



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 those matters,  
6 commencing on June 30, 2020, and continuing until the transition  
7 of the Oahu regional health care system into the department of  
8 health is complete. Upon completion of the transition, the  
9 corporation board shall have no legal relationship with the Oahu  
10 regional health care system or its facilities."

11 PART III

12 SECTION 3. (a) There is established a working group of  
13 the Oahu regional health care system and department of health to  
14 develop, evaluate, and implement any steps necessary to  
15 transition the Oahu regional health care system into the  
16 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 members as  
14 deemed necessary by the director of health, or the  
15 director's designee; and

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

20 (c) In addition, the working group shall comprise the  
21 following members, who shall serve in a consultative capacity:



- 1 (1) One representative from the behavioral health  
2 administration of the department of health;
- 3 (2) One representative from the department of human  
4 resources development;
- 5 (3) One representative from the department of accounting  
6 and general services;
- 7 (4) The chair of the Hawaii health systems corporation  
8 board, or the chair's designee;
- 9 (5) One representative from the Hawaii health systems  
10 corporation human resources department;
- 11 (6) One representative from the Hawaii health systems  
12 corporation finance department;
- 13 (7) One representative from the Hawaii Government  
14 Employees Association who shall be invited by the co-  
15 chairs to serve; and
- 16 (8) Others as recommended and invited by the co-chairs.
- 17 (d) To effectuate the transition, the working group shall:
- 18 (1) Develop a transfer framework, including proposed  
19 legislation, to govern and manage the transition of  
20 the Oahu regional health care system into the  
21 department of health that shall, where possible,



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



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

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

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

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

18          SECTION 4. The timeline for the transition of the Oahu  
19          regional health care system into the department of health shall  
20          be as follows:



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

13           (2) From June 30, 2020, to January 1, 2021: The working  
14 group shall convene and initiate any actions, limited  
15 to those not requiring legislation, to effectuate the  
16 further transition of the Oahu regional health care  
17 system into the department of health. The working  
18 group shall submit an interim report to the  
19 legislature no later than twenty days prior to the  
20 convening of the regular session of 2021 that outlines  
21 all components of the transition that have been





1           effectuated to date and any legislative action needed  
2           to complete the transfer; and

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

7           SECTION 5. All transition actions shall be subject to the  
8           following conditions:

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

15           (2) Liabilities of the Oahu regional health care system  
16           that were transferred to the Hawaii health systems  
17           corporation upon its creation by Act 262, Session Laws  
18           of Hawaii 1996, or to the Oahu regional health care  
19           system upon its establishment by Act 290, Session Laws  
20           of Hawaii 2007, and all other contractual liabilities  
21           of the Oahu regional health care system, including



1           those related to collective bargaining contracts  
2           negotiated by the State in existence at the time they  
3           are transferred to the department of health, shall  
4           become the responsibility of the State;

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





1 these employees being transitioned to the department of health  
2 pursuant to this Act. The transition to the department of  
3 health shall not result in any break in service for the affected  
4 employees. The rights, benefits, and privileges currently  
5 enjoyed by employees shall be maintained under their existing  
6 collective bargaining agreement and any successor agreement.

7 SECTION 7. New statutory material is underscored.

8 SECTION 8. This Act shall take effect on July 1, 2050.



**Report Title:**

Hawaii Health Systems Corporation; Oahu Regional Health Care System; DOH; 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 of 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 the transition. Effective 7/1/2050. (SD2)

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