

JAN 22 2007

A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE HAWAII HEALTH SYSTEMS CORPORATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 SECTION 2. The purpose of this Act is to increase the
5 expenditure ceiling of the health systems special fund,
6 established by section 323F-21, Hawaii Revised Statutes, to pay
7 for operational costs that will exceed the current expenditure
8 ceiling.

9 A ceiling increase of \$41,000,000 for the health systems
10 special fund is required to pay for additional staff hired for
11 the conversion of Kula, Hale Ho'ola Hamakua, and Samuel Mahelona
12 Memorial Hospitals to critical access hospital status; for
13 hospitalist programs at Hilo Medical Center, Maui Memorial
14 Medical Center, and Kona Community Hospital; to operate the
15 medical/surgical wing at Maui Memorial Medical Center; to staff
16 imaging departments; to provide physicians for specialty

S.B. NO. 1463

1 coverage; and to help cover the increasing costs of providing
2 quality healthcare.

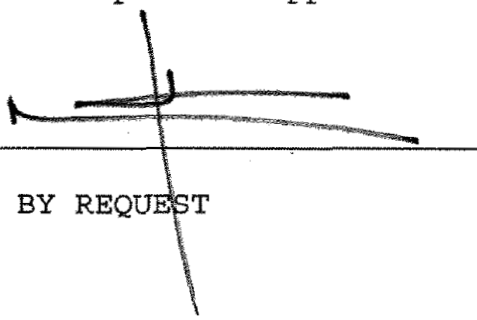
3 SECTION 3. There is appropriated out of the health systems
4 special fund the sum of \$41,000,000, or so much thereof as may
5 be necessary, for fiscal year 2006-2007 to carry out the
6 purposes of this Act.

7 SECTION 4. The sum appropriated shall be expended by the
8 Hawaii health systems corporation.

9 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: _____



BY REQUEST

JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE HAWAII HEALTH SYSTEMS CORPORATION.

PURPOSE: To increase the expenditure ceiling of the health systems special fund to pay for operational costs that will exceed the current ceiling and to appropriate additional moneys out of the special fund.

MEANS: Emergency appropriation to increase the special fund expenditure ceiling.

JUSTIFICATION: The current special fund ceiling for fiscal year 2007 of \$332,569,937 is a result of operating projections that did not fully take into account additional services being provided, and demands for services that are being experienced. It is now understood that special fund expenditures of approximately \$373,569,937 will be needed i.e., an additional \$41,000,000, in fiscal year 2007. Therefore, HHSC requires a special fund spending ceiling of \$373,569,937 to be in technical compliance with the requirement that expenditures shall not exceed the total of general funds appropriated plus special funds appropriated.

Increasing the special fund expenditure ceiling is necessary to help cover the costs of:

- Purchase of Kalaheo Clinic by Kauai Veterans Memorial Hospital and the related addition of physicians and support staff;

- Payments for physicians to provide on-call coverage (at Hilo, Maui, and Kona hospitals);
- Operation of new medical/surgical wing at Maui Memorial Medical Center;
- Conversion of Kula, Hale Ho'ola Hamakua, and Samuel Mahelona Memorial Hospital to critical access hospital status (needed to open and staff emergency rooms);
- Hiring and contracting with physicians to provide specialty coverage;
- Hiring of radiologic technicians to staff hospital imaging departments;
- The increasing costs of pharmaceutical drugs (particularly chemotherapy drugs);

HHSC does not require additional general funds or cash from the State of Hawaii to pay for the additional healthcare services it is providing in fiscal year 2007 for which the \$41,000,000 special fund ceiling increase is being requested. Additional revenues being received from providing services are paying for the additional services.

Impact on the public: To allow HHSC to continue to provide the levels of services necessary to meet community health care needs which have substantially increased expenditures beyond amounts anticipated and budgeted. An increase in the special fund spending ceiling is required so HHSC will be technically compliant with the law. Public is benefiting from \$41,000,000 in additional services with no expenditure of additional general funds. Collections of operating revenues are paying for all increases in services.

Impact on the department and other agencies: None.

GENERAL FUND:

None.

OTHER FUND:

\$41,000,000 from the Health Systems Special Fund.

PPBS PROGRAM

DESIGNATION:

HTH 210.

OTHER AFFECTED

AGENCIES:

None.

EFFECTIVE DATE:

Upon approval.