

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 1673
S.D. 1

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

Madam:

Your Committee on Health, to which was referred S.B. No. 1673
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 by:

- (1) Authorizing any of the regional systems or individual facilities of the Hawaii Health Systems Corporation to transition into a new legal entity;
- (2) Requiring 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) Amending the notification provision to require that the Corporation and each regional system board notify the Speaker of the House of Representatives, the President of the Senate, 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.



Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation, Corporate Board of Directors; the Hawaii Health Systems Corporation East Hawaii Region; the Hawaii Government Employees Association; the Hawaii Primary Care Association; Maui Memorial Medical Center; West Kauai Medical Center; and the Association for Improved Healthcare on Maui. Testimony in opposition of this measure was submitted by the State Procurement Office.

Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that the Hawaii Health Systems Corporation provides critical health care safety net services to our communities across the State. Failure of the Hawaii Health Systems Corporation is not an option, as it would shut down access to emergency and other critical services.

Your Committee further finds that comprehensive restructuring of the Hawaii Health Systems Corporation is imperative to its success. Decisive action is required in many areas to ensure that the Hawaii Health Systems Corporation survives in the short-term, and can thrive and prosper over time.

Accordingly, your Committee has amended this measure by:

- (1) Removing language that amended the notification requirement for substantial reductions in direct patient care services;
- (2) Inserting language from SB1139 (2009) that:
 - (a) Authorizes the regional system boards and the Hawaii Health Systems Corporation board to reduce or eliminate direct patient care services unless legislation is enacted that includes an appropriation of moneys sufficient to fund the mandated services; and
 - (b) Requires an initial determination to be made as to critical and emergency services which shall not be subject to reduction or elimination.
- (3) Inserting language from SB44 (2009) that:



- (A) 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;
- (B) 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
- (C) 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.
- (4) Inserting language from SB1140 (2009) that 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;
- (5) Adding a new section to chapter 89, Hawaii Revised Statutes, regarding special negotiating authority of Hawaii Health Systems Corporation that states:
- "Notwithstanding any law to the contrary, including section 89-6(d), the Hawaii health systems corporation or any of the regional boards, as a sole employer negotiator, may negotiate with the exclusive representative of any appropriate bargaining unit and execute memorandums of understanding for employees under its control to alter any existing or new collective bargaining agreement on any item or items subject to section 89-9";
- (6) Inserting language from SB941 (2009) that authorizes the Hawaii Health Systems Corporation to conduct Federal Bureau of Investigations criminal history record checks

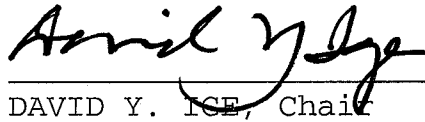


through the Hawaii Criminal Justice Data Center on employees, applicants, current or prospective contractors, providers, or volunteers;

- (7) Changing the effective date to July 1, 2050 to encourage further discussion on the matter; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and style.

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. 1673, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1673, 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,

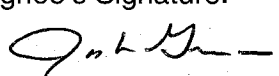


DAVID Y. IGE, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1673	HTH, WAM	2-18-9		
<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 <small>2312</small>				
<input checked="" type="checkbox"/> Pass, with amendments <small>2311</small>				
<input type="checkbox"/> Hold <small>2310</small>				
<input type="checkbox"/> Recommit <small>2313</small>				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
GREEN, M.D., Josh (VC)	✓			
BAKER, Rosalyn H.	✓			
ESPERO, Will	✓			
NISHIHARA, Clarence K.	✓			
HEMMINGS, Fred			✓	
TOTAL	5	0	1	0
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