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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 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 the Hawaii health  
10 systems corporation transition task force to study the  
11 feasibility and merits of allowing the operations of one or more  
12 regional systems of the Hawaii health systems corporation, or  
13 one or more of its individual health facilities, to transition  
14 to public-private partnership status.

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



1 or more regional systems of the Hawaii health systems  
2 corporation, or one or more of its individual health facilities,  
3 to transition to public-private partnership status and shall  
4 include the effects of such a transition on:

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

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



1           The task force shall also address a securitization  
2 mechanism, including that a new entity be required to post bonds  
3 equal to no less than fifty per cent of the entire capital  
4 project funded by the State. The bonding would apply to any and  
5 all facilities, improvements, infrastructure, or anything  
6 purchased by or funded by the State of Hawaii to which the new  
7 entity would be gaining lease or ownership thereof. The task  
8 force shall also study the impact of hiring solely out-of-state  
9 contract workers and the impact that would have on the  
10 community, particularly the strain on the short term rental  
11 housing market that hiring workers may have.

12           (b) The Hawaii health systems corporation transition task  
13 force shall consist of the following nine members:

- 14           (1) The director of health or a designee;
- 15           (2) The attorney general or a designee;
- 16           (3) The director of finance or a designee;
- 17           (4) The chief executive officer of the Hawaii health  
18 systems corporation or a designee;
- 19           (5) A member of the corporation board of the Hawaii health  
20 systems corporation;
- 21           (6) Two public sector representatives who shall be  
22 appointed by the governor;



1 (7) The administrator of the state health planning and  
2 development agency; and

3 (8) The dean of the John A. Burns school of medicine or a  
4 designee.

5 (c) The task force shall report:

6 (1) Its findings and recommendations, including proposed  
7 legislation, if any; and

8 (2) Any actions being taken to incorporate alternative  
9 cost reductions,

10 to the legislature no later than twenty days prior to the  
11 convening of the regular session of 2014.

12 (d) The governor shall select the chair of the Hawaii  
13 health systems corporation transition task force from among its  
14 members.

15 (e) The members of the task force shall not be considered  
16 employees for the purposes of chapter 84, Hawaii Revised  
17 Statutes, based solely upon their participation in the task  
18 force.

19 (f) The task force shall cease to exist on June 30, 2015.

20 SECTION 3. This Act shall take effect on July 1, 2050.



**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 07/01/2050. (SD2)

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