

Honolulu, Hawaii

MAR 22 2019

RE: H.B. No. 1539
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 1539, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to dissolve the
Oahu Regional Health Care System and transfer its duties,
functions, and personnel to the Hawaii Health Systems Corporation
Board of Directors.

Your Committee received testimony in support of this measure
from the Board of Directors of the Hawaii Health Systems
Corporation, West Hawaii Region of the Hawaii Health Systems
Corporation, and nine individuals. Your Committee received
testimony in opposition to this measure from the Oahu Regional
Hawaii Health System Board of Directors; Hawaii Government
Employees Association, AFSCME Local 152, AFL-CIO; and twenty-seven
individuals. Your Committee received comments on this measure
from the East Hawaii Regional Board of the Hawaii Health Systems
Corporation.

Your Committee finds that the regional autonomy of having
five semi-independent regions, one each for Kauai, Maui, East
Hawaii, West Hawaii, and Oahu, has been more successful on the
neighbor islands than for Oahu. Oahu is unique in the regional



system because of the logistical complexities of the Oahu Region's facilities and the limited but crucial nature of the services these facilities provide. The two Oahu region facilities, Leahi Hospital and Maluhia Hospital, are long-term care facilities that play an important role in their communities where long-term care needs are high. Furthermore, your Committee notes that the Oahu region facilities fill a gap in services by providing care to Medicaid and other low income populations traditionally underserved by private facilities.

It is the intent of your Committee to continue the regional autonomy of the Oahu Region under its board and not repeal the Oahu Regional Board at this time. Your Committee finds there are concerns about the long-term viability of the Oahu Region but that the Oahu Regional Board is working to address those concerns and needs additional time for its plans to come to fruition. While this measure is the beginning of a transition plan for the Oahu Region to exit the Hawaii Health Systems Corporation in five years, it is the intention of your Committee that it be implemented only if, after receiving a final report on long-term financial viability from the Oahu Regional Board, the Legislature continues to have concerns about the viability of the Oahu Region.

Your Committee has amended this measure by:

- (1) Amending the composition of the Hawaii Health Systems Corporation Board to include five, rather than two, members who reside on the Island of Oahu and two, rather than three, members who reside in the County of Maui;
- (2) Creating a right of first refusal for the Department of Health, Governor's Coordinator on Homelessness, and Mayor of the City and County of Honolulu to purchase the property or rights to the lease if the Hawaii Health Systems Corporation Board fully or partially privatizes Leahi or Maluhia Hospital;
- (3) Clarifying that an exempt employee transferred as a consequence of this measure shall be entitled to remain employed in the employee's current position for a period of no less than one year after being transferred;
- (4) Requiring the Oahu Regional Board to create a five-year sustainability plan in consultation with the Behavioral

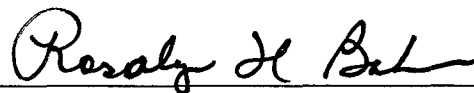


Health Services Administration of the Department of Health, Governor's Coordinator on Homelessness, and City and County of Honolulu and submit interim and final reports regarding the plan to the Legislature;

- (5) Specifying the contents of the sustainability plan, including maximizing unmet health and treatment needs for Oahu's vulnerable populations and requiring the Oahu Regional Board to approve any steps taken toward full or partial privatization and continue managing its facilities;
- (6) Changing its effecting date to July 1, 2019, and inserting a sunset date of July 1, 2024, for the Oahu Regional Health Care System, and transferring its duties, functions, and personnel to the Hawaii Health Systems Corporation Board of Directors at that time, unless the Legislature adopts a Concurrent Resolution prior to June 30, 2024, finding that retention of the Oahu Regional Board is in the best interest of the State; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1539, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1539, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



