
HOUSE 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
31 perilous condition", and projected that state subsidies would
32 continue to climb; and



1 WHEREAS, general fund appropriations to subsidize the
2 Hawaii Health Systems Corporation are expected to total
3 \$105,500,000 for fiscal year 2014; and
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5 WHEREAS, the executive budget request for fiscal year 2015
6 would increase the State's subsidies to the Hawaii Health
7 Systems Corporation to \$133,900,000; and
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9 WHEREAS, the need for greater self-sufficiency that the
10 Office of the Auditor identified in 1971 remains highly relevant
11 today; and
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13 WHEREAS, in order to protect the financial well-being of
14 the State, the rising tide of operating deficits and increasing
15 general fund subsidies for the Hawaii Health Systems Corporation
16 must be reversed, beginning in the next fiscal biennium; and
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18 WHEREAS, the Hawaii Health Systems Corporation should
19 develop and implement a strategy to operate with smaller
20 operating deficits each subsequent fiscal biennium; now,
21 therefore,
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23 BE IT RESOLVED by the House of Representatives of the
24 Twenty-seventh Legislature of the State of Hawaii, Regular
25 Session of 2014, that the Hawaii Health Systems Corporation and
26 each of its five regional boards are requested to submit to the
27 Legislature, not later than twenty days prior to the convening
28 of the Regular Sessions of 2015 and 2016, long-term, multi-
29 biennium plans to reduce the Corporation's operating deficits;
30 and
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32 BE IT FURTHER RESOLVED that these long-term plans include
33 options that the Legislature may consider for effecting large-,
34 medium-, and small-scale deficit reductions, along with the
35 corporation's recommendations for changes in expenditures,
36 revenues, services, access, and other relevant aspects of its
37 operations; and
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1 BE IT FURTHER RESOLVED that certified copies of this
2 Resolution be transmitted to the Chair of the Hawaii Health
3 Systems Corporation Board of Directors, the Chairs of the Kauai,
4 East Hawaii, West Hawaii, Maui, and Oahu Regional Boards of the
5 Hawaii Health Systems Corporation, the Director of Health, and
6 the Governor.

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OFFERED BY: Debra A. Beatti
Brend Kolyashi
[Signature]

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