

STAND. COM. REP. NO.

99

Honolulu, Hawaii

FEB 09 2007

RE: S.B. No. 1260
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 S.B. No. 1260 entitled:

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

begs leave to report as follows:

The purpose of this measure is to keep Kahuku Hospital operating in order to serve the residents of the north shore of Oahu.

Your Committee received testimony in support of this measure from the Department of Health, Hawaii Medical Association, the Councilmember for City and County of Honolulu District II, and thirty-one individuals. The Department of the Attorney General submitted testimony with recommendations on this measure.

Your Committee finds that Kahuku Hospital is in jeopardy of closing its doors in March 2007. Your Committee further finds that by enabling Kahuku Hospital to file for chapter 11 reorganization bankruptcy, rather than for chapter 7 liquidation bankruptcy, will allow the hospital to:

- (1) Continue operations;
- (2) Preserve its hospital license;
- (3) Retain its certificate of need and critical access hospital designation; and



(4) Reorganize and settle its debts.

Your Committee further finds that the board of directors of Kahuku Hospital has agreed to continue the hospital's operations into the first half of 2007 under a chapter 11 reorganization proceeding pending the enactment of legislation that will have the effect of causing Kahuku Hospital to be acquired by Hawaii Health Systems Corporation, or otherwise to become affiliated with the Hawaii Health Systems Corporation.

It is the intent of your Committee to accomplish the purpose of this measure by authorizing a grant pursuant to chapter 42F, Hawaii Revised Statutes, and appropriating \$950,000 to Kahuku Hospital to maintain the hospital's operations, to cover the costs associated with the chapter 11 reorganization, and the potential transfer of hospital operations to the Hawaii Health Systems Corporation.

Your Committee has adopted the recommendations of the Department of the Attorney General and amended this measure by including language that clarifies that the grant pursuant to chapter 42F, Hawaii Revised Statutes, is to be appropriated as an emergency appropriation in order to simplify and expedite the grant to Kahuku Hospital.

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 S.B. No. 1260, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1260, 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.:* SB 1260	Committee Referral: HTH, WAM	Date: <i>2/2/07</i>		
<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	<i>4</i>			<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes