



1 compared to the other regions, have less opportunity for  
2 additional revenue generation.

3 While the need for long-term care beds on Oahu has  
4 decreased in recent years, a study completed by the department  
5 of business, economic development, and tourism has projected  
6 that the population aged sixty-five and older will grow by one  
7 hundred forty-eight per cent over the next twenty-five years.  
8 On Oahu, this translates to an estimated shortfall of one  
9 thousand one hundred long-term care beds in the next five to ten  
10 years alone. Thus, despite the costs of long-term care, it is  
11 vital that state facilities continue to operate to ensure that  
12 beds remain available for our aging population.

13 Similar to the Oahu regional health care system, the  
14 department of health operates the Hawaii state hospital, a  
15 facility that does not generate revenue, but is nonetheless  
16 necessary to provide care and treatment for mentally ill  
17 patients in Hawaii. In recent years, the Hawaii state hospital  
18 has experienced a challenge in providing sufficient bed space  
19 for admitted patients. As of September 2019, two hundred twenty  
20 patients - well over the maximum capacity of two hundred two -  
21 occupied beds at the Hawaii state hospital. To meet its needs,



1 the Hawaii state hospital was also required to contract with  
2 Kahi Mohala, a privately-run facility, to care for an additional  
3 forty-six patients.

4 Beyond the Hawaii state hospital, the department of health  
5 has also been charged with addressing the significant gap in the  
6 behavioral health care system between acute psychiatric care  
7 facilities and low acuity residential treatment. Data collected  
8 in the State estimates that more than half of all individuals  
9 experiencing a mental health crisis, or fifty-four per cent,  
10 have needs that align better with services delivered within a  
11 subacute level of care facility rather than an emergency room.

12 The legislature further finds that Act 90, Session Laws of  
13 Hawaii 2019, established the involuntary hospitalization task  
14 force and Act 263, Session Laws of Hawaii 2019, established a  
15 working group to evaluate current behavioral health care and  
16 related systems, including existing resources, systems gaps, and  
17 identification of action steps that could be taken to improve  
18 the overall system of care. The findings from these initiatives  
19 highlight the need in Hawaii for a coordinated network of  
20 stabilization beds that will allow triage, clinical assessment,  
21 and recommendation for the next level of care for those



1 struggling with substance use, mental health conditions, and  
2 homelessness.

3       The National Coalition for the Homeless has found that  
4 sixty-four per cent of homeless individuals are dependent on  
5 alcohol or other substances. In Hawaii, the Oahu homeless point  
6 in time count reported that 36.4 per cent of homeless single  
7 adults suffer from some type of mental illness. The  
8 intersection of homelessness and behavioral health conditions  
9 are a crisis in Hawaii, which contributes to Hawaii having the  
10 second highest rate of homelessness in the nation.

11 Unfortunately, there is currently no coordinated system of  
12 stabilization from the streets that assesses for and links to  
13 the next level of clinical care.

14       The legislature additionally finds that the current options  
15 for those needing stabilization from substance use, mental  
16 health, and homelessness are stretched and emergency facilities  
17 throughout the State have experienced substantial increases in  
18 psychiatric emergency admissions, which has resulted in  
19 overcrowding and unsafe environments for patients and medical  
20 staff.



1           The legislature also finds comprehensive crisis response  
2 and stabilization services are crucial elements of the continuum  
3 of care. Reducing unnecessary transportation to emergency  
4 departments and appropriately placing clients in more suitable  
5 levels of care will improve outcomes for consumers, reduce  
6 inpatient hospital stays, and facilitate access to other  
7 behavioral health services.

8           Data collected in the State estimates that more than half  
9 of all individuals experiencing a mental health crisis, or  
10 fifty-four per cent, have needs that align better with services  
11 delivered within a subacute level of care facility rather than  
12 an emergency room. Subacute residential stabilization services  
13 have been a missing component of a comprehensive behavioral  
14 health continuum of care, which would bridge the gap between  
15 acute hospitalization and lower level residential and community  
16 resources.

17           Many individuals who are taken to the emergency room on a  
18 MH-1, or for emergency examination and hospitalization, are  
19 often not acute enough in their illness to warrant psychiatric  
20 hospitalization. On the other hand, their symptomology is too  
21 acute for them to be admitted to a group home, shelter, or other



1 existing low acuity residential program, or, if they are  
2 admitted, they are often unsuccessful in those environments.  
3 More often than not, they fail because they have not had time to  
4 stabilize in an environment where they can be closely monitored.  
5 This lack of post-acute care contributes to the poor outcomes of  
6 both acute behavioral health inpatient and community-based  
7 services because many individuals are not appropriate for either  
8 level, but fall somewhere in the middle.

9       The legislature also finds that there exists state  
10 facilities that have under-utilized space that could accommodate  
11 these services with minimal effort and adjustments and reduce  
12 certain burdens and barriers. Therefore, assertive efforts  
13 should be undertaken to make use of these resources and to  
14 organize them in a way that is beneficial to the State.

15       Through discussions with the Oahu regional health care  
16 system, however, it was determined that some of the Oahu  
17 regional health care system's facilities, particularly at Leahi  
18 hospital, are currently underutilized and have the potential to  
19 be re-purposed for other important health care and social  
20 services.



1           The legislature finds that, while statutorily tied to the  
2 Hawaii health systems corporation, the Oahu regional health care  
3 system operates mostly autonomously and its functions -  
4 including target population - are unique from those of the other  
5 regional health care systems. As such, there is little  
6 necessity to keep the Oahu regional healthcare system a part of  
7 the Hawaii health systems corporation. With proper planning and  
8 implementation, the Oahu regional health care system could be  
9 strategically assimilated into the department of health and its  
10 facilities could be used - in addition to long-term care - to  
11 help alleviate the need for subacute residential stabilization  
12 and other services.

13           The purpose of this Act is to:

- 14           (1) Commence the transfer of the Oahu regional health care  
15 system in its entirety from the Hawaii health systems  
16 corporation to the department of health, beginning  
17 with the transfer of the Oahu regional health care  
18 system's budget into the department of health; and
- 19           (2) Establish a working group by and between the Oahu  
20 regional health care system, department of health, and  
21 other stakeholders that shall be responsible for



1 managing and implementing the processes required to  
2 effectuate the completion of such transition.

3 **PART II**

4 SECTION 2. Section 323F-3, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

6 "(b) The members of the corporation board shall be  
7 appointed as follows:

- 8 (1) The director of health as an ex officio, voting  
9 member;
- 10 (2) The five regional chief executive officers as ex  
11 officio, nonvoting members;
- 12 (3) Three members who reside in the county of Maui, two of  
13 whom shall be appointed by the Maui regional system  
14 board and one of whom shall be appointed by the  
15 governor, all of whom shall serve as voting members;
- 16 (4) Two members who reside in the eastern section of the  
17 county of Hawaii, one of whom shall be appointed by  
18 the East Hawaii regional system board and one of whom  
19 shall be appointed by the governor, both of whom shall  
20 serve as voting members;





1           (5) Two members who reside in the western section of the  
2           county of Hawaii, one of whom shall be appointed by  
3           the West Hawaii regional system board and one of whom  
4           shall be appointed by the governor, both of whom shall  
5           serve as voting members;

6           (6) Two members who reside on the island of Kauai, one of  
7           whom shall be appointed by the Kauai regional system  
8           board and one of whom shall be appointed by the  
9           governor, both of whom shall serve as voting members;

10          (7) Two members who reside on the island of Oahu, one of  
11          whom shall be appointed by the Oahu regional system  
12          board and one of whom shall be appointed by the  
13          governor, both of whom shall serve as voting members;  
14          and

15          (8) One member who shall be appointed by the governor and  
16          serve as an at-large voting member.

17          The appointed board members who reside in the county of  
18          Maui, eastern section of the county of Hawaii, western section  
19          of the county of Hawaii, on the island of Kauai, and on the  
20          island of Oahu shall each serve for a term of four years;  
21          provided that the terms of the initial appointments of the



1 members who are appointed by their respective regional system  
2 boards shall be as follows: one of the initial members from the  
3 county of Maui shall be appointed to serve a term of two years  
4 and the other member shall be appointed to serve a term of four  
5 years; the initial member from East Hawaii shall be appointed to  
6 serve a term of two years; the initial member from West Hawaii  
7 shall be appointed to serve a term of four years; the initial  
8 member from the island of Kauai shall be appointed to serve a  
9 term of two years; and the initial member from the island of  
10 Oahu shall be appointed to serve a term of four years; and  
11 provided further that the terms of the initial appointments of  
12 the members who are appointed by the governor shall be four  
13 years. The at-large member appointed by the governor shall  
14 serve a term of two years.

15 Any vacancy shall be filled in the same manner provided for  
16 the original appointments. The corporation board shall elect  
17 its own chair from among its members. Appointments to the  
18 corporation board shall be as representative as possible of the  
19 system's stakeholders as outlined in this subsection. The board  
20 member appointments shall strive to create a board that includes



1 expertise in the fields of medicine, finance, health care  
2 administration, government affairs, human resources, and law.

3 With regard to all corporation board matters concerning the  
4 Oahu regional health care system, the director of health shall  
5 have sole decision-making authority over such matters commencing  
6 on June 30, 2020, and continuing until the transition of the  
7 Oahu regional health care system into the department of health  
8 is complete. Upon completion of the transition, the corporation  
9 board shall have no legal relationship with the Oahu regional  
10 health care system or its facilities."

11 **PART III**

12 SECTION 3. (a) There is established a working group to be  
13 led by and between the Oahu regional health care system and  
14 department of health to develop, evaluate, and implement any  
15 steps necessary to transition the Oahu regional health care  
16 system into the department of health.

17 (b) The working group shall consist of the following  
18 members:

19 (1) The director of health, or the director's designee,  
20 who shall serve as co-chair and who, along with the  
21 chair of the Oahu regional health care system, or the



1 chair's designee, shall have final authority over  
2 transfer activities to be implemented by the working  
3 group;

4 (2) The chair of the Oahu regional health care system  
5 board, or the chair's designee, who shall serve as co-  
6 chair and who, along with the director of health, or  
7 the director's designee, shall have final authority  
8 over transfer activities to be implemented by the  
9 working group;

10 (3) The chief executive officer of the Oahu regional  
11 health care system, or the chief executive officer's  
12 designee;

13 (4) One or more department of health staff as deemed  
14 necessary by the director of health, or the director's  
15 designee; and

16 (5) One or more Oahu regional health care system staff as  
17 deemed necessary by the chief executive officer of the  
18 Oahu regional health care system, or the chief  
19 executive officer's designee.



1 (c) In addition, the working group shall be comprised of  
2 the following members, who shall serve in a consultative  
3 capacity:

4 (1) One representative from the behavioral health  
5 administration of the department of health;

6 (2) One representative from the department of human  
7 resources development;

8 (3) One representative from the department of accounting  
9 and general services;

10 (4) The chair of the Hawaii health systems corporation  
11 board, or the chair's designee;

12 (5) One representative from the Hawaii health systems  
13 corporation human resources department;

14 (6) One representative from the Hawaii health systems  
15 corporation finance department;

16 (7) One representative from the Hawaii Government  
17 Employees Association; and

18 (8) Others as recommended by the co-chairs.

19 (d) The working group shall be responsible to complete the  
20 following items as part of the transition:



- 1           (1) Develop a transfer framework, including proposed  
2           legislation, to govern and manage the transition of  
3           the Oahu regional health care system into the  
4           department of health that shall, where possible,  
5           preserve the rights and exemptions that the Oahu  
6           regional health care system enjoyed as a region within  
7           the Hawaii health systems corporation;
- 8           (2) Identify all real property, appropriations, records,  
9           equipment, machines, files, supplies, contracts,  
10          books, papers, documents, maps, and other property  
11          made, used, acquired, or held by the Oahu regional  
12          health care system and effectuate the transfer of the  
13          same to the department of health;
- 14          (3) Identify all debts and other liabilities that will  
15          remain with the Hawaii health systems corporation and  
16          transfer any remaining debts and liabilities to the  
17          department of health;
- 18          (4) Identify and resolve all contractual arrangements and  
19          obligations, including but not limited to those  
20          related to personal service contracts, vendor  
21          contracts, and capital improvement projects;



1 (5) Transition all employees into the classification  
2 system of the executive branch and the department of  
3 health with due consideration and preservation of  
4 collective bargaining and civil service rights;

5 (6) Develop and implement any and all policies and  
6 procedures necessary to ensure that the facilities  
7 within the Oahu regional health care system remain  
8 compliant with all federal, state, and local laws and  
9 regulations; and

10 (7) Develop and implement a comprehensive plan to transfer  
11 all fiscal and accounting functions to the department  
12 of health.

13 (e) Members of the working group shall serve without  
14 compensation but shall be reimbursed for reasonable expenses  
15 necessary for the performance of their duties, including travel  
16 expenses. No member of the working group shall be subject to  
17 chapter 84, Hawaii Revised Statutes, solely because of the  
18 member's participation in the working group.

19 (f) The working group shall be dissolved on June 30, 2022,  
20 or upon completion of the transition of the Oahu regional health  
21 care system into the department of health, whichever is later.



1 SECTION 4. The timeline for the transition of the Oahu  
2 regional health care system into the department of health shall  
3 be as follows:

4 (1) By June 30, 2020: the budget of the Oahu regional  
5 health care system shall be transferred from the  
6 Hawaii health systems corporation to the department of  
7 health and the same shall be reflected in the state  
8 budget and all other related tables and documents  
9 under program code HTHxxx. Program code HTHxxx shall  
10 be known as the behavioral and elder care facilities  
11 division within the department of health's behavioral  
12 health division. The remaining structure of the Oahu  
13 regional health care system shall remain unchanged  
14 until modified by the working group established in  
15 this part;

16 (2) Between June 30, 2020, to January 1, 2021: the  
17 working group shall convene and initiate any actions,  
18 limited to those not requiring legislation, to  
19 effectuate the further transition of the Oahu regional  
20 health care system into the department of health. The  
21 working group shall submit an interim report to the





1 legislature no later than twenty days prior to the  
2 convening of the regular session of 2021 that outlines  
3 all components of the transition that have been  
4 effectuated to date and any legislative action needed  
5 to complete the transfer; and

- 6 (3) By June 30, 2022: the working group shall submit a  
7 final report to the legislature that documents the  
8 completion of the transition and dissolution of the  
9 Oahu regional health care system.

10 SECTION 5. All transition actions shall be subject to the  
11 following conditions:

- 12 (1) The attorney general shall approve the legality and  
13 form of any material transition actions created by the  
14 working group prior to implementation, and the  
15 director of finance shall evaluate and approve any  
16 expenditure of public funds determined to be in  
17 accordance with the budget laws and controls in force;

- 18 (2) Liabilities of the Oahu regional health care system  
19 that were transferred to the Hawaii health systems  
20 corporation upon its creation by Act 262, Session Laws  
21 of Hawaii 1996, or to the Oahu regional health care



1 system upon its establishment by Act 290, Session Laws  
2 of Hawaii 2007, and all other contractual liabilities  
3 of the Oahu regional health care system, including  
4 those related to collective bargaining contracts  
5 negotiated by the State in existence at the time the  
6 same is transferred to the department of health, shall  
7 become the responsibility of the State;

- 8 (3) All employees who occupy civil service positions shall  
9 transfer to the department of health by this Act and  
10 retain their civil service status, whether permanent  
11 or temporary and shall generally maintain their  
12 respective functions as reflected in their current  
13 position descriptions during the transition period;  
14 provided that any changes determined necessary by the  
15 working group established pursuant to this part shall  
16 follow standard union consultation process prior to  
17 implementation. Employees shall be transferred  
18 without loss of salary; seniority, except as  
19 prescribed by applicable collective bargaining  
20 agreements; retention points; prior service credit;  
21 any vacation and sick leave credits previously earned;



1           and other rights, benefits, and privileges, in  
2           accordance with state personnel laws and this Act;

3           (4) Any employee who, prior to this Act, is exempt from  
4           civil service or collective bargaining and is  
5           transferred as a consequence of this Act shall be  
6           transferred without loss of salary and shall not  
7           suffer any loss of prior service credit, contractual  
8           rights, vacation or sick leave credits previously  
9           earned, or other employee benefits or privileges and  
10          shall be entitled to remain employed in the employee's  
11          current position for a period of no less than one year  
12          after the transition of the Oahu regional health care  
13          system into the department of health is complete; and

14          (5) The wages, hours, and other conditions of employment  
15          shall be negotiated or consulted, as applicable, with  
16          the respective exclusive representative of the  
17          affected employees, in accordance with chapter 89,  
18          Hawaii Revised Statutes.

**PART IV**

20          SECTION 6. The rights, benefits, and privileges currently  
21          enjoyed by employees, including those rights, benefits, and



1 privileges under chapters 76, 78, 87A, and 88, Hawaii Revised  
2 Statutes, shall not be impaired or diminished as a result of  
3 these employees being transitioned to the department of health  
4 pursuant to this Act. The transition to the department of  
5 health shall not result in any break in service for the affected  
6 employees. The rights, benefits, and privileges currently  
7 enjoyed by employees shall be maintained under their existing  
8 collective bargaining agreement and any successor agreement.

9 SECTION 7. New statutory material is underscored.

10 SECTION 8. This Act shall take effect upon its approval.

11



**Report Title:**

Hawaii Health Systems Corporation; Oahu Regional Health Care System; Department of Health; Transition; Working Group

**Description:**

Commences the transfer of the Oahu Regional Health Care System in its entirety from the Hawaii Health Systems Corporation to the Department of Health, beginning with the transfer of the Oahu Regional Health Care System's budget into the Department of Health. Establish a working group by and between the Oahu Regional Health Care System, Department of Health, and other stakeholders that shall be responsible for managing and implementing the processes required to effectuate the completion of such transition. (SD1)

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