

ACT 278

H.B. NO. 1130

A Bill for an Act Relating to the Hawaii Health Systems Corporation.

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

SECTION 1. The Hawaii health systems corporation, the fourth largest public hospital system in the nation, operates public health care facilities that

provide essential safety-net hospital and long-term care services throughout the State. The legislature finds that changes in the health care industry and implementation of national health care reform necessitate that the Hawaii health systems corporation board of directors have the necessary flexibility and autonomy needed for community hospitals to compete and remain viable.

The Hawaii health systems corporation board currently includes five regional chief executive officers who serve as ex-officio, voting members. The regional chief executive officers have been instrumental in bringing additional expertise to the board during its time of transition from a single corporation board to a multi-level board. In light of the successful establishment of the regional system boards, the significant challenges imposed by an ever-changing and complex health care environment, the time required to serve on the Hawaii health systems corporation board, and the desire for additional community participation, the legislature finds it appropriate to shift the voting powers of the five regional chief executive officers on the board to the community members from each of the regional systems. The regional chief executive officers will continue to participate in the Hawaii health systems corporation's board meetings, along with the Hawaii health systems corporation president and chief executive officer.

The legislature finds that the statewide nature and function of the Hawaii health systems corporation are essential for coordination of decisions and are necessary to provide a centralized system of operations, budgeting, and planning for public healthcare in the State. As a statewide governing entity, the Hawaii health systems corporation is able to make decisions from a statewide perspective to minimize costs and maximize efficiencies in healthcare provision through economies of scale. The Hawaii health systems corporation's role and function ensure coordination and consolidation of services among public hospitals in areas such as facilities management, capital planning, purchasing, personnel, and public-private partnerships for the needs of communities statewide.

The purpose of this Act is to improve accountability in the health care system, support clear and consistent roles for all regional systems, and create a more balanced multi-board tiered system by shifting the voting powers of the five regional chief executive officers on the Hawaii health systems corporation board of directors to community members who are appointed by the governor.

SECTION 2. Section 323F-3, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows:

“(a) The corporation shall be governed by ~~[a thirteen member]~~ an eighteen-member board of directors that shall carry out the duties and responsibilities of the corporation other than those duties and responsibilities relating to the establishment of any captive insurance company pursuant to section 323F-7(c)(20) and the operation thereof.

(b) The members of the corporation board shall be appointed as follows:

- (1) The director of health as an ex-officio, voting member;
- (2) The five regional chief executive officers as ex-officio, ~~[voting]~~ non-voting members;
- (3) ~~[Two]~~ Three members who reside in the county of Maui ~~[who]~~, two of whom shall be appointed by the Maui regional system board[;] and one of whom shall be appointed by the governor, all of whom shall serve as voting members;
- (4) ~~[One member]~~ Two members who ~~[resides]~~ reside in the eastern section of the county of Hawaii ~~[who]~~, one of whom shall be appointed by the East Hawaii regional system board[;] and one of whom shall

- be appointed by the governor, both of whom shall serve as voting members;
- (5) [One member] Two members who [resides] reside in the western section of the county of Hawaii [who], one of whom shall be appointed by the West Hawaii regional system board[;] and one of whom shall be appointed by the governor, both of whom shall serve as voting members;
 - (6) [One member] Two members who [resides] reside on the island of Kauai [who], one of whom shall be appointed by the Kauai regional system board[;] and one of whom shall be appointed by the governor, both of whom shall serve as voting members;
 - (7) [One member] Two members who [resides] reside on the island of Oahu [who], one of whom shall be appointed by the Oahu regional system board[;] and one of whom shall be appointed by the governor, both of whom shall serve as voting members; and
 - (8) One member who shall be appointed by the governor and serve as an at-large voting member.

The appointed board members who reside in the county of Maui, eastern section of the county of Hawaii, western section of the county of Hawaii, on the island of Kauai, and on the island of Oahu shall each serve for a term of four years; provided that the terms of the initial appointments of the members who are appointed by their respective regional system boards shall be as follows: one of the initial members from the county of Maui shall be appointed to serve a term of two years and the other member shall be appointed to serve a term of four years; the initial member from East Hawaii shall be appointed to serve a term of two years; the initial member from West Hawaii shall be appointed to serve a term of four years; the initial member from the island of Kauai shall be appointed to serve a term of two years; and the initial member from the island of Oahu shall be appointed to serve a term of four years[-]; and provided further that the terms of the initial appointments of the members who are appointed by the governor shall be four years. The at-large member appointed by the governor shall serve a term of two years.

Any vacancy shall be filled in the same manner provided for the original appointments. The corporation board shall elect its own chair from among its members. Appointments to the corporation board shall be as representative as possible of the system's stakeholders as outlined in this subsection. The board member appointments shall strive to create a board that includes expertise in the fields of medicine, finance, health care administration, government affairs, human resources, and law."

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

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

(Became law on July 9, 2013, without the governor's signature, pursuant to Art. III, §16, State Constitution.)