

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 843
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Health, to which was referred H.B. No. 843,
H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO KAHUKU HOSPITAL,"

begs leave to report as follows:

The purpose of this measure is to enable Kahuku Hospital to remain in operation and continue to serve the residents and visitors of the north shore of Oahu.

The measure accomplishes this purpose by authorizing the Hawaii Health Systems Corporation to acquire Kahuku Hospital. This acquisition will enable the hospital to remain in operation, and retain its certificate of need and critical access hospital designation.

Your Committee received testimony in support of this measure from the Leahi Hospital, Hawaii Health Systems Corporation, Healthcare Association of Hawaii, United Public Workers, and Hawaii Medical Association. Your Committee received testimony from the State Procurement Office that was limited to opposing the proposed provision that would exempt Kahuku Hospital from the procurement requirements of chapters 103D and 103F, Hawaii Revised Statutes. The Office of Information Practices submitted comments.

Your Committee finds that Kahuku Hospital is in jeopardy of closing its doors as of June 30, 2007, if it cannot be acquired by Hawaii Health Systems Corporation as part of its Chapter 11



bankruptcy reorganization proceeding. Your Committee further finds that Kahuku Hospital is the only facility in the community offering emergency services and therefore, it is imperative to keep the hospital operating in order to serve the residents and visitors of the north shore of Oahu.

It is the intent of your Committee that this measure gives authorization, flexibility, and support for Hawaii Health Systems Corporation to acquire Kahuku Hospital and in no way mandates Hawaii Health Systems Corporation to acquire Kahuku Hospital.

If a voluntary acquisition takes place, your Committee intends for the transition to be based on sound management principles, basic community needs, and not to jeopardize the present support of other hospitals in the Hawaii Health Systems Corporation system. In addition, the Department of Health estimates that this acquisition will generate approximately \$3.9 million in transition costs; \$1 million for Hawaii Health Systems Corporation and \$2.9 million for Kahuku Hospital.

Further, it is the intent of your Committee to ensure the continuation of Kahuku Hospital's emergency services while encouraging the development of an alternative model of health care that utilizes federal funding and works in conjunction with community health centers.

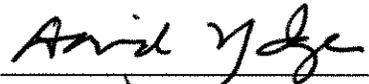
Your Committee amended this measure by exempting the employees of Kahuku Hospital from chapters 76, 87A, 88, and 89, Hawaii Revised Statutes, so they will not be assimilated into the State government employment system

Your Committee further amended this measure by inserting an appropriation amount of \$1.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 843, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 843, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.



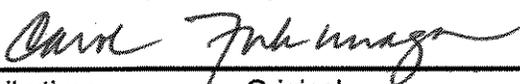
Respectfully submitted on
behalf of the members of the
Committee on Health,



DAVID Y. IGE, Chair

The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:
HB 843 HD2	HTH, VAM	3/21/07
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
IGE, David Y. (C)	✓	
FUKUNAGA, Carol (VC)	✓	
BAKER, Rosalyn H.	✓	
MENOR, Ron	✓	
WHALEN, Paul		✓
TOTAL	4	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency

*Only one measure per Record of Votes