

STAND. COM. REP. NO.

2645

Honolulu, Hawaii

FEB 13 2020

RE: S.B. No. 2504
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2504 entitled:

"A BILL FOR AN ACT RELATING TO THE TRANSITION OF THE OAHU
REGIONAL HEALTH CARE SYSTEM FROM THE HAWAII HEALTH SYSTEMS
CORPORATION INTO THE DEPARTMENT OF HEALTH,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Set a date for the transition of the Oahu Regional Health Care System from the Hawaii Health Systems Corporation to the Department of Health; and
- (2) Establish a working group by and between the Oahu Regional Health Care System and Department of Health that shall be responsible for developing a comprehensive plan that addresses all necessary components of such transition.

Your Committee received testimony in support of this measure from the Department of Health; Hawaii Health Systems Corporation; Oahu Region, Hawaii Health Systems Corporation; United Public Workers of Hawaii; and Hilo Medical Center. Your Committee received comments on this measure from the Hawaii Government Employees Association.



Your Committee finds that the Oahu Regional Health Care System is unique and distinguishable from the other regions due to the logistical complexities of the Oahu Regional Health Care System facilities and the limited but crucial nature of the services these facilities, Leahi Hospital and Maluhia, currently provide. Because the Oahu facilities almost exclusively serve long-term care and medicaid patients, groups traditionally underserved by private facilities because of the high cost of their care, the Oahu Regional Health Care System's long-term care operations are run more as a safety-net social service and, compared to the other regions, have less opportunity for additional revenue generation.

Your Committee further finds that, while statutorily tied to the Hawaii Health Systems Corporation, the Oahu Regional Health Care System operates mostly autonomously and its needs are unique from those of the other regional health care systems. As such, there is little necessity to keep the Oahu Regional Health Care System a part of the Hawaii Health Systems Corporation. With proper planning and implementation, the Oahu Regional Health Care System could be strategically assimilated into the Department of Health and its facilities could be used to help alleviate the need for subacute residential stabilization and other services.

Your Committee has heard the testimony of the Hawaii Government Employees Association expressing concerns about representation on the working group and further notes the request that the working group be agendized and noticed for all affected employees.

Your Committee has amended this measure by:

- (1) Clarifying findings regarding substance use, mental health, homelessness, and the Oahu Regional Health Care System;
- (2) Deleting language that would have removed:
 - (A) The Oahu Regional Health Care System from the Hawaii Health Systems Corporation; and



- (B) The two board members from the island of Oahu from the Board of Directors of the Hawaii Health Systems Corporation;
- (3) Inserting language that, beginning on June 30, 2020, and until the transition of the Oahu Regional Health Care System into the Department of Health is complete, authorizes the Director of Health to have sole decision-making authority over all matters concerning the Oahu Regional Health Care System;
- (4) Inserting language that specifies that the Board of Directors of the Hawaii Health Systems Corporation shall have no legal relationship with the Oahu Regional Health Care System or its facilities upon completion of the transition to the Department of Health;
- (5) Clarifying that the Director of Health and Chair of the Oahu Regional Health Care System, as Co-Chairs, shall have final authority over transfer activities to be implemented by the working group;
- (6) Changing the composition of the working group by:
- (A) Adding one or more Department of Health staff and one or more Oahu Regional Health Care System Staff, as deemed necessary, to the working group; and
- (B) Designating certain representatives to serve on the working group in a consultative capacity, including a representative from the Hawaii Government Employees Association;
- (7) Clarifying various responsibilities of the working group related to the transition of the Oahu Regional Health Care System;
- (8) Deleting language related to permitted interactions among members of the working group;
- (9) Deleting language that would have required the working group to submit a report of its transition plan,

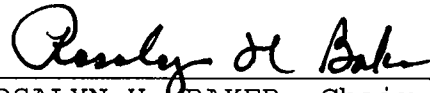


including any proposed legislation, to the Legislature prior to the convening of the Regular Session of 2021;

- (10) Inserting language that establishes a timeline for the transition of the Oahu Regional Health Care System into the Department of Health, including the transfer of the budget and deadlines for an interim and final report to the Legislature;
- (11) Clarifying various provisions related to the conditional requirements of all transition actions by the working group regarding Attorney General approval, liabilities, and civil service and non-civil service position transfer provisions;
- (12) Inserting language that prohibits the rights, benefits, and privileges currently enjoyed by employees from being impaired or diminished as a result of the employees being transferred to the Department of Health; and
- (13) 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 S.B. No. 2504, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2504, 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



