
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 purpose of this Act is to ensure that all
2 of the people of Hawaii, especially those residing in
3 underserved rural communities, have continued access to health
4 care services by establishing a process for determining whether
5 the health care services presently provided by the Hawaii health
6 systems corporation, one or more of the corporation's five
7 regional health care systems, or one or more of the
8 corporation's health systems facilities can be delivered more
9 cost-effectively by partnering with a private health care
10 management system.

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

13 " ~~[+]§323F-7.6[+]~~ **Transition of Hawaii health systems**
14 **regional system or health facility to a new entity.** (a)
15 Notwithstanding any other law to the contrary, including but not
16 limited to section 27-1 and ~~[chapter]~~ chapters 76, 78, 89, and
17 171, any of the regional systems or individual facilities of the



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1 Hawaii health systems corporation is hereby authorized to
2 ~~[transition]~~:

3 (1) Enter into agreements with other health care entities
4 to transition some or all of the responsibilities of a
5 facility or region; and

6 (2) Transition into a new legal entity in any form
7 recognized under the laws of the State, including but
8 not limited to:

9 ~~[(1)]~~ (A) A nonprofit corporation;

10 ~~[(2)]~~ (B) A for-profit corporation;

11 ~~[(3)]~~ (C) A municipal facility;

12 ~~[(4)]~~ (D) A public benefit corporation; or

13 ~~[(5)]~~ (E) Any two or more of the entities in

14 ~~[paragraphs (1) through (4).]~~ subparagraphs (A)
15 through (D).

16 A transition shall occur through the sale, lease, or transfer of
17 all or substantially all of the assets of the facility or
18 regional system, except for real property which shall only be
19 transferred by lease. Any transition shall comply with chapter
20 323D.



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

- 14 (1) All proceeds from the sale, lease, or transfer of
15 assets shall be used for health care services in the
16 respective regional system or facility, except that
17 real property shall only be transferred by lease;
- 18 (2) Any and all liabilities of a regional system or
19 facility transitioning into a new entity that were
20 transferred to the Hawaii health systems corporation
21 upon its creation by Act 262, Session Laws of Hawaii



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1 1996, and all liabilities of the regional system or
2 facility related to collective bargaining contracts
3 negotiated by the State, shall become the
4 responsibility of the State; and

5 (3) During the period of transition:

6 (A) The State shall continue to fund the provision of
7 health care services provided for by the regional
8 system or individual facility; and

9 (B) All applicable provisions of this chapter shall
10 continue to apply.

11 ~~[Upon the completion of the transition of all the
12 facilities in a regional system to a new entity, the regional
13 system board for that regional system shall terminate, provided
14 that if not all of a regional system's facilities are
15 transitioned to a new entity, the existing regional system board
16 shall not terminate but shall continue to retain jurisdiction
17 over those facilities remaining in the regional system.]~~

18 (c) The Hawaii health systems corporation and the regional
19 system boards shall collaborate and adopt management and
20 oversight policies for agreements entered into pursuant to
21 paragraph (a) (1). The regional system board of the area where



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1 the facilities and operations are located shall oversee the
 2 performance of the terms of the agreement by the private entity
 3 and shall manage the agreement on behalf of the State in
 4 accordance with the policies adopted."

5 SECTION 3. No employee of the Hawaii health systems
 6 corporation who is separated from service as a result of the
 7 implementation of a transition plan under section 2 of this Act
 8 shall suffer any loss of retirement allowance earned as provided
 9 in section 88-74, Hawaii Revised Statutes.

10 SECTION 4. Statutory material to be repealed is bracketed
 11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect on July 1, 2015.

13

INTRODUCED BY: Allen A. Kelihi

JAN 27 2015



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Report Title:

Hawaii Health Systems Corporation; Private Health Care Management System

Description:

Establishes a process for determining whether the health care services provided by the Hawaii Health Systems Corporation or one or more of its regional health care systems can be delivered more cost-effectively by partnering with a private health care management system.

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