

STAND. COM. REP. NO. **337** -22

Honolulu, Hawaii

FEB 15 , 2022

RE: H.B. No. 1579  
H.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1579, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF HEALTH,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Set the proper manner by which the Oahu Regional Health Care System should seek operational funding during the transition process of the Oahu Regional Health Care System facilities from the Hawaii Health Systems Corporation to the Department of Health;
- (2) Extend the date by which the transfer is to be completed from December 31, 2022, to December 31, 2023;
- (3) Require the transition working group to submit an additional report to the Legislature prior to the convening of the Regular Session of 2023;
- (4) Grant the transition working group certain exemptions to enable it to expeditiously carry out its responsibilities; and



- (5) Appropriate funds to formulate and execute a comprehensive business and transition plan.

Your Committee received testimony in support of this measure from the University of Hawai'i System. Your Committee received comments on this measure from the Department of Health; Department of Budget and Finance; Office of Information Practices; Hawaii Health Systems Corporation Corporate Board of Directors; Hawaii Health Systems Corporation, Oahu Region; Civil Beat Law Center for the Public Interest; and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO.

Your Committee finds that the Hawaii Health Systems Corporation comprises five semi-autonomous health care regions within the State, one of which is the Oahu Regional Health Care System. However, the Oahu Regional Health Care System is unique because of the limited services its facilities, Leahi Hospital and Maluhia, provide. Rather than serving the general population, Leahi Hospital and Maluhia serve primarily long-term care and Medicaid patients and thus operate as de facto safety net social services.

Your Committee further finds that, due to these characteristics, the Legislature concluded that the Department of Health was best suited to operate Leahi Hospital and Maluhia. This was based on the Department of Health's existing operation of the Hawaii State Hospital, a facility that does not generate revenue but provides necessary care for mentally ill patients. Thus, through Act 212, Session Laws of Hawaii 2021, the Legislature mandated the transfer of the Oahu Regional Health Care System facilities to the Department of Health with a deadline of December 31, 2022.

However, your Committee finds that transfer efforts have been hampered by various obstacles, including the high complexity of the transfer and public health emergencies stemming from the water contamination at Red Hill and the COVID-19 pandemic. As such, an extension is needed to ensure the proper transfer of the Oahu Region facilities to the Department of Health.

Your Committee notes that the Department of Health and Hawaii Health Systems Corporation, in written testimony before your Committee, raised concerns that the 2023 extension is unfeasible and requested the extension be December 31, 2025. While your



Committee sympathizes with these concerns, your Committee respectfully defers to your Committee on Health, Human Services, and Homelessness to determine the proper deadline for the transition.

Your Committee has amended this measure by:

- (1) Replacing the exemption from all of chapter 92, Hawaii Revised Statutes, with language clarifying the process for the working group to discuss matters concerning patient privacy and prospective bidders; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1579, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1579, H.D. 2.

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

  
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AARON LING JOHANSON, Chair



