

STAND. COM. REP. NO.

1034

Honolulu, Hawaii

MAR 27 2009

RE: H.B. No. 694  
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 H.B. No. 694  
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 authorize the Hawaii Health  
Systems Corporation and the Maui Regional System Board to remove  
the Maui Regional Health Care System and its facilities from  
Hawaii Health Systems Corporation by transferring regional assets  
to a legal entity that will finance and continue to provide health  
care services to Maui provided that:

- (1) The transfer is to a legally constituted entity that is  
financially capable, independent of Hawaii Health  
Systems Corporation, of continuing to provide the same  
level of health care services currently provided by the  
System; and
- (2) The transfer relieves Hawaii Health Systems Corporation  
of all debts, obligations, and liabilities of the  
System.

Your Committee received testimony in support of this measure  
from the Maui Memorial Medical Center. Testimony in opposition to  
this measure was submitted by the Hawaii Government Employees  
Association and United Public Workers. Comments on this measure  
were submitted by the Hawaii Health Systems Corporation.



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

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 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 by deleting its contents and inserting language that:

- (1) Authorizes any of the regional systems or individual facilities of the Hawaii Health Systems 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 that any plan to substantially reduce or eliminate any direct patient care services at a facility first be presented to the regional system board for approval, and then presented to the community at an informational hearing for community input;
- (4) 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;
- (5) Requires the Department of Health, on July 1, 2009, to assume the total amount of all liabilities and debts or

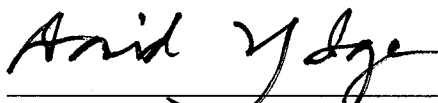


other obligations of the Hawaii Health Systems Corporation that had been accrued up to June 30, 1996, by the community hospitals while they were operating within the Division of Community Hospitals of the Department of Health;

- (6) 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;
- (7) 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;
- (8) 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; and
- (9) Makes the measure take effect on July 1, 2050.

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. 694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 694, 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



