

STAND. COM. REP. NO.

3298

Honolulu, Hawaii

FEB 28 2020

RE: S.B. No. 2504

S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2504, S.D. 1, 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 establish a working group to assist in transitioning the Oahu Regional Health Care System into the Department of Health.

Your Committee received written comments in support of this measure from the Department of Health, Oahu Region Hawaii Health Systems Corporation, Hilo Medical Center, United Public Workers, and one individual.

Your Committee received comments on this measure from the State Procurement Office, Hawaii Health Systems Corporation, and Hawaii Government Employees Association.

Your Committee finds that the Oahu Regional Health Care System operates autonomously from the Hawaii Health Systems Corporation and could be strategically assimilated into the Department of Health with proper planning and implementation.



Your Committee acknowledges the concerns of the State Procurement Office that if the Oahu Regional Health Care System is transferred to the Department of Health and continues to be exempt from the procurement code, inclusive of Chapters 103D and 103F, Hawaii Revised Statutes, oversight will be limited. Additionally, the State Procurement Office notes that it would be challenging for the Department of Health to oversee the various hospitals under their management if they follow different procurement processes and requirements. The State Procurement Office explained that the State Hospital and the department itself are required to adhere to the procurement code. Accordingly, if other institutions are transferred into the department, those institutions should also be required to adhere to the code.

Your Committee also acknowledges the concerns of the Hawaii Health Systems Corporation, which noted that the measure seeks to accelerate the transfer of certain functions from the corporation to the Department of Health, but that expediting the transfer must be done in a legally and administratively compliant manner. Specifically, funds must transfer at the same time as legal responsibilities, yet part III of the measure requires that the budget of the Oahu Regional Health Care System be transferred to the department by June 30, 2020, prior to the completion of the entire transfer. Also, the corporation noted that only one entity can be legally responsible for services provided and billed for, yet part II of the measure gives the Director of Health the sole decision-making authority over all corporation board matters concerning the Oahu Regional Health Care System for the transitional period beginning June 30, 2020, and continuing until the transition is complete.

Your Committee further acknowledges the Hawaii Health System Corporation's concerns over the transfer of personnel. The corporation specifically pointed out that it is unclear whether existing positions in the Oahu Regional Health Care System can be wholly transferred to the Department of Health or whether new positions will need to be created in the department. According to the corporation, if these positions remain on the payroll of the corporation, the funds must remain with the corporation until the positions are transferred.

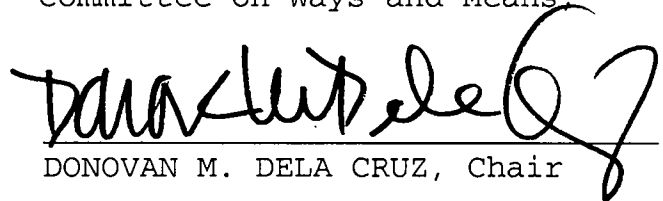


Accordingly, your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (2) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2504, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2504, S.D. 2.

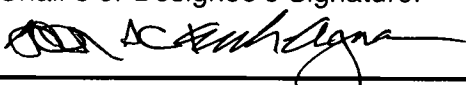
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <i>SB 2504, SD1</i>	Committee Referral: <i>CPH, WAM</i>	Date: <i>2/25/20</i>		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X	62		
HARIMOTO, Breene				X
INOUYE, Lorraine R.				X
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.		X		
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.		X		
FEVELLA, Kurt	X			
TOTAL	<i>10</i>			<i>3</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes