
A BILL FOR AN ACT

RELATING TO HAWAII HEALTH SYSTEMS CORPORATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. Section 323F-7.6, Hawaii Revised Statutes, is
3 amended to read as follows:

4 "~~[\]§323F-7.6[\]—Transition of] Hawaii health systems~~
5 ~~[regional system or health facility to a new entity.]~~
6 corporation; transition authority. ~~[(a)—Notwithstanding any~~
7 ~~other law to the contrary, including but not limited to section~~
8 ~~27-1 and chapter 171, any of the regional systems or individual~~
9 ~~facilities of the Hawaii health systems corporation is hereby~~
10 ~~authorized to transition into a new legal entity in any form~~
11 ~~recognized under the laws of the State, including but not~~
12 ~~limited to:~~

- 13 ~~(1) A nonprofit corporation;~~
14 ~~(2) A for-profit corporation;~~
15 ~~(3) A municipal facility;~~
16 ~~(4) A public benefit corporation; or~~
17 ~~(5) Any two or more of the entities in paragraphs (1)~~
18 ~~through (4).~~



1 ~~A transition shall occur through the sale, lease, or transfer of~~
2 ~~all or substantially all of the assets of the facility or~~
3 ~~regional system, except for real property which shall only be~~
4 ~~transferred by lease. Any transition shall comply with chapter~~
5 ~~323D.~~

6 ~~(b) A transition shall only occur upon approval of the~~
7 ~~appropriate regional system board in the case of a regional~~
8 ~~system or individual facility transition, or upon approval of~~
9 ~~the regional system boards and the corporation in the case of~~
10 ~~the transition of the entire corporation. Any transition shall~~
11 ~~be subject to legal review by the attorney general who shall~~
12 ~~approve the transition if satisfied that the transition conforms~~
13 ~~to all applicable laws, subject to the review of the director of~~
14 ~~the department of budget and finance who shall approve the~~
15 ~~transition if it conforms to all applicable financing~~
16 ~~procedures, and subject to the governor's approval. In addition~~
17 ~~the transition shall be subject to the following terms and~~
18 ~~conditions:~~

19 ~~(1) All proceeds from the sale, lease, or transfer of~~
20 ~~assets shall be used for health care services in the~~
21 ~~respective regional system or facility, except that~~
22 ~~real property shall only be transferred by lease,~~



1 ~~(2) Any and all liabilities of a regional system or~~
2 ~~facility transitioning into a new entity that were~~
3 ~~transferred to the Hawaii health systems corporation~~
4 ~~upon its creation by Act 262, Session Laws of Hawaii~~
5 ~~1996, and all liabilities of the regional system or~~
6 ~~facility related to collective bargaining contracts~~
7 ~~negotiated by the State, shall become the~~
8 ~~responsibility of the State; and~~

9 ~~(3) During the period of transition:~~

10 ~~(A) The State shall continue to fund the provision of~~
11 ~~health care services provided for by the regional~~
12 ~~system or individual facility; and~~

13 ~~(B) All applicable provisions of this chapter shall~~
14 ~~continue to apply.~~

15 ~~Upon the completion of the transition of all the facilities~~
16 ~~in a regional system to a new entity, the regional system board~~
17 ~~for that regional system shall terminate; provided that if not~~
18 ~~all of a regional system's facilities are transitioned to a new~~
19 ~~entity, the existing regional system board shall not terminate~~
20 ~~but shall continue to retain jurisdiction over those facilities~~
21 ~~remaining in the regional system.] Notwithstanding any other~~
22 ~~law to the contrary, the corporation, a regional system, or a~~



1 combined regional system of two or more regional systems may
2 transition to a nonprofit hospital corporation incorporated in
3 the State before January 1, 2000. The transition may occur
4 through the sale, lease, or transfer of the assets of the
5 corporation, regional system, or combined regional system, to
6 implement a more economically efficient system of health care
7 delivery in the communities being served; provided that any real
8 property shall only be transferred by lease."

9 PART II

10 SECTION 2. Chapter 323F, Hawaii Revised Statutes, is
11 amended by adding two new sections to be appropriately
12 designated and to read as follows:

13 **"§323F- Hospital services; state funding.** (a) The
14 nonprofit hospital corporation shall maintain equivalent
15 hospital services in acquired regions for no less than five
16 years following the finalization of the transition pursuant to
17 section 323F-7.6.

18 (b) The nonprofit hospital corporation shall receive
19 general fund support from the State sufficient to maintain
20 equivalent hospital services in acquired regions for no less
21 than five years following the finalization of the transition.



Report Title:

Hawaii Health Systems Corporation; Transition Guidelines;
Nonprofit Hospital Corporations

Description:

Allows for the transition of the Hawaii health systems corporation, a regional system, to a nonprofit hospital corporation incorporated in Hawaii before January 1, 2000. Requires the nonprofit hospital corporation to maintain equivalent services in acquired regions for no less than five years. Requires the State to continue to meet all financial obligations to public employees, including all benefits, pensions, and other financial obligations negotiated with public employees' unions before the effective date of this measure. Effective on 1/1/2015; sunsets on 1/1/2025. (SD1)

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