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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE HAWAII HEALTH SYSTEMS CORPORATION AND ITS  
REGIONAL BOARDS TO SUBMIT PLANS AND RECOMMENDATIONS FOR  
REDUCING ITS OPERATING DEFICITS.

1 WHEREAS, in 1970, the State assumed all responsibility for  
2 community hospitals that had previously been managed by the  
3 counties; and

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5 WHEREAS, the Office of the Auditor determined in 1971 that  
6 "self-sufficiency is one characteristic which is currently  
7 missing from the State hospital program", and that the hospitals  
8 were heavily dependent on subsidies from the State's general  
9 fund; and

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11 WHEREAS, the Office of the Auditor found in 1988 that these  
12 financial concerns and other issues remained unaddressed, and  
13 that the need for a major organizational restructuring had been  
14 thwarted by the lack of any executive-legislative consensus; and

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16 WHEREAS, the Office of the Auditor found in 1992 that the  
17 State's hospitals "have been continuously plagued with financial  
18 problems" that had required the appropriation of emergency funds  
19 to pay for the hospitals' operating deficits; and

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21 WHEREAS, Act 262 of 1996 established the Hawaii Health  
22 Systems Corporation as an independent state agency to operate  
23 the community hospitals; and

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25 WHEREAS, annual appropriations from the State's general  
26 fund to subsidize the Hawaii Health Systems Corporation rose to  
27 \$37,000,000 by fiscal year 2006; and

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29 WHEREAS, a comprehensive independent review found in 2009  
30 that the Hawaii Health Systems Corporation was "in a financially



1 perilous condition", and projected that state subsidies would  
2 continue to climb; and

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4 WHEREAS, general fund appropriations to subsidize the  
5 Hawaii Health Systems Corporation are expected to total  
6 \$105,500,000 for fiscal year 2014; and

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8 WHEREAS, the executive budget request for fiscal year 2015  
9 would increase the State's subsidies to the Hawaii Health  
10 Systems Corporation to \$133,900,000; and

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12 WHEREAS, the need for greater self-sufficiency that the  
13 Office of the Auditor identified in 1971 remains highly relevant  
14 today; and

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16 WHEREAS, in order to protect the financial well-being of  
17 the State, the rising tide of operating deficits and increasing  
18 general fund subsidies for the Hawaii Health Systems Corporation  
19 must be reversed, beginning in the next fiscal biennium; and

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21 WHEREAS, the Hawaii Health Systems Corporation should  
22 develop and implement a strategy to operate with smaller  
23 operating deficits each subsequent fiscal biennium; now,  
24 therefore,

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26 BE IT RESOLVED by the House of Representatives of the  
27 Twenty-seventh Legislature of the State of Hawaii, Regular  
28 Session of 2014, the Senate concurring, that the Hawaii Health  
29 Systems Corporation and each of its five regional boards are  
30 requested to submit to the Legislature, not later than twenty  
31 days prior to the convening of the Regular Sessions of 2015 and  
32 2016, long-term, multi-biennium plans to reduce the  
33 Corporation's operating deficits; and

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35 BE IT FURTHER RESOLVED that these long-term plans include  
36 options that the Legislature may consider for effecting large-,  
37 medium-, and small-scale deficit reductions, along with the  
38 corporation's recommendations for changes in expenditures,  
39 revenues, services, access, and other relevant aspects of its  
40 operations; and

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42 BE IT FURTHER RESOLVED that certified copies of this  
43 Concurrent Resolution be transmitted to the Chair of the Hawaii  
44 Health Systems Corporation Board of Directors, the Chairs of the



