

STAND. COM. REP. NO.

2155

Honolulu, Hawaii

FEB 10 2010

RE: S.B. No. 2211

S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Health, to which was referred S.B. No. 2211
entitled:

"A BILL FOR AN ACT RELATING TO HEALTHCARE,"

begs leave to report as follows:

The purpose of this measure is to transition the Hawaii Health Systems Corporation to federal and state nonprofit status and to appropriate general obligation bonds for the repair and maintenance of facilities and transition expenses.

Your Committee received testimony in support of this measure from the Arc of Kona and eleven individuals. Your Committee received testimony in opposition of this measure from the United Public Workers, AFSCME Local 646 and the Hawaii Government Employees Association, AFSCME Local 152. Testimony in support of the intent of the measure was received from Hawaii Health Systems Corporation and from Hawaii Health Systems Corporation West Hawaii Region. Comments were received from the Department of the Attorney General, Maui Memorial Medical Center, and the West Hawaii Regional Board. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that the Hawaii Health Systems Corporation provides health care services that are vital to the State and accordingly, steps must be taken to ensure the Corporation's future financial viability and reduce its dependence on state subsidies. A study commissioned by the Legislature concluded that a complete transition to a not-for-profit



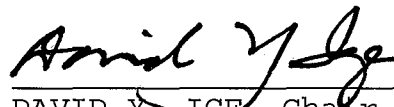
corporation is the best option available for reorganizing the Corporation into the most efficient structure possible, and the regional and corporate boards of the Corporation, after preliminary review and discussion, agree in principle with this approach. To ensure success of the transition, a detailed plan must be developed, which analyzes and addresses, among other things, financing options, potential partnerships, operations issues, a conversion timetable, the impact of such conversion on employees, patients, and other stakeholders, needed amendments to existing law to effectuate the transition, and the costs of the transition.

Your Committee has amended this measure by:

- (1) Removing language requiring the Hawaii Health Systems Corporation to begin the transition to nonprofit status;
- (2) Requiring the Hawaii Health Systems Corporation to create a plan of transition and to present updates to this plan to the Legislature annually; and
- (3) Changing its effective date to July 1, 2050, to facilitate further discussion.

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. 2211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2211, 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.:* SB 2211	Committee Referral: HTH, WAM	Date: 02-08-10		
<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)	✓			
GREEN, M.D., Josh (VC)	✓			
BAKER, Rosalyn H.	✓	X 95		
ESPERO, Will	✓			
NISHIHARA, Clarence K.	✓			
HEMMINGS, Fred	✓			
TOTAL	6	0	0	6
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>John M. MD</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes