

STAND. COM. REP. NO. 1106

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 1112
H.D. 2
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Health and Commerce and Consumer Protection, to which was referred H.B. No. 1112, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Consolidate the Hawaii Health Systems Corporation operational administration and oversight by eliminating regional system boards;
- (2) Repeal certain limits on operational authority; and
- (3) Authorize Hawaii Health Systems Corporation supplemental bargaining agreements to be negotiated separately for Hawaii Health Systems Corporation employees.

Your Committees received testimony in support of this measure from the Hawaii Government Employees Association, Lanai Community Health Center, Hawaii Primary Care Association, and one individual. Your Committees received testimony in opposition to this measure from the Hawaii Health Systems Corporation Corporate Board; Hawaii Health Systems Corporation, East Hawaii Region; Hawai'i Island Chamber of Commerce; Japanese Chamber of Commerce and Industry of Hawaii; and twenty-three individuals. Your Committees received comments on this measure from the Department

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of the Attorney General; Hawaii Health Systems Corporation; Hawaii Health Systems Corporation, Kauai Regional Board; and one individual.

Your Committees find that the Hawaii Health Systems Corporation provides essential hospital and long-term care services, in addition to physician and other health care services throughout the State. Due to rapid changes taking place in the health care industry, the governing structure of the public hospital system must provide the appropriate flexibility and autonomy needed to compete and remain viable and responsive to the needs of the specific communities served by furthering the development of centers of excellence in health care.

Your Committees also note that this measure is predicated on the assumption that the Maui Regional System of the Hawaii Health Systems Corporation is authorized to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

Your Committees have amended this measure by deleting its contents and inserting language that:

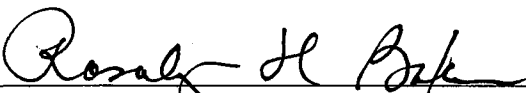
- (1) Requires the Auditor to conduct a financial and management audit of the Hawaii Health Systems Corporation every five years;
- (2) In preparing and executing all corporation-wide budgets, policies, and procedures or any regional system budgets, policies, and procedures, requires the regional system boards to submit their regional and facility budgets to the Hawaii Health Systems Corporation for approval, amendment, or rejection;
- (3) Exempts employees transitioned to a private entity from chapters 76 and 89, Hawaii Revised Statutes, when the Hawaii Health Systems Corporation or regional systems transition to a private entity;
- (4) Clarifies that the Corporation's exemption from chapter 37D, Hawaii Revised Statutes, for financing agreements applies as long as the aggregate value of financing agreements per fiscal year does not exceed \$25,000,000 per region;



- (5) Requires that the regional systems boards approve two-year budgets in alignment with state biennium budgeting;
- (6) Specifies that the corporate board shall approve the two-year budget of the regional system;
- (7) Requires the corporate board to decide the allocation for a service or function for a biennium period when allocation decisions cannot be reached by agreement of the regional and corporate boards;
- (8) Authorizes the Hawaii Health Systems Corporation or any of its regional boards to negotiate its own master collective bargaining agreement for its employees;
- (9) Clarifies that any of the regional systems or facilities may transition by partnering with a private healthcare management system, notwithstanding civil service and related laws;
- (10) Prohibits any employee of the Hawaii Health Systems Corporation who is separated from service as a result of the implementation of a transition plan from suffering any loss of retirement allowance earned; and
- (11) Includes an effective date of July 1, 2015.

As affirmed by the records of votes of the members of your Committees on Health and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1112, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1112, H.D. 2, S.D. 1, and be referred to the Committees on Judiciary and Labor and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Health and
Commerce and Consumer
Protection,



ROSALYN H. BAKER, Chair

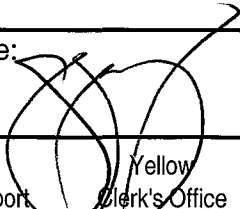


JOSH GREEN, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* HB 1112, HD 2	Committee Referral: HTH/CPN, JDL/WAM	Date: 3/19/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GREEN, Josh (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
GABBARD, Mike	✓			
RIVIERE, Gil	✓			
RUDERMAN, Russell E.			✓	✓
SLOM, Sam			✓	
TOTAL	5	0	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1112 HD2	HTH/CPN, JDL/WAM	3-19-15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
KAHELE, Gilbert				✓
KIDANI, Michelle N.				✓
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓			
SLOM, Sam			✓	
TOTAL	4		1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Clarence K Nishihara</div>				
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