

Honolulu, Hawaii

APR 10 2015

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

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

Madam:

Your Committees on Judiciary and Labor and Ways and Means, to which was referred H.B. No. 1112, H.D. 2, S.D. 1, 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) Require the Auditor to conduct a financial and management audit of the Hawaii Health Systems Corporation every five years;
- (2) Repeal certain limits on the Hawaii Health Systems Corporation's and regional system boards' operational authority;
- (3) Authorize the Hawaii Health Systems Corporation to negotiate master collective bargaining agreements for its employees; and
- (4) Clarify that a regional system or facility of the Hawaii Health Systems Corporation may transition by partnering with a private healthcare management system notwithstanding civil service and related laws.

Your Committees received testimony in support of this measure from the Hawaii Health Systems Corporation; Hawaii Health Systems



Corporation, West Hawaii Regional Board; and five individuals. Your Committees received testimony in opposition to this measure from one individual. Your Committees received comments on this measure from the Department of Budget and Finance.

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 have amended this measure by:

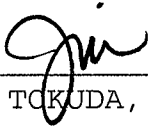
- (1) Simplifying the purpose section under section 1 for further clarity;
- (2) Deleting language that would have allowed employees transitioned to a private entity under chapter 323F, Hawaii Revised Statutes, to not be governed by chapters 76 and 89, Hawaii Revised Statutes;
- (3) Deleting the contents of part III and inserting language that is substantially similar to H.B. 1075, H.D. 2, S.D. 2 (Regular Session of 2015), that authorizes a regional system of the Hawaii Health Systems Corporation, in collaboration with a private entity, to transition any one or more of its facilities to management and operation by a new nonprofit management entity;
- (4) Deleting sections 9 and 10;
- (5) Inserting language that appropriates an unspecified amount to the Department of Budget and Finance for fiscal year 2015-2016 for an unspecified number of full-time positions to coordinate the review of documents and examine the fiscal implications posed by a transition of any Hawaii Health Systems Corporation facility to management and operation by a nonprofit management entity;



- (6) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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

Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Labor and Ways and Means,



JILL N. TOKUDA, Chair

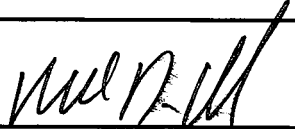


GILBERT S.C. KEITH-AGARAN, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1112, HD2, SD1	HTH/CPN, JDL/WAM	4/8/15		
<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
TOKUDA, Jill N. (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene				✓
INOUYE, Lorraine R.	✓			
RIVIERE, Gil	✓			
RUDERMAN, Russell E.		✓		
SLOM, Sam	✓			
TOTAL	9	1	0	1
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;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes