
6 ~~policies established by the corporation board;~~
7 ~~(5)]~~ (4) Participating in and developing prepaid health
8 care service and insurance programs and other
9 alternative health care delivery programs, including
10 programs involving the acceptance of capitated
11 payments or premiums that include the assumption of
12 financial and actuarial risk~~[, provided that each~~
13 ~~regional system board shall be responsible for~~
14 ~~conducting the activities under this paragraph in its~~
15 ~~own regional system consistent with policies~~
16 ~~established by the corporation board];~~
17 ~~[(6)]~~ (5) Executing, in accordance with all applicable
18 bylaws, rules, and laws, all instruments necessary or
19 appropriate in the exercise of any powers of the
20 corporation ~~[or regional system boards];~~
21 ~~[(7)]~~ (6) Preparing and executing all corporation-wide
22 budgets, policies, and procedures or approving,



1 rejecting, or amending any regional system budgets,
2 policies, and procedures; provided that the regional
3 system boards shall submit their regional and facility
4 budgets to the corporation to be reviewed, approved,
5 or rejected and consolidated into a corporation-wide
6 budget for purposes of corporation-wide planning and
7 appropriation requests. Regional system and facility
8 budgets shall be received by the corporation and shall
9 be reviewed, approved, or rejected and included
10 in the corporation-wide budget upon submittal to the
11 corporation;

12 [-8-] (7) Setting rates and charges for all services
13 provided by the corporation without regard to chapter
14 91 [~~; provided that the duty and power of the~~
15 ~~corporation board shall be limited to approving the~~
16 ~~rates and charges developed by the regional system~~
17 ~~boards for the regional system's facilities and~~
18 ~~services. Rates and charges may vary among regional~~
19 ~~systems and facilities and may be consolidated with~~
20 ~~the rates of other regional systems into one charge~~
21 ~~master]. Third-party payer contracts [may] shall be
22 negotiated at the corporation-wide level with input~~



1 from the regional systems [~~, taking into consideration~~
2 ~~the rates set by the regional system boards. For~~
3 ~~purposes of securing revenue bonds, the corporation or~~
4 ~~regional system board may covenant to set, and if~~
5 ~~necessary increase, rates and charges as needed to pay~~
6 ~~debt service and related obligations plus a coverage~~
7 ~~factor];~~

8 ~~[-(9)]~~ (8) [~~Developing a corporation wide hospital system~~
9 ~~that is subject to chapters 76 and 89; provided that~~
10 ~~employment of regional system and facility personnel~~
11 ~~shall be the responsibility of the regional system~~
12 ~~boards pursuant to corporation wide policies and~~
13 ~~procedures, applicable laws, rules, regulations, and~~
14 ~~collective bargaining agreements,] Employing personnel
15 as needed to conduct the business of the corporation
16 and its facilities and programs, and to classify,
17 prescribe the duties and qualifications, and fix the
18 compensation and benefits of all officers,
19 employees, and agents of the corporation as needed
20 in accordance with chapters 76 and 89;~~

21 ~~[-(10)]~~ (9) Developing the [~~corporation's corporation wide]~~
22 capital and strategic plans [~~or any regional system~~



1 ~~board's capital and strategic plans; provided that~~
2 ~~each regional system board shall be responsible for~~
3 ~~development of capital and strategic plans in its own~~
4 ~~regional system that shall be consistent with, and~~
5 ~~incorporated into, the overall corporation wide plans,~~
6 ~~and] provided [further] that the corporation [and each~~
7 ~~regional system] board shall be entitled to undertake~~
8 ~~the acquisition, construction, and improvement of~~
9 ~~property, facilities, and equipment to carry out these~~
10 ~~capital and strategic plans;~~

11 ~~[+11+]~~ (10) Suing and being sued; provided that only the
12 corporation may sue or be sued; and provided further
13 that the corporation ~~[and regional system boards]~~
14 shall enjoy the same sovereign immunity available to
15 the State;

16 ~~[+12+]~~ (11) Making and altering corporation board ~~[and~~
17 ~~regional system board]~~ bylaws for its organization and
18 management without regard to chapter 91 and consistent
19 with this chapter; provided that each regional system
20 board shall be responsible for the final approval of
21 its regional system board bylaws;



1 ~~[(13)]~~ (12) Adopting rules without regard to chapter 91
2 governing the exercise of the corporation's or
3 regional system boards' powers and the fulfillment of
4 its purpose under this chapter;

5 ~~[(14)]~~ (13) Entering into any contract or agreement
6 whatsoever, not inconsistent with this chapter or the
7 laws of this State, and authorizing the corporation,
8 ~~[regional system boards,]~~ and chief executive
9 ~~[officers]~~ officer to enter into all contracts,
10 execute all instruments, and do all things necessary
11 or appropriate in the exercise of the powers granted
12 in this chapter, including securing the payment of
13 bonds ~~[, provided that the corporation board shall~~
14 ~~delegate to a regional system board its authority to~~
15 ~~enter into and execute contracts or agreements~~
16 ~~relating to matters exclusively affecting that~~
17 ~~regional system; provided further that a regional~~
18 ~~system board shall exercise this power consistent with~~
19 ~~corporation wide policies; and provided further that~~
20 ~~contracts or agreements executed by a regional system~~
21 ~~board shall encumber only the regional subaccounts of~~
22 ~~that regional system board];~~



1 ~~[(15)]~~ (14) Issuing revenue bonds up to \$100,000,000 subject
2 to the approval of the governor or the director of
3 finance; provided that:

4 (A) All revenue bonds shall be issued pursuant to
5 part III, chapter 39;

6 (B) The corporation ~~[and any regional system]~~ board
7 shall have the power to issue revenue bonds in
8 any amount without regard to any limitation in
9 chapter 39; and

10 (C) The corporation shall have the power to incur
11 debt, including the issuance of revenue bonds in
12 any amount ~~[, and the regional system boards shall~~
13 ~~have the power to issue revenue bonds in any~~
14 ~~amount upon approval by the corporation board]~~;

15 ~~[(16)]~~ (15) Reimbursing the state general fund for debt
16 service on general obligation bonds or reimbursable
17 general obligation bonds issued by the State for the
18 purposes of the corporation ~~[or any regional system~~
19 ~~board]~~;

20 ~~[(17)]~~ (16) Pledging or assigning all or any part of the
21 receipts, revenues, and other financial assets of the
22 corporation ~~[or the regional system boards]~~ for



1 purposes of meeting or securing bond or health systems
2 liabilities [~~;~~ provided that each regional system board
3 shall be responsible for conducting the activities
4 under this paragraph in its own regional system]. Any
5 pledge or assignment by the corporation [~~or any~~
6 regional system board] to secure revenue bonds or
7 health system liabilities shall be valid and binding
8 in accordance with its terms against the pledgor,
9 creditors, and all others asserting rights thereto
10 from the time the pledge or assignment is made,
11 without the need of physical delivery, recordation,
12 filing, or further act [~~—The corporation shall not~~
13 ~~take or omit to take any act that would interfere~~
14 ~~with, impair, or adversely affect any pledge or~~
15 ~~assignment by a regional system board pursuant to this~~
16 ~~chapter. In connection with issuing revenue bonds or~~
17 ~~related obligations, consistent with corporation~~
18 ~~policies and procedures, any regional system board may~~
19 ~~make such other covenants, binding on the regional~~
20 ~~system board and the corporation, that the regional~~
21 ~~system board determines to be necessary or appropriate~~



1 ~~to establish and maintain security for the revenue~~
2 ~~bonds or related obligations];~~

3 ~~[(18)]~~ (17) Owning, purchasing, leasing, exchanging, or
4 otherwise acquiring property, whether real, personal,
5 or mixed, tangible or intangible, and of any interest
6 therein, in the name of the corporation, which
7 property is not owned or controlled by the State but
8 is owned or controlled by the corporation; provided
9 that:

10 (A) Regional system boards shall have custodial
11 control over facilities and physical assets in
12 their respective regional systems [~~—A regional~~
13 ~~system board may own, purchase, lease, exchange,~~
14 ~~or otherwise acquire property, whether real,~~
15 ~~personal, or mixed, tangible or intangible, and~~
16 ~~of any interest therein, other than property~~
17 ~~owned or controlled by the corporation, in the~~
18 ~~name of the regional system board]; provided~~
19 ~~[further]~~ that a regional system board shall be
20 subject to section 323F-3.5; and

21 (B) Each regional system board shall be responsible
22 for conducting the activities under ~~this~~



1 ~~paragraph]~~ subparagraph (A) in its own regional
2 system;

3 ~~[(19)]~~ (18) Maintaining, improving, pledging, mortgaging,
4 selling, or otherwise holding or disposing of
5 property, whether real, personal, or mixed, tangible
6 or intangible, and of any interest therein, at any
7 time and manner, in furtherance of the purposes and
8 mission of the corporation or any regional system
9 board; provided that the corporation or any regional
10 system board legally holds or controls the property in
11 its own name; provided further that other than to
12 secure revenue bonds and related obligations and
13 agents, and to transition into a new entity, the
14 corporation or any regional system board shall not
15 sell, assign, lease, hypothecate, mortgage, pledge,
16 give, or dispose of all or substantially all of its
17 property; and provided further that each regional
18 system board shall be responsible for conducting the
19 activities under this paragraph in its own regional
20 system, and control over such property shall be
21 delegated to each regional system board; provided
22 further that this paragraph shall not be construed to



1 authorize the sale, pledge, or mortgage of real
2 property under the control of the corporation or a
3 regional system board;

4 ~~[(+20)]~~ (19) Purchasing insurance and creating captive
5 insurers in any arrangement deemed in the best
6 interest of the corporation, including but not limited
7 to funding and payment of deductibles and purchase of
8 reinsurance; provided that only the corporation shall
9 have the power to create captive insurers to benefit
10 public health facilities and operations in all
11 regional systems [~~;~~ and ~~provided further that a~~
12 ~~regional system board may purchase insurance for its~~
13 ~~regional system in collaboration with the other~~
14 ~~regional systems and the corporation until captive~~
15 ~~coverage is provided by the corporation]~~;

16 ~~[(+21)]~~ (20) Acquiring by condemnation, pursuant to chapter
17 101, any real property required by the corporation to
18 carry out the powers granted by this chapter;

19 ~~[(+22)]~~ (21) Depositing any moneys of the corporation or any
20 regional system board in any banking institution
21 within or without the State, and appointing, for the
22 purpose of making deposits, one or more persons to act



1 as custodians of the moneys of the corporation or any
2 regional system board[~~; provided that regional system~~
3 ~~boards may deposit moneys in banking institutions~~
4 ~~pursuant to corporation wide guidelines established by~~
5 ~~the corporation board~~];

6 ~~[-(23)]~~ (22) Contracting for and accepting any gifts, grants,
7 and loans of funds, property, or any other aid in any
8 form from the federal government, the State, any state
9 agency, or any other source, or any combination
10 thereof, and complying, subject to this chapter, with
11 the terms and conditions thereof[~~; provided that the~~
12 ~~regional system boards shall be responsible for~~
13 ~~contracting for and accepting any gifts, grants,~~
14 ~~loans, property, or other aid if intended to benefit~~
15 ~~the public health facilities and operations~~
16 ~~exclusively in their respective regional systems; and~~
17 ~~provided further that all contracting for or~~
18 ~~acceptance of gifts, grants, loans, property, or other~~
19 ~~aid shall be consistent with corporation wide policies~~
20 ~~established by the corporation board~~];

21 ~~[-(24)]~~ (23) Providing health and medical services for the
22 public directly or by agreement or lease with any



1 person, firm, or private or public corporation,
2 partnership, or association through or in the health
3 facilities of the corporation or regional system
4 boards or otherwise[; ~~provided that the regional~~
5 ~~system boards shall be responsible for conducting the~~
6 ~~activities under this paragraph in their respective~~
7 ~~regional systems~~];

8 [+25+] (24) Approving medical staff bylaws, rules, and
9 medical staff appointments and reappointments for all
10 public health facilities of the corporation or any
11 regional system board, including but not limited to
12 determining the conditions under which a health
13 professional may be extended the privilege of
14 practicing within a health facility, as determined by
15 the respective regional system board and consistent
16 with corporation-wide policies, and adopting and
17 implementing reasonable rules, without regard to
18 chapter 91, for the credentialing and peer review of
19 all persons and health professionals within the
20 facility[; ~~provided that regional system boards shall~~
21 ~~be the governing body responsible for all medical~~



1 ~~staff organization, peer review, and credentialing~~
2 ~~activities to the extent allowed by law];~~

3 [~~(26)~~] (25) (A) Investing any funds not required for
4 immediate disbursement in property or in
5 securities that meet the standard for investments
6 established in chapter 88 as provided by the
7 corporation board [~~or any regional system board~~];
8 provided that proceeds of bonds and moneys
9 pledged to secure bonds may be invested in
10 obligations permitted by any document that
11 authorizes the issuance or securing of bonds; and
12 provided further that the investment assists the
13 corporation or any regional system board in
14 carrying out its public purposes; selling from
15 time to time securities thus purchased and held,
16 and depositing any securities in any bank or
17 financial institution within or without the
18 State. Any funds deposited in a banking
19 institution or in any depository authorized in
20 this section shall be secured in a manner and
21 subject to terms and conditions as the
22 corporation board [~~or a regional system board~~]



1 may determine, with or without payment of any
2 interest on the deposit, including without
3 limitation time deposits evidenced by
4 certificates of deposit. Any bank or financial
5 institution incorporated under the laws of this
6 State may act as depository of any funds of the
7 corporation or a regional system board and may
8 issue indemnity bonds or may pledge securities as
9 may be required by the corporation [~~or regional~~
10 ~~system board; provided that regional system~~
11 ~~boards may exercise the powers under this~~
12 ~~subsection with respect to financial assets of~~
13 ~~the regional system consistent with corporation-~~
14 ~~wide policies]; and~~

15 (B) Notwithstanding subparagraph (A), contracting
16 with the holders of any of its notes or bonds as
17 to the custody, collection, securing, investment,
18 and payment of any moneys of the corporation or
19 regional system board and of any moneys held in
20 trust or otherwise for the payment of notes or
21 bonds and carrying out the contract. Moneys held
22 in trust or otherwise for the payment of notes or



1 bonds or in any way to secure notes or bonds, and
2 deposits of such moneys, may be secured in the
3 same manner as moneys of the corporation or
4 regional system board, and all banks and trust
5 companies are authorized to give security for the
6 deposits;

7 ~~[(27)]~~ (26) Entering into any agreement with the State,
8 including but not limited to contracts for the
9 provision of goods, services, and facilities in
10 support of the corporation's programs or the regional
11 system boards' programs, and contracting for the
12 provision of services to or on behalf of the State;
13 ~~[provided that the regional system boards shall be~~
14 ~~responsible for entering into agreements to provide~~
15 ~~goods, services, and facilities in support of programs~~
16 ~~in their respective regional systems consistent with~~
17 ~~corporation wide policies];~~

18 ~~[(28)]~~ (27) Having a seal and altering the same at pleasure;

19 ~~[(29)]~~ (28) Waiving, by means that the corporation [~~or~~
20 ~~regional system board]~~ deems appropriate, the
21 exemption from federal income taxation of interest on
22 the corporation's or regional system boards' bonds,



1 notes, or other obligations provided by the Internal
2 Revenue Code of 1986, as amended, or any other federal
3 statute providing a similar exemption;

4 ~~[(30)]~~ (29) Developing internal policies and procedures for
5 the procurement of goods and services, consistent with
6 the goals of public accountability and public
7 procurement practices, and subject to management and
8 financial legislative audits; provided that ~~[the~~
9 ~~regional system boards shall be responsible for~~
10 ~~developing internal policies and procedures for each~~
11 ~~of their regional systems consistent with the~~
12 ~~corporation's policies and procedures, and further~~
13 ~~provided that:~~

14 ~~(A) The regional system boards and]~~ the corporation
15 board shall enjoy the exemption under section
16 103-53(e);

17 ~~[(B) The regional system boards shall enjoy the~~
18 ~~exemption under chapter 103D; and~~

19 ~~(C) The corporation shall be subject to chapter 103D;~~

20 ~~-(31)]~~ (30) Authorizing and establishing positions;

21 ~~[provided that regional system boards shall be~~
22 ~~responsible for hiring and firing regional and~~



1 ~~facility personnel consistent with corporation~~
2 ~~policies, except a regional chief executive officer~~
3 ~~shall only be hired or dismissed upon the approval of~~
4 ~~the regional system board as further set forth in~~
5 ~~section 323F-8.5;~~

6 ~~(32)]~~ (31) Having and exercising all rights and powers
7 necessary or incidental to or implied from the
8 specific powers granted in this chapter, which
9 specific powers shall not be considered as a
10 limitation upon any power necessary or appropriate to
11 carry out the purposes and intent of this chapter[~~;~~
12 ~~provided that the regional system boards shall be~~
13 ~~responsible for having and exercising all powers and~~
14 ~~rights with respect to matters in their regional~~
15 ~~systems consistent with the law; and~~

16 ~~(33)~~ Each regional system, through its regional system
17 board, shall:

18 ~~(A)~~ Develop policies and procedures necessary or
19 appropriate to plan, operate, manage, and control
20 the day to day operations of facilities within
21 the regional system that are consistent with
22 corporation wide policies;



1 ~~(B) Exercise custodial control over and use of all~~
2 ~~assets of the corporation that are located in the~~
3 ~~regional system pursuant to this chapter; and~~

4 ~~(C) Expend funds within its approved regional system~~
5 ~~budget and expend additional funds in excess of~~
6 ~~its approved regional system budget upon approval~~
7 ~~of the corporation board].~~

8 (d) ~~[Each regional system board shall not be subject to~~
9 ~~chapters 36 to 38, 40, 41D, and 103D as well as part I of~~
10 ~~chapter 92 and shall enjoy the exemptions contained in sections~~
11 ~~102-2 and 103-53(e), except as otherwise provided in this~~
12 ~~chapter.]~~ The corporation shall not be subject to chapters 36
13 to 38, 40, and 41D, as well as part I of chapter 92, and shall
14 enjoy the exemptions contained in sections 102-2 and 103-53(e) [~~+~~
15 ~~provided that the exemption provided under this subsection to~~
16 ~~chapter 37D shall only apply to financing agreements of~~
17 ~~\$5,000,000 or less; provided further that the aggregate value of~~
18 ~~financing agreements per fiscal year shall not exceed~~
19 ~~\$25,000,000].~~

20 (e) The duties and powers granted to the corporation or
21 any regional system board may not be used to enter into
22 contractual or business relationships that have the practical



1 effect of allowing or are intended to allow private-sector
2 counterparts to replace existing employee positions or
3 responsibilities within the corporation or in any regional
4 system or its facilities; provided the corporation or regional
5 system boards shall be allowed to enter into such relationships
6 to the extent and for the purposes that the division of
7 community hospitals could have done under collective bargaining
8 contracts that were in effect for the 1995-1996 fiscal year."

9 SECTION 9. Section 323F-7.5, Hawaii Revised Statutes, is
10 amended to read as follows:

11 " ~~[+]§323F-7.5[+]~~ **Regional system boards; delegated**
12 **authority.** ~~[If the Hawaii health systems corporation board is~~
13 ~~unable to act on important transactions in as timely a manner as~~
14 ~~the chairperson of the corporation board deems reasonable, the~~
15 ~~chairperson of the corporation board may further delegate~~
16 ~~authority to the regional system boards to take action on~~
17 ~~specific matters.]~~ (a) Duties and powers related to the day-to-
18 day operation of facilities within each regional system,
19 including but not limited to development of regional system and
20 facility budgets, employment and removal of regional system and
21 facility personnel, purchasing, regional system strategic and
22 capital planning consistent with the system wide strategic and



1 capital plan, quality assurance, improvement and reporting, and
2 governance and credentialing of medical staff, shall be carried
3 out by the regional system boards, either directly or by
4 delegation to regional and facility administration.

5 Notwithstanding any other law to the contrary, the regional
6 system boards shall exercise the following duties and powers
7 consistent with corporation policies and procedures:

8 (1) Developing policies, procedures, and rules necessary
9 or appropriate to plan, operate, and manage, the
10 regional system of public health facilities and
11 services without regard to chapter 91;

12 (2) Evaluating the need for additional health facilities
13 and services; provided that each regional system board
14 shall be responsible for the evaluation within its own
15 regional system;

16 (3) Entering into and performing any contracts, leases, or
17 other transactions whatsoever that may be necessary or
18 appropriate in the performance of its purposes and
19 responsibilities, and on terms the regional system
20 boards, may deem appropriate, with either:



- 1 (A) Any agency or instrumentality of the United
- 2 States, or with any state, territory, or
- 3 possession, or with any subdivision thereof; or
- 4 (B) Any person, firm, association, partnership, or
- 5 corporation, whether operated on a for-profit or
- 6 not-for-profit basis;
- 7 provided that the transaction furthers the public
- 8 interest;
- 9 (4) Participating in and developing prepaid health care
- 10 service and insurance programs and other alternative
- 11 health care delivery programs, including programs
- 12 involving the acceptance of capitated payments or
- 13 premiums that include the assumption of financial and
- 14 actuarial risk;
- 15 (5) Executing, in accordance with all applicable bylaws,
- 16 rules, and laws, all instruments necessary or
- 17 appropriate in the exercise of any powers of the
- 18 regional system boards;
- 19 (6) Preparing and executing facility and regional budgets,
- 20 policies, and procedures; provided that the regional
- 21 system boards shall submit their regional and facility
- 22 budgets to the corporation to be reviewed, rejected,



- 1 or approved and consolidated into a corporation-wide
2 budget for purposes of corporation-wide planning and
3 appropriation requests;
- 4 (7) Hiring, firing, and management of regional system and
5 facility personnel pursuant to applicable laws,
6 rules, regulations, and collective bargaining
7 agreements; provided that, the regional chief
8 executive officer shall be hired and fired upon
9 approval of the corporation and the regional system
10 board;
- 11 (8) Developing of capital and strategic plans in its own
12 regional system that shall be consistent with, and
13 incorporated into, the overall corporation-wide plans;
14 and provided further that each regional system board
15 shall be entitled to undertake the construction and
16 improvement of property, facilities, and equipment to
17 carry out these capital and strategic plans;
- 18 (9) Enjoying full immunity from suit; provided, further,
19 that regional system boards shall enjoy the same
20 sovereign immunity available to the State;



- 1 (10) Making and altering regional system board bylaws for
2 its organization and management without regard to
3 chapter 91 and consistent with this chapter;
- 4 (11) Adopting rules without regard to chapter 91 governing
5 the exercise of the regional system boards' powers and
6 the fulfillment of its purpose under this chapter;
- 7 (12) Authorizing regional system boards to enter into all
8 contracts, execute all instruments, and do all things
9 necessary or appropriate in the exercise of the powers
10 granted in this chapter with respect to matters
11 exclusively affecting that regional system and within
12 their approved budgets and appropriations, including
13 securing the payment of bonds; provided that contracts
14 or agreements executed by a regional system board
15 shall encumber only the regional subaccounts of that
16 regional system board;
- 17 (13) Reimbursing the state general fund for debt service on
18 general obligation bonds or reimbursable general
19 obligation bonds issued by the State for the purposes
20 of the corporation or any regional system board;
- 21 (14) Controlling the day to day decisions relating to the
22 facilities and physical assets in their respective



1 regional systems; provided that, all leases and
2 mortgages of corporation real property to third
3 parties shall require corporation approval;

4 (15) Maintaining, improving, or otherwise holding or
5 disposing of property, whether real, personal, or
6 mixed, tangible or intangible, and of any interest
7 therein, at any time and manner, in furtherance of the
8 purposes and mission of the corporation or any
9 regional system board;

10 (16) Depositing any moneys of the corporation or any
11 regional system board in any banking institution
12 within or without the State, and appointing, for the
13 purpose of making deposits, one or more persons to act
14 as custodians of the moneys of the corporation or any
15 regional system board;

16 (17) Contracting for and accepting any gifts, grants,
17 property, or any other aid from the federal
18 government, the State, any state agency, or any other
19 source, or any combination thereof, and complying,
20 subject to this chapter, with the terms and conditions
21 thereof;



- 1 (18) Providing health and medical services for the public
2 directly or by agreement or lease with any person,
3 firm, or private or public corporation, partnership,
4 or association through or in the regional system
5 health facilities;
- 6 (19) Approving medical staff bylaws with the concurrence of
7 the corporation board and approving rules, medical
8 staff appointments and reappointments, as governing
9 body, for all public health facilities of the regional
10 system board, including but not limited to determining
11 the conditions under which a health professional may
12 be extended the privilege of practicing within a
13 health facility, and adopting and implementing
14 reasonable rules, without regard to chapter 91, for
15 the credentialing and peer review of all persons and
16 health professionals within the facility;
- 17 (20) (A) Investing any funds not required for immediate
18 disbursement in property or in securities that
19 meet the standard for investments established in
20 chapter 88 as provided by the corporation board
21 or any regional system board; provided that
22 proceeds of bonds and moneys pledged to secure



1 bonds may be invested in obligations permitted by
2 any document that authorizes the issuance or
3 securing of bonds; and provided further that the
4 investment assists the corporation or any
5 regional system board in carrying out its public
6 purposes; selling from time to time securities
7 thus purchased and held, and depositing any
8 securities in any bank or financial institution
9 within or without the State. Any funds deposited
10 in a banking institution or in any depository
11 authorized in this section shall be secured in a
12 manner and subject to terms and conditions as the
13 corporation board or a regional system board may
14 determine, with or without payment of any
15 interest on the deposit, including without
16 limitation time deposits evidenced by
17 certificates of deposit. Any bank or financial
18 institution incorporated under the laws of this
19 State may act as depository of any funds of a
20 regional system board and may issue indemnity
21 bonds or may pledge securities as may be required
22 by the corporation or regional system board; and



1 (B) Notwithstanding subparagraph (A), contracting
2 with the holders of any of its notes or bonds as
3 to the custody, collection, securing, investment,
4 and payment of any moneys of the regional system
5 board and of any moneys held in trust or
6 otherwise for the payment of notes or bonds and
7 carrying out the contract. Moneys held in trust
8 or otherwise for the payment of notes or bonds or
9 in any way to secure notes or bonds, and deposits
10 of such moneys, may be secured in the same manner
11 as moneys of the corporation or regional system
12 board, and all banks and trust companies are
13 authorized to give security for the deposits;

14 (21) Entering into any agreement with the State, including
15 but not limited to contracts for the provision of
16 goods, services, and facilities in support of the
17 corporation's programs or the regional system boards'
18 programs, and contracting for the provision of
19 services to or on behalf of the State; and

20 (22) Developing internal policies and procedures for the
21 procurement of goods and services, consistent with the
22 goals of public accountability and public procurement



1 practices, and subject to management and financial
2 legislative audits[7]; provided that, the regional
3 system boards shall enjoy the exemption under chapter
4 103D.

5 (b) Each regional system, through its regional system
6 board, shall:

7 (1) Develop policies and procedures necessary or
8 appropriate to plan, operate, and manage, the day-to-
9 day operations of facilities within the regional
10 system that are consistent with corporation-wide
11 policies;

12 (2) Exercise custodial control over and use of all assets
13 of the corporation that are located in the regional
14 system pursuant to this chapter; and

15 (3) Expend operating and capital funds within its approved
16 regional system budget and expend additional funds in
17 excess of its approved regional system budget upon
18 approval of the corporation board.

19 (c) Each regional system board shall not be subject to
20 chapters 36 to 38, 40, 41D, and 103D as well as part I of
21 chapter 92 and shall enjoy the exemptions contained in sections



1 102-2 and 103-53(e), except as otherwise provided in this
2 chapter."

3 SECTION 10. Section 323F8.5, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Upon establishment, a regional system board may
6 appoint a regional chief executive officer whose salary shall be
7 set by the corresponding regional system board and may discharge
8 a regional chief executive officer; provided that the position
9 shall be exempt from chapter 76 and section 26-35(a)(4) [-]; and
10 provided further that the corporation concurs with the hiring,
11 firing, and compensation package. Each regional chief executive
12 officer may also appoint, as necessary, other personnel, exempt
13 from chapters 76 and 89, to work directly for the regional chief
14 executive officer for the regional system and for the
15 corresponding regional system board."

16 SECTION 11. Section 323F-21, Hawaii Revised Statutes, is
17 amended by amending subsections (b), (c), (d), and (e) to read
18 as follows:

19 "(b) The corporation board [~~and regional system boards~~]
20 shall [~~collaboratively~~] develop and adopt, upon consultation
21 with the regional system boards via the system policy committee
22 established in section 323-7, budgetary guidelines and annual



1 operating and capital budgets for each facility^[7] and the
2 corporate office, taking into account anticipated surpluses from
3 or subsidies to the facilities pursuant to the annual guidelines
4 described in this section, accumulated corporation and regional
5 reserves and accounts, subsidies, if any, that are determined to
6 be needed from the general fund, and other sources of
7 corporation-wide and regional income as may be identified. Two-
8 year budgets will be approved for regional system boards, in
9 alignment with State of Hawaii biennium budgeting. The
10 corporate board shall ~~[not alter the two year budget of a~~
11 ~~regional system except:]~~ approve, modify, or reject the facility
12 and regional budgets submitted by the regional system boards.

13 ~~[-(1) Where state general funding is reduced,~~
14 ~~-(2) An emergency exists; or~~
15 ~~-(3) There is a renegotiated budget approved by a regional~~
16 ~~system board.]~~

17 The corporation ~~[and regional system boards shall~~
18 ~~collaboratively develop budgetary guidelines and negotiate with~~
19 ~~each facility]~~ shall determine reasonable corporation
20 administrative costs, including funds determined by the
21 corporation or any regional system board to be needed from or
22 provided to each facility to:



- 1 (1) Repay corporation or regional system board debts;
- 2 (2) Provide subsidies to any facility determined to be
- 3 unable to fund from within that facility's programs
- 4 and services deemed essential to community needs; and
- 5 (3) Maintain appropriate reserves.

6 (c) The corporation [~~and regional system boards shall~~
7 ~~collaboratively~~] shall develop annual corporation operating and
8 capital budgets, taking into account anticipated surpluses from
9 or subsidies to the facilities pursuant to the annual guidelines
10 described in this section, accumulated corporation and regional
11 system board reserves and accounts, subsidies, if any, that are
12 determined to be needed from the general fund, and other sources
13 of corporation-wide and regional system board income as may be
14 identified.

15 (d) Beginning with the first of the legislative biennium
16 budget years following the establishment of a regional system
17 board, and for each biennium period thereafter, the corporation
18 shall call together all the regional systems through
19 representatives selected by each regional system board, [~~and the~~
20 ~~chairs of the facility management advisory committees, if any,~~]
21 to determine which additional services [~~and functions should be~~
22 ~~provided by the corporation for the next biennium budget period,~~



1 ~~consistent with this chapter.]~~ the regions desire from the
2 corporation in addition to the corporate functions needed in
3 order to implement this chapter. As part of the biennium
4 budgeting process, the corporation board and the representatives
5 of each regional system, working through the corporation board
6 regional representatives, shall agree upon an allocation
7 methodology for funding the agreed upon and statutorily created
8 corporate services and functions. When allocation decisions
9 cannot be reached by majority agreement, with each region
10 receiving one vote, the corporate board shall decide the
11 allocation for that service or function.

12 (e) The corporation may share in any facility's surplus
13 and may offset any facility's deficits as provided herein. Any
14 regional system board shall share in the surplus of any facility
15 within the regional system and shall offset any facility
16 deficits within its regional system. Operating surpluses of the
17 regional system board shall be reinvested in the operations of
18 that regional system in any prudent manner; provided that upon
19 request, and subject to authorization by the regional system
20 board, the regional system board may share its surplus or
21 resources with a facility outside of the regional system to
22 benefit the corporation-wide system of health care. Obligations



1 undertaken by a facility shall be paid only from funds of that
2 facility, unless the corporation board, the regional system
3 board managing the facility, or an authorized agent explicitly
4 agrees to guarantee the obligation. Loans and other transfers
5 may be made between regional systems upon approval of the
6 affected regional system boards to assist in the cash flow and
7 operations of the public health facilities."

8 SECTION 12. Section 323F-22, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "§323F-22 Annual audit and report; disclosure of revenue
11 projections; internal performance audit. (a) The corporation
12 shall engage a certified public accountant to conduct an annual
13 audit of its financial affairs, books, and records in accordance
14 with generally accepted accounting principles. [The
15 ~~corporation, in consultation with a regional system board, may~~
16 ~~permit or require a regional system board to retain an audit~~
17 ~~firm to conduct an independent audit of the regional system.~~
18 ~~Each regional system board shall submit the results of the~~
19 ~~annual audit to the corporation board within one hundred twenty~~
20 ~~days after the close of the regional system board's fiscal~~
21 ~~year.] The corporation shall submit to the governor and the~~
22 legislature, within one hundred [fifty] eighty days after the



1 close of the corporation's fiscal year, a report that shall
2 include the audited financial report for that fiscal year for
3 the corporation and each regional system board.

4 (b) In addition to the submittal of the audit required
5 under subsection (a), the corporation, in cooperation with the
6 regional system boards, shall submit a report to the legislature
7 at least twenty days prior to the convening of each regular
8 session that shall include but not be limited to:

9 (1) The projected revenues for each health care facility;

10 and

11 (2) A list of all proposed capital improvement projects
12 planned for implementation during the following fiscal
13 year[; ~~and~~

14 ~~(3) All reports submitted by regional public health~~
15 ~~facility management advisory committees pursuant to~~
16 ~~section 323F-10(e)].~~

17 (c) The regional system boards shall prepare a report for
18 inclusion with the corporation's annual report and audit.

19 (d) There shall be an annual internal audit of the
20 management and operations of the corporation and regions. The
21 corporation, in cooperation with the regional system boards,
22 shall submit a report to the legislature at least twenty days



1 prior to the convening of each regular session on the results of
2 the annual internal audit of the management and operations of
3 the corporation and regions."

4 SECTION 13. Section 323F-24, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§323F-24 **Budget oversight.** The corporation's [~~and each~~
7 ~~regional system board's operating and capital improvement]~~
8 combined regional and corporation operational and capital
9 budgets shall not be subject to review or approval by the
10 governor or any state agency, except where state general funds
11 or capital improvement moneys are requested. If general funds
12 or capital improvement moneys are requested, then the
13 corporation or any regional system board shall include, with its
14 request, the proposed budget for which the funds or moneys are
15 to be included. The corporation [~~and regional system boards,~~
16 ~~once operational, shall collaboratively submit their budgets]~~
17 shall submit the combined budgets annually to the legislature
18 for review and approval at least twenty days prior to the
19 convening of the regular legislative session, beginning with the
20 budgets for the 2010-2011 biennium fiscal years."

21 SECTION 14. Section 323F-10, Hawaii Revised Statutes, is
22 repealed.



1 ~~["§323F-10 Regional public health facility management~~
2 ~~advisory committees. (a) On the transfer date, there shall be~~
3 ~~established within the corporation for each region, a public~~
4 ~~health facility management advisory committee to consist of nine~~
5 ~~members initially to be appointed by the chief executive officer~~
6 ~~of the corporation with the advice of the hospital~~
7 ~~administrators of the facilities in the affected regions. The~~
8 ~~members shall serve for a term of four years, provided that upon~~
9 ~~the initial appointment of the members, two shall be appointed~~
10 ~~for a term of one year, two for a term of two years, two for a~~
11 ~~term of three years, and three for a term of four years.~~

12 ~~Following the initial appointments by the chief executive~~
13 ~~officer of the corporation board, any vacancies on a regional~~
14 ~~committee shall be filled by a simple majority vote of the~~
15 ~~members of the executive committee from a list of qualified~~
16 ~~nominees submitted by the regional committee in which the~~
17 ~~vacancy occurred. If a regional committee vacancy remains~~
18 ~~unfilled for more than thirty days, that vacancy may be filled~~
19 ~~by the chief executive officer of the corporation.~~

20 ~~Each regional management advisory committee shall include~~
21 ~~medical and health care providers, consumers, and knowledgeable~~
22 ~~individuals in other appropriate areas such as business and law;~~



1 ~~provided that at least one member shall be a physician with~~
2 ~~active medical staff privileges at one of the region's public~~
3 ~~health facilities. At least three members of the committee~~
4 ~~shall be consumers.~~

5 ~~The management advisory committee for the East Hawaii~~
6 ~~region shall have three members who reside in the Ka'u district,~~
7 ~~three members who reside in the Hamakua/North Hilo districts,~~
8 ~~and three members who reside in the South Hilo/Puna districts.~~
9 ~~The management advisory committee for the West Hawaii region~~
10 ~~shall have not less than three members who reside in the North~~
11 ~~Kohala/South Kohala districts.~~

12 ~~Each regional committee shall select its own chairperson~~
13 ~~and vice chairperson and shall adopt rules governing the terms~~
14 ~~for removal of its chairperson from the executive management~~
15 ~~advisory committee. In the event of a regional committee voting~~
16 ~~to remove its chairperson who concurrently sits on the~~
17 ~~corporation board, that vote shall be unanimous. In the event~~
18 ~~of a regional committee voting to remove its physician member~~
19 ~~from the corporation board, that vote shall also be unanimous.~~
20 ~~Each regional committee may also adopt other rules as it may~~
21 ~~consider necessary for the conduct of its business.~~



1 ~~The members of the regional committees shall serve without~~
2 ~~compensation, but shall be reimbursed for traveling expenses~~
3 ~~incurred in the performance of their duties. The corporation~~
4 ~~shall provide for the necessary expenses of the committees,~~
5 ~~provided that no expenses may be incurred without prior~~
6 ~~authorization by the chief executive officer.~~

7 ~~(b) Each regional committee shall sit in an advisory~~
8 ~~capacity to the chief executive officer on matters concerning~~
9 ~~the formulation of regional operational and capital improvement~~
10 ~~budgets, and the planning, construction, improvement,~~
11 ~~maintenance, and operation of public health facilities within~~
12 ~~its respective jurisdiction and shall sit in an advisory~~
13 ~~capacity to the governor on matters concerning the nominees for~~
14 ~~positions on the corporation board. Nothing in this section~~
15 ~~shall be construed as precluding or preventing the committees~~
16 ~~from coordinating their efforts and activities with the facility~~
17 ~~administrators within their counties.~~

18 ~~(c) Each regional committee may prepare a report for~~
19 ~~inclusion with the corporation's annual report and audit, which~~
20 ~~shall include but not be limited to comments and analyses on the~~
21 ~~corporation's regional operational and capital improvement~~
22 ~~budgets for its respective region.~~



1 ~~(d) Upon the establishment of a regional system board for~~
2 ~~a regional system pursuant to section 323F-3.5, this section~~
3 ~~shall no longer apply to that regional system."]~~

4 SECTION 15. Section 323F-10.5, Hawaii Revised Statutes, is
5 repealed.

6 ~~["§323F-10.5 Executive public health facility management~~
7 ~~advisory committee; establishment. (a) There is established~~
8 ~~within the corporation an executive public health facility~~
9 ~~management advisory committee to consist of the chairpersons of~~
10 ~~each of the five regional public health facility management~~
11 ~~advisory committees. The executive committee shall, through its~~
12 ~~chairperson, represent the interests of all regional committees~~
13 ~~on the corporation board.~~

14 ~~(b) The executive committee shall select its own~~
15 ~~chairperson to serve on the corporation board and shall adopt~~
16 ~~rules governing the terms of office and removal from the~~
17 ~~corporation board. The executive committee shall also adopt~~
18 ~~rules governing the terms of office for each of the five~~
19 ~~regional committee chairpersons. The executive committee may~~
20 ~~also adopt other rules as it may consider necessary for the~~
21 ~~conduct of its business.~~



1 ~~(c) The members of the executive committee shall serve~~
2 ~~without compensation, but shall be reimbursed for reasonable~~
3 ~~expenses incurred in the performance of their duties.~~

4 ~~(d) Upon the establishment of a regional system board for~~
5 ~~a regional system pursuant to section 323F 3.5, this section~~
6 ~~shall no longer apply to that regional system."]~~

7 SECTION 16. In codifying the new sections added by section
8 2 of this Act, the revisor of statutes shall substitute
9 appropriate section numbers for the letters used in designating
10 the new sections in this Act.

11 SECTION 17. All acts passed prior to or during this
12 regular session of 2013, whether enacted before or after
13 passage of this Act shall be interpreted to conform to this
14 Act, unless the acts specifically provide that this Act is being
15 amended. In so far as this Act is inconsistent with any other
16 law, this Act shall control.

17 SECTION 18. If any provision of this Act, or the
18 application thereof to any person or circumstance, is held
19 invalid, the invalidity does not affect other provisions or
20 applications of the Act that can be given effect without the
21 invalid provision or application, and to this end the provisions
22 of this Act are severable.



S.B. NO. 1312

1 SECTION 19. This Act does not affect rights and duties
2 that matured, penalties that were incurred, and proceedings that
3 were begun before its effective date.

4 SECTION 20. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 21. This Act shall take effect on July 1, 2013.

7

INTRODUCED BY: Gal Mee MD

Rosa H

Michelle

Trizanne Chun Clarke



S.B. NO. 1312

Report Title:

Hawaii Health Systems Corporation

Description:

Amends Hawaii health systems corporation statutes, Chapter 323F, HRS, to appoint the regional chief executive officers as nonvoting members of the Hawaii health systems corporation board. Authorizes the governor to appoint six additional community members. Clarifies the powers of the Hawaii health systems corporation board and the regional boards. Creates new collective bargaining units and retirement system.

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

