

ACT 327

H.B. NO. 1845

A Bill for an Act Relating to Division of Community Hospitals.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 37-34, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) [No] Any other law to the contrary notwithstanding, general fund [appropriation] appropriations for the operating expenses of [county/state hospitals] public health facilities shall be made available to the [county/state hospitals] public health facilities for expenditure during any allotment period [unless the director of finance finds that the moneys in the special funds established under section 27-23 are insufficient to meet the required lawful operating expenditures of the county/state hospitals. The finding and decision of the director of finance on the sufficiency of special funds shall be communicated to the president of the senate and the speaker of the house of representatives at the end of each allotment period].”

SECTION 2. Chapter 323, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

**“PART . DIVISION OF COMMUNITY HOSPITALS
ADMINISTRATION**

§323- Definitions. The following terms, whenever used or referred to in this part, shall have the following meanings, unless the context clearly requires a different meaning:

“Administrator” means the administrator of a public health facility.

“Department” means the department of health.

“Division” means the division of community hospitals of the department of health.

“Public health facility” means any of the following health care facilities and all other health care facilities that may hereafter be placed within the jurisdiction of the division:

- (1) Hana Medical Center, Hana, Maui;
- (2) Hilo Hospital, Hilo, Hawaii;
- (3) Honokaa Hospital, Honokaa, Hawaii;
- (4) Kau Hospital, Pahala, Hawaii;
- (5) Kauai Veterans Memorial Hospital, Waimea, Kauai;
- (6) Kohala Hospital, Kohala, Hawaii;
- (7) Kona Hospital, Kealahou, Hawaii;
- (8) Kula Hospital, Keokea, Maui;
- (9) Lanai Community Hospital, Lanai City, Lanai;
- (10) Leahi Hospital, Honolulu, Oahu;
- (11) Maluhia, Honolulu, Oahu;
- (12) Maui Memorial Hospital, Wailuku, Maui; and
- (13) Samuel Mahelona Memorial Hospital, Kapaa, Kauai.

§323- Division of community hospitals; establishment. The department shall establish a division of community hospitals under this part to plan, construct,

improve, manage, control, and operate public health facilities and perform all acts necessary or convenient to carry out the purposes of this part.

§323- Powers. The department shall have the power to:

- (1) Operate, manage, and control the system of public health facilities;
- (2) Establish new public health facilities;
- (3) Adopt, amend, and repeal bylaws and rules, governing the conduct of its affairs and the performance of the powers and duties granted to or imposed upon it by law;
- (4) With the governor's approval, enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the performance of its duties and responsibilities, including, but not limited to, entering into contracts for the management or lease, or both, of any component of a public health facility, and on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any state, territory, or possession, or with any subdivision thereof, or with any person, firm, association, or corporation; provided that the transaction furthers the public interest;
- (5) With the governor's approval, enter into business relationships, including but not limited to:
 - (A) Creating nonprofit corporations;
 - (B) Establishing, subscribing to, and owning stock in for-profit corporations individually or jointly with others; and
 - (C) Entering into partnerships and other joint venture arrangements; provided that the relationship furthers the public interest;
- (6) Participate in prepaid health care service and insurance programs, and other alternative health care delivery programs;
- (7) Execute, in accordance with all applicable bylaws, rules and laws, all instruments necessary or appropriate in the exercise of any of its powers;
- (8) Hire and dismiss, in accordance with section 323- , the administrator or assistant administrator, or both, for each public health facility;
- (9) Prepare and recommend all division-wide and facility-specific budgets, policies, and procedures;
- (10) Set rates and charges for all services provided in each public health facility;
- (11) Recommend capital improvement projects and repair and maintenance projects for each public health facility;
- (12) Conduct an annual audit through an independent certified public accountant covering all financial operations of the public health facilities and the division;
- (13) Approve medical staff bylaws, rules, and medical staff appointments and reappointments for all public health facilities;
- (14) Develop division-wide capital and strategic plans; and
- (15) Perform all other acts necessary or appropriate to carry out the purposes of this part.

§323- Division of community hospitals; personnel recruitment and retention. The director shall have the following powers relating to personnel recruitment and retention for the division, including the filling of existing vacancies and the retention of incumbent personnel:

- (1) To provide perquisites, which may include but shall not be limited to quarters and utilities for shortage categories;

- (2) To provide monetary incentives; provided that:
 - (A) The monetary incentive may be paid in monthly installments over an agreed period of time;
 - (B) In the event the employment is terminated prior to an agreed upon period, the unpaid balance of the amount in subparagraph (A) shall be forfeited; and
 - (C) The monetary incentive shall not be used in the computation of payment for overtime work; and
- (3) To pay one-way travel and moving expenses to fill shortage categories.

§323- Administration of public health facilities. (a) The appointment of hospital administrators and assistant administrators shall be made on an exempt basis by the director. Hospital administrators and assistant administrators appointed before July 1, 1983, shall maintain their permanent civil service status as provided in chapters 76 and 77. A hospital administrator or assistant administrator with civil service status may be granted leave without pay by the director for employment in an exempt hospital administrator or assistant administrator position in a public health facility of the department; provided that the leave is for a period not to exceed four years from the date of the exempt appointment that may be extended, by the director, for an additional four years. Upon reinstatement in the former position, the employee shall be compensated as though the employee had remained continuously in the position in which the employee last held a permanent appointment.

(b) Notwithstanding any other law to the contrary, the director, with the approval of the governor, may contract with private individuals or corporations for the administration or lease of the public health facilities of the division in the county of Hawaii. This subsection shall not supersede collective bargaining agreements, civil service rules, and existing statutes protecting employee rights; nor shall any employee be adversely affected by this subsection.

§323- County public health facility management advisory committees. (a) There is established within the department for each county, a public health facility management advisory committee to consist of nine members to be appointed by the governor. The members shall serve for a term of four years; provided that upon the initial appointment of the members, two shall be appointed for a term of one year, two for a term of two years, two for a term of three years, and three for a term of four years.

The committee shall select its own chairperson and vice chairperson and may adopt such rules as it may consider necessary for the conduct of its business.

The members of the committee shall serve without compensation, but shall be reimbursed for traveling expenses incurred in the performance of their duties. The department shall provide for the necessary expenses of the committees; provided that no expenses may be incurred without prior authorization by the director.

(b) Each committee shall sit in an advisory capacity to the director on matters concerning the planning, construction, improvement, maintenance, and operation of public health facilities within their respective jurisdictions; but nothing in this section shall be construed as precluding or preventing the committees from coordinating their efforts and activities with the facility administrators within their counties.

§323- Contracts with territories and possessions of the United States. The governor is authorized to enter into and execute contracts in the name of the State with territories, possessions, and other areas in the Pacific Ocean region, regarding the use of public health facilities of the State on a space available basis; provided that any such contract shall provide for the payment of costs to the State.

§323- Admittance to Leahi Hospital. Leahi Hospital may admit as patients medically indigent persons who are suffering from chronic disease and such other patients as the director determines can be accommodated by the facility; provided that sufficient beds are at all times available to persons with tuberculosis eligible for admission to the hospital. The department may adopt rules under chapter 91 concerning the admission of these chronic disease and other patients and the reimbursement for their care and treatment.

Money appropriated to Leahi Hospital for the care and treatment of tuberculosis patients may be used to care for patients suffering from chronic and other diseases who are admitted to the hospital.

§323- Gifts. (a) The department or the public health facilities, or both, may receive, manage, and invest moneys or other property, real, personal, or mixed which may be given, bequeathed, devised, or in any manner received from sources other than the legislature or any federal appropriation for the benefit of the division, facilities improvement or equipment, or the aid or advantage of patients or employees, and in general act as trustee on behalf of the division for any of these purposes or objectives.

(b) The department or public health facility, or both, shall keep suitable books of accounts to record each gift, the management of each gift, and the expenditure of the income. A statement of all trust funds shall be included in the regular reports required to be made by the department or public health facility.

§323- Revenues. Pursuant to chapter 91, the division shall impose and collect rates, rents, fees, and charges for the use of its public health facilities and their derived services, and shall revise such rates, rents, fees, and charges from time to time whenever necessary so that all public health facilities, services, and projects of the division may provide appropriate care to the community.

Nothing in this chapter shall preclude the making of appropriations to the division, or the use of funds derived from the sale of stocks, bonds, or other assets in the possession of the division, to pay all or part of the costs of construction, maintenance, or both, of any or all facilities, services, and projects of the division.

§323- Use of credit cards for public health facilities charges. Except as provided in this section and notwithstanding any other law to the contrary, all charges due and owing to any public health facility operated by the State may be paid by means of credit cards as may be deemed acceptable by the comptroller. The use of credit cards shall be exempt from section 40-35. A service fee may be required by the department for this use.

§323- Patient trust fund. Patient funds received by the public health facilities may be deposited outside the state treasury in an individual trust account to the credit of the patient. The facility shall maintain individual ledger accounts for, and issue quarterly statements showing credits and debits to, each patient having such funds.

§323- Establishment of special funds. (a) Any other law to the contrary notwithstanding, each public health facility shall place its revenues and all other moneys collected or acquired or made available for the use of that facility into a special fund to be used for the payment of its lawful operating expenditures. At the beginning of each quarterly allotment period, the director shall assess from each hospital special fund an amount equal to two per cent of the moneys in the hospital special fund and shall deposit those amounts into the facility administration fund established in subsection (b). At the end of each quarterly allotment period, the

director shall transfer all moneys remaining in a hospital special fund not required for lawful operating expenditures of the hospital for that quarterly allotment period into the facility administration fund established in subsection (b); provided that those public health facilities which do not receive general fund augmentation may retain up to twenty-five per cent of their unrequired special fund revenues in their respective hospital special funds for payment of their lawful operating expenditures. The director shall determine the percentage which a public health facility not supported by general funds may retain in its hospital special fund. The amounts the director is authorized to transfer shall include all unrequired special fund balances from prior years.

(b) There is established within the department of health a special fund to be known as the facility administration fund which shall be used to defray the general administrative costs of the division and to provide supplemental funds to those public health facilities which do not have sufficient moneys in their special funds to cover their required lawful operating expenditures, including contingencies for correcting hospital deficiencies cited by agencies which monitor and evaluate the division. In the event the balance in the fund at the end of any fiscal year exceeds ten per cent of the expenditures of all the public health facilities for that fiscal year, the funds in excess of ten per cent of the expenditures shall be transferred by the director to the general fund. The director may also transfer funds from this fund to the general fund at any time pursuant to section 37-53.

(c) The director shall submit an annual report to the legislature, twenty days prior to the convening of each regular session, which identifies all fund balances and ceiling increases in the various hospital and facility funds, the transfers and expenditures made from the funds, and the purposes of the expenditures."

SECTION 3. Section 27-21, Hawaii Revised Statutes, is repealed.

SECTION 4. Section 27-21.1, Hawaii Revised Statutes, is repealed.

SECTION 5. Section 27-22, Hawaii Revised Statutes, is repealed.

SECTION 6. Section 27-22.5, Hawaii Revised Statutes, is repealed.

SECTION 7. Section 27-22.7, Hawaii Revised Statutes, is repealed.

SECTION 8. Section 27-23, Hawaii Revised Statutes, is repealed.

SECTION 9. Section 27-24, Hawaii Revised Statutes, is repealed.

SECTION 10. Chapter 323, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§323- Contracts with territories and possessions of the United States. The governor is authorized to enter into and execute contracts in the name of the State with territories, possessions, and other areas in the Pacific Ocean region which are under the jurisdiction of the United States, regarding the use of health and correctional facilities of the State on a space available basis; provided that any such contract shall provide for the payment of costs to the State."

SECTION 11. Chapter 323, part I, Hawaii Revised Statutes, is repealed.

SECTION 12. Sections 41D-2 and 103-22, Hawaii Revised Statutes, are amended by replacing all references to the "county/state hospitals division" or like

terms with the “division of community hospitals” or like terms, and by replacing all references to “county/state hospitals” or like terms with “public health facilities” or like terms.

SECTION 13. All acts passed by the legislature during this Regular Session of 1989, whether enacted before or after the effective date of this Act, shall be amended to conform with this Act unless such acts specifically provide that this Act is being amended.

SECTION 14. Severability. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or application of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 15. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

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

(Approved June 15, 1989.)

Note

1. Edited pursuant to HRS §23G-16.5.