

---

# 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.

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

PART I

SECTION 1. Act 212, Session Laws of Hawaii 2021, as  
amended by Act 150, Session Laws of Hawaii 2022, is amended as  
follows:

1. By amending subsection (b) of section 6 to read:

"(b) The transfer of positions and respective class  
specifications of the Oahu region from the Hawaii health systems  
corporation's personnel system to the department of health, as  
set forth in the transition documents submitted by the working  
group established pursuant to section 9 of this Act no later  
than twenty days prior to the convening of the regular sessions  
of 2022 and [~~2025~~] 2029, shall be completed no later than  
December 31, [~~2025~~] 2029; provided that:

(1) All employees of the Oahu region who are employed as  
of December 31, [~~2025~~] 2029, shall be transferred to  
the department of health before the transition of the



1 Oahu regional health care system into the department  
2 of health is complete;

- 3 (2) All employees of the Oahu region who occupy civil  
4 service positions shall be transferred to the  
5 department of health by this Act and retain their  
6 civil service status, whether permanent or temporary,  
7 and shall maintain their respective functions as  
8 reflected in their current position descriptions  
9 during the transition period; provided that any  
10 changes determined necessary by the working group  
11 established pursuant to section 9 of this Act shall  
12 follow standard union consultation process prior to  
13 implementation;
- 14 (3) Employees shall be transferred without loss of salary;  
15 seniority, except as prescribed by applicable  
16 collective bargaining agreements; retention points;  
17 prior service credit; any vacation and sick leave  
18 credits previously earned; and other rights, benefits,  
19 and privileges, in accordance with state employment  
20 laws;



1 (4) The personnel structure of the Oahu regional health  
2 care system shall remain unchanged, unless modified  
3 and approved by the working group and as approved by  
4 the conditions established pursuant to this Act;

5 (5) Any employee who, prior to this Act, is exempt from  
6 civil service or collective bargaining and is  
7 transferred as a consequence of this Act shall be  
8 transferred without loss of salary and shall not  
9 suffer any loss of prior service credit, contractual  
10 rights, vacation or sick leave credits previously  
11 earned, or other employee benefits or privileges, and,  
12 except in the instance of discipline, shall be  
13 entitled to remain employed in the employee's current  
14 position for a period of no less than one year after  
15 the transition of the Oahu regional health care system  
16 into the department of health is complete;

17 (6) The wages, hours, and other conditions of employment  
18 shall be negotiated or consulted, as applicable, with  
19 the respective exclusive representative of the  
20 affected employees, in accordance with chapter 89,  
21 Hawaii Revised Statutes; and



1       (7) The rights, benefits, and privileges currently enjoyed  
2       by employees, including those rights, benefits, and  
3       privileges under chapters 76, 78, 87A, 88, and 89,  
4       Hawaii Revised Statutes, shall not be impaired or  
5       diminished as a result of these employees being  
6       transitioned to the department of health pursuant to  
7       this Act. The transition to the department of health  
8       shall not result in any break in service for the  
9       affected employees. The rights, benefits, and  
10      privileges currently enjoyed by employees shall be  
11      maintained under their existing collective bargaining  
12      or other agreements and any successor agreement.

13      2. By amending subsection (b) of section 7 to read:

14      "(b) Notwithstanding any law to the contrary, the terms of  
15      the following members of the board of directors of the Hawaii  
16      health systems corporation shall expire on December 31, [2025÷]  
17      2029:

18      (1) The regional chief executive officer of the Oahu  
19      regional health care system; and



1       (2) The two board members residing on the island of Oahu  
2       appointed pursuant to section 323F-3(b)(7), Hawaii  
3       Revised Statutes."

4       3. By amending section 8 to read:

5       "SECTION 8. (a) During the transition planning period  
6       commencing on July 1, 2021, to and including the completion of  
7       the transition of the Oahu regional health care system into the  
8       department of health no later than December 31, [~~2025~~,] 2029,  
9       the Oahu regional system board may:

10       (1) Develop and implement its own policies, procedures,  
11       and rules necessary or appropriate to plan, operate,  
12       manage, and control its facilities without regard to  
13       chapter 91, Hawaii Revised Statutes;

14       (2) Enter into and perform any contract, lease,  
15       cooperative agreement, partnership, or other  
16       transaction whatsoever that may be necessary or  
17       appropriate in the performance of its purposes and  
18       responsibilities, and on any terms the regional system  
19       board may deem appropriate with either:



1 (A) Any agency or instrumentality of the United  
2 States, or with any state, territory, possession,  
3 or subdivision thereof; or

4 (B) Any person, firm, association, partnership, or  
5 corporation, whether operated on a for-profit or  
6 not-for-profit basis; provided that the  
7 transaction furthers the public interest;

8 (3) Conduct activities and enter into business  
9 relationships the regional system board deems  
10 necessary or appropriate, including but not limited  
11 to:

12 (A) Creating nonprofit corporations, including but  
13 not limited to charitable fundraising  
14 foundations, to be controlled wholly by the  
15 regional system board or jointly with others;

16 (B) Establishing, subscribing to, and owning stock in  
17 business corporations individually or jointly  
18 with others; and

19 (C) Entering into partnerships and other joint  
20 venture arrangements, or participating in  
21 alliances, purchasing consortia, health insurance



1 pools, or other cooperative agreements, with any  
2 public or private entity; provided that any  
3 corporation, venture, or relationship entered  
4 into under this subsection shall further the  
5 public interest;

6 (4) Execute, in accordance with all applicable bylaws,  
7 rules, and laws, all instruments necessary or  
8 appropriate in the exercise of any powers of the  
9 regional system board;

10 (5) Make and alter regional system board bylaws and rules  
11 for its organization and management without regard to  
12 chapter 91, Hawaii Revised Statutes;

13 (6) Enter into any contract or agreement whatsoever, not  
14 inconsistent with the laws of the State, execute all  
15 instruments, and do all things necessary or  
16 appropriate in the exercise of the powers granted  
17 under chapter 323F, Hawaii Revised Statutes, including  
18 securing the payment of bonds; provided that contracts  
19 or agreements executed by the regional system board  
20 shall only encumber the regional subaccounts of the  
21 regional system board;



1       (7) Own, purchase, lease, exchange, or otherwise acquire  
2       property, whether real, personal, or mixed, tangible  
3       or intangible, and any interest therein, in the name  
4       of the regional system board; provided that the  
5       regional system board shall be subject to the  
6       requirements of section 323F-3.5, Hawaii Revised  
7       Statutes;

8       (8) Contract for and accept any gifts, grants, and loans  
9       of funds or property, or any other aid in any form  
10      from the federal government, the State, any state  
11      agency, or any other source, or any combination  
12      thereof, in compliance, subject to chapter 323F,  
13      Hawaii Revised Statutes, with the terms and conditions  
14      thereof; provided that the regional system board shall  
15      be responsible for contracting for and accepting any  
16      gifts, grants, loans, property, or other aid if  
17      intended to exclusively benefit the Oahu region public  
18      health facilities and operations;

19      (9) Provide health and medical services to the public  
20      directly or by agreement or lease with any person,  
21      firm, or private or public corporation, partnership,





1 or association through or in the health facilities of  
2 the regional system board or otherwise; provided that  
3 the regional system board shall be responsible for  
4 conducting the activities under this paragraph solely  
5 within the Oahu regional system;

6 (10) Approve medical staff bylaws, rules, and medical staff  
7 appointments and reappointments for all public health  
8 facilities of the regional system board, including but  
9 not limited to determining the conditions under which  
10 a health professional may be extended the privilege of  
11 practicing within a health facility, as determined by  
12 the regional system board, and adopting and  
13 implementing reasonable rules, without regard to  
14 chapter 91, Hawaii Revised Statutes, for the  
15 credentialing and peer review of all persons and  
16 health professionals within the facility; provided  
17 that the regional system board shall be the governing  
18 body responsible for all medical staff organization,  
19 peer review, and credentialing activities to the  
20 extent allowed by law;



1 (11) Enter into any agreement with the State, including but  
2 not limited to contracts for the provision of goods,  
3 services, and facilities for the support of the  
4 regional system board's programs, and contracting for  
5 the provision of services to or on behalf of the  
6 State;

7 (12) Develop internal policies and procedures for the  
8 procurement of goods and services, consistent with the  
9 goals of public accountability and public procurement  
10 practices, and subject to management and financial  
11 legislative audits; provided that the regional system  
12 board shall enjoy the exemptions under section  
13 103-53(e) and chapter 103D, Hawaii Revised Statutes;

14 (13) Authorize, establish, and abolish positions; and

15 (14) Employ or retain any attorney, by contract or  
16 otherwise, for the purpose of representing the  
17 regional system board in any litigation, rendering  
18 legal counsel, or drafting legal documents for the  
19 regional system board.

20 (b) During the transition period commencing on July 1,  
21 2021, to and including the completion of the transition of the



Oahu regional health care system into the department of health no later than December 31, ~~[2025,]~~ 2029, the Oahu regional system board shall continue to enjoy the same sovereign immunity available to the State.

(c) During the transition period commencing on July 1, 2021, to and including the completion of the transition of the Oahu regional health care system into the department of health no later than December 31, ~~[2025,]~~ 2029, the Oahu regional system board shall be exempt from chapters 36, 37, 38, 40, 41D, 103D, 103F, part I of chapter 92, and section 102-2, Hawaii Revised Statutes."

4. By amending subsections (f) and (g) of section 9 to read:

"(f) The working group shall submit reports to the legislature no later than twenty days prior to the convening of the regular sessions of 2022 and ~~[2025]~~ 2029 that shall include the five-year pro forma operating and budget plan, ten-year pro forma capital improvement plan, proposed legislation to address any matters not covered by this Act that may be necessary to complete the transfer of the Oahu regional health care system into the department of health, and a timeline of major



1 milestones necessary to effectuate the transfer of personnel,  
2 assets, liabilities, and contracts needed to complete the  
3 transfer pursuant to this Act. The reports shall also document  
4 the completion of the transfer and dissolution of the Oahu  
5 regional health care system.

6 (g) The working group shall be dissolved on December 31,  
7 ~~[2025-]~~ 2029, or upon completion of the transition of the Oahu  
8 regional health care system into the department of health,  
9 whichever is first."

10 5. By amending section 14 to read:

11 "SECTION 14. This Act shall take effect on July 1, 2021;  
12 provided that part II of this Act shall take effect on  
13 December 31, ~~[2025-]~~ 2029."

14 PART II

15 SECTION 2. The Oahu regional health care system and the  
16 department of health shall enter into an agreement regarding  
17 Oahu regional health care system providing care to low acuity  
18 patients in the department of health's custody no later than  
19 December 31, 2029.

20 SECTION 3. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



**1** SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

HHSC; DOH; Oahu Regional Health Care System; Transfer; Low  
Acuity Patients; Agreement

**Description:**

Extends the transfer of the Oahu Regional Health Care System from the Hawaii Health Systems Corporation to the Department of Health to 12/31/2029. Requires the Oahu Regional Health Care System to enter into an agreement with the Department of Health regarding Oahu Regional Health Care System providing care to low acuity patients in the Department's custody by 12/31/2050.  
(SD1)

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

