

STAND. COM. REP. NO.

845

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1673
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1673, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION,"

begs leave to report as follows:

The purpose of this measure is to ensure the viability of the Hawaii Health Systems Corporation, the fourth largest public hospital system in the nation.

Specifically, this measure:

- (1) Authorizes any of the regional systems or individual facilities of the Hawaii Health Systems Corporation (Corporation) to transition into a new legal entity;
- (2) Requires each regional system board and each community hospital under the jurisdiction of the Corporation to collaborate with community health centers within their respective geographic jurisdictions to maximize funding from the State and federal governments;
- (3) Requires the Corporation and each regional system board to notify the President of the Senate, the Speaker of the House of Representatives, and Chairperson of the respective subject matter committee for health in each house of the Legislature within thirty days of any



substantial reduction or elimination of direct patient care services;

- (4) Requires the Department of Health, on July 1, 2009, to assume the total amount of all liabilities and debts or other obligations of the Hawaii Health Systems Corporation that had been accrued up to June 30, 1996, by the community hospitals while they were operating within the Division of Community Hospitals of the Department of Health;
- (5) Requires the Hawaii Health Systems Corporation to bear the sole responsibility for assuming all liabilities and debts or other obligations accrued beginning on July 1, 1996, and thereafter, by the community hospitals operating within the Hawaii Health Systems Corporation; and
- (6) Establishes that the Hawaii Health Systems Corporation shall bear sole responsibility for making all appropriate employer payments into funds of the Employees' Retirement System under chapter 88, Hawaii Revised Statutes, beginning on July 1, 1996, and continuing thereafter; and
- (7) Requires commercial health plans to provide a minimum reimbursement level of no less than one hundred and one per cent of the costs for all services provided to plan beneficiaries by critical access hospitals.

Your Committee finds that the management and operation of the State's public health facilities under the custody and supervision of the Hawaii Health Systems Corporation since the creation of the Corporation in 1996 has been unsuccessful. Your Committee believes that the basic structure for operating the public health facilities, which are critical for the health and well being of all residents of the State, needs to be radically altered to authorize any regional system or individual facility to transition to a nonprofit corporation, for-profit corporation, a municipal facility, a public benefit corporation, or other combination of these entities.

Your Committee has amended this measure:



- (1) With regard to any plan of a facility to substantially reduce or eliminate any direct patient care services, by reversing the order in which the plan is to proceed by first presenting the plan to the regional system board for approval, followed by presenting the plan to the community at an informational hearing for community input; and
- (2) With regard to an internal inconsistency in the measure that grants an exemption to the Hawaii Health Systems Corporation from the Hawaii Public Procurement Code (in section 17 of the measure amending section 103D-102(c), Hawaii Revised Statutes) in contravention to the explicit provision to affirmatively subject the Hawaii Health Systems Corporation to the Hawaii Public Procurement Code (in section 18 of the measure amending section 323F-7(c)(30)(C), Hawaii Revised Statutes), by deleting section 17 of the bill that adds the exemption for the Hawaii Health Systems Corporation, and renumbering the remaining sections of the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1673, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1673, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

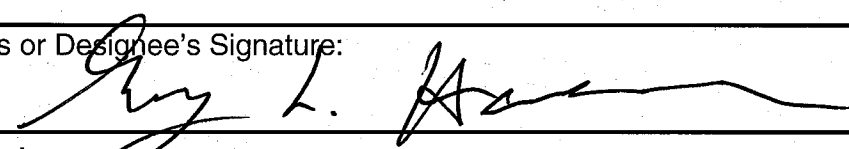


DONNA MERCADO KIM, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1673 SD1	HTH, WAM	MAR 4 2009		
<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
KIM, Donna Mercado (C)	✓			
TSUTSUI, Shan S. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
ENGLISH, J. Kalani	✓			
FUKUNAGA, Carol	✓			
GALUTERIA, Brickwood	✓			
HEE, Clayton				✓
HOOSER, Gary L.	✓			
KIDANI, Michelle N.	✓			
KOKUBUN, Russell S.	✓			
TOKUDA, Jill N.	✓			
HEMMINGS, Fred	✓			
TOTAL	10			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes