

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 1016

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1016, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC-PRIVATE PARTNERSHIPS FOR THE DELIVERY OF HEALTH CARE SERVICES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Beginning January 1, 2024, require the Chief Executive Officer of the Hawaii Health Systems Corporation or the Chief Executive Officer's designee, to provide written comments to the Governor before the State enters into any new agreement with a private entity or modifies or terminates any existing agreement to transfer the right and responsibility to manage, operate, and otherwise provide health care services at one or more facilities of the Maui Regional System; and
- (2) Expand the definition of "private entity" to include business organizations that are authorized to transact business in the State, including nonprofit management entities that have a certificate of need or license to operate one or more community hospitals or hospitals serving a rural population licensed under the laws of any state.



Your Committee received testimony in support of this measure from one individual.

Your Committee finds that the Hawaii Health Systems Corporation has faced financial challenges, which pose a risk to the public health care services provided in the State. To strengthen the viability of Hawaii Health Systems Corporation's public hospital system on the island of Maui, the Legislature passed Act 103, Session Laws of Hawaii 2015, which allowed for the transfer of the operations and management of the Hawaii Health Systems Corporation's Maui Regional System to a private entity. On January 14, 2016, Maui Health System, A Kaiser Foundation Hospitals LLC, entered into a transfer agreement with the State of Hawaii and other entities. According to testimony received by your Committee, the contract to take over was negotiated by the then Governor, so certain promises made to the Maui Regional System Board were not incorporated into the contract. This measure expands the choice of private entities to which the Hawaii Health Systems Corporation may transfer its Maui Regional System facilities and ensures that any representations made by the selected private entity to the Hawaii Health Systems Corporation is conveyed to the Governor during the negotiation process.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1016, S.D. 1, and recommends that it pass Third Reading.

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



JARRETT KEOHOKALO, Chair



