

STAND. COM. REP. NO. 1715

Honolulu, Hawaii

April 9, 2009

RE: S.B. No. 44
S.D. 2
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 44,
S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS
CORPORATION,"

begs leave to report as follows:

The purpose of this bill is to better understand the
financial situation concerning the Hawaii Health Systems
Corporation (HHSC). More specifically, this bill:

- (1) Authorizes the Department of Health (DOH) to assume the liabilities and debts or other obligations of HHSC accrued prior June 30, 1996, by the community hospitals while the community hospitals were operating within DOH's Division of Community Hospitals;
- (2) Requires HHSC with the assistance of DOH to determine the amount of liability established prior to July 1, 1996, that still exists; and
- (3) Requires the Auditor to contract with an independent auditing entity to perform annual management and performance audits of HHSC that will include a full evaluation of all HHSC assets, liabilities, and contracts that deal with the management, running, and provision of services by HHSC.

SB44 HD2 HSCR FIN HMS 2009-3742



The Department of Budget and Finance; HHSC's Corporation Board, East Hawaii Regional Board, and Kauai Regional Board; and United Public Workers Local 646 AFL-CIO opposed this bill.

Your Committee has amended this bill by replacing the provisions concerning the transfer of debt and other obligations of HHSC to DOH, with contents similar to provisions in H.B. No. 694 authorizing HHSC and the Maui Regional System Board to remove the Maui Regional Health Care System (System) and its facilities from HHSC by transferring regional assets to a legal entity that will finance and continue to provide health care services to Maui provided that the transfer:

- (1) Is to a legally constituted entity that is financially capable, independent of HHSC, of continuing to provide the same level of health care services currently provided by the System;
- (2) Relieves HHSC of all debts, obligations, and liabilities of the System;
- (3) Is approved by the legally constituted entity, HHSC corporation board, Maui Regional System Board, and the Governor; and
- (4) Cannot take effect prior to July 1, 2012.

Your Committee has retained as Part II, the provisions requiring the annual audit of HHSC. Your Committee finds that such an audit, conducted under the auspices of the Auditor, is necessary to improve the management and operation of the State's community hospitals. Your Committee emphasizes that part II is to take effect upon approval, with the first audit of the management and operation of HHSC to be conducted during fiscal year 2008-2009.

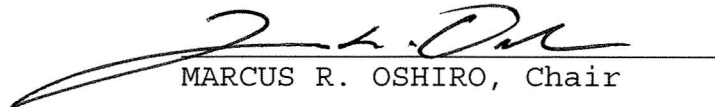
Your Committee has further amended this bill by:

- (1) Changing the effective date for Part I of the bill to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive changes for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 44, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 44, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



HSCR 1115 d

State of Hawaii
House of Representatives
The Twenty-fifth Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 44, SD2, MD1	Committee Referral: HLT, FIN	Date: April 7, 2009 <i>0320 am</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. AWANA, Karen Leinani	✓			
5. BROWER, Tom	✓			
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.	✓			
9. KEITH-AGARAN, Gilbert S.C.	✓			
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III	✓			
13. TOKIOKA, James Kunane	✓			
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. PINE, Kymberly Marcos				✓
17. WARD, Gene		✓		
TOTAL (17)	15	1	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Marilyn B. Lee</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				