

JAN 20 2023

A BILL FOR AN ACT

RELATING TO PUBLIC-PRIVATE PARTNERSHIPS FOR THE DELIVERY OF
HEALTH CARE SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 323F-51, Hawaii Revised Statutes, is amended
2 by amending the definition of "private" to read as follows:

3 "Private entity" means a business organization duly
4 authorized to transact business in the State that:

5 (1) Has a certificate of need or license to operate one or
6 more [~~licensed hospitals in the State obtained from~~
7 ~~the state health planning and development agency~~
8 ~~pursuant to part V of chapter 323D;~~] community
9 hospitals or hospitals serving a rural population
10 licensed under the laws of any state; or

11 (2) Is the sole member of a nonprofit management entity or
12 hospital that has a certificate of need or license to
13 operate one or more [~~licensed hospitals in the State~~
14 ~~obtained from the state health planning and~~
15 ~~development agency pursuant to part V of chapter~~
16 ~~323D.~~] community hospitals or hospitals serving a



1 rural population licensed under the laws of any
2 state."

3 SECTION 2. Section 323F-52, Hawaii Revised Statutes, is
4 amended to read as follows:

5 " [f] §323F-52 [f] Transfer of right and responsibility to
6 manage, operate, and provide health care services in a facility
7 of the Maui regional system to a nonprofit management entity.

8 (a) Notwithstanding any other law to the contrary, including
9 but not limited to section 27-1[7]; section 76-16(b) and other
10 sections of chapter 76[7]; chapters 78, 89, 89A, 89C, and
11 171[7]; part V of chapter 323D[7]; and sections 323F-11 and
12 323F-31, the governor, with the assistance of the chief
13 executive officer of the corporation, and the regional chief
14 executive officer of the Maui regional system, or their
15 designees, shall negotiate with a private entity to transfer the
16 right and responsibility to manage, operate and otherwise
17 provide health care services at one or more facilities of the
18 Maui regional system, including Maui memorial medical center,
19 Kula hospital and clinic, and Lanai community hospital, to a
20 nonprofit management entity wholly-owned by the private entity;
21 provided that the private entity submitted a statement of



1 interest in response to a notice published in accordance with
2 section 1-28.5 by the Maui regional system board, inviting
3 private entities to submit statements of interest in acquiring
4 the right and responsibility to manage, operate, and otherwise
5 provide health care services in one or more of the Maui regional
6 system's facilities.

7 (b) Any agreement negotiated by the governor and entered
8 into by the private entity and the governor, the corporation
9 board, and the Maui regional system board, shall, at minimum,
10 include a transfer completion date and a plan and schedule for
11 completing the transfer that includes:

12 (1) Provisions and deadlines for conducting and completing
13 due diligence;

14 (2) Provisions and a deadline to terminate the agreement
15 before a transfer is completed, at the parties'
16 respective option;

17 (3) Provisions for winding-down operations at the
18 transferred facility or facilities and for terminating
19 the agreement in the event that the lease entered into
20 pursuant to section 323F-54 is terminated before the
21 lease expires or the private entity or its nonprofit



1 management entity abandons or otherwise discontinues
2 its provision of health care services in a transferred
3 facility; and

4 (4) Provisions to transfer or assign interests in
5 equipment and furnishings, including any leases for
6 the same; accounts receivable; medicare and other
7 provider agreements; business and commercial licenses
8 and registrations; intellectual property and goodwill;
9 administrative, financial, and medical records and
10 information; or any other interests or property of the
11 Maui regional system facility or facilities to be
12 transferred under this part, that the parties agree to
13 transfer or assign.

14 (c) On and after the transfer completion date for the
15 transfer of one or more facilities of the Maui regional system
16 to a private entity or its nonprofit management entity pursuant
17 to this part, the State, the corporation, and the Maui regional
18 system and its board shall cease to have any responsibility for
19 or control over the management and operation of the facility or
20 facilities transferred by the agreement pursuant to this part.




1 (d) Beginning January 1, 2024, before entering into any
2 new agreement or modifying or terminating any existing agreement
3 entered into pursuant to this part, the chief executive officer
4 of the corporation or the chief executive officer's designee
5 shall provide the governor with written comments, including any
6 representations made by the private entity to the corporation or
7 Maui regional system related to the management and operation of
8 and provision of health care services at the facility or
9 facilities transferred or being transferred by the agreement
10 pursuant to this part."

11 SECTION 3. This Act does not affect rights and duties that
12 matured, penalties that were incurred, and proceedings that were
13 begun before its effective date.

14 SECTION 4. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: 



S.B. NO. 1016

Report Title:

Hawaii Health Systems Corporation; Maui Regional System
Facilities; Public-Private Partnerships; Private Entity

Description:

Expands 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. Beginning January 1, 2024, requires the Chief Executive Officer of the Hawaii Health Systems Corporation or the Chief Executive Officer's designee, before entering into any new agreement or modifying or terminating any existing agreement, to provide written comments to the Governor.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

