STAND. COM. REP. NO. 320

Honolulu, Hawaii

F.413, 2007

RE: H.B. No. 1378

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 1378 entitled:

"A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH,"

begs leave to report as follows:

The purpose of this bill is to ensure the health and safety of residents of the north shore and the windward coast of Oahu by preventing the closure of Kahuku Hospital.

Specifically, this bill makes an emergency appropriation of \$950,000 for fiscal year 2006-2007, to fund a grant pursuant to chapter 42F, Hawaii Revised Statutes, to Kahuku Hospital to address the estimated cash shortfall projected for the first half of 2007, consisting of operating losses, the costs of Kahuku Hospital's Chapter 11 reorganization proceeding, and the transfer of Kahuku Hospital to the Hawaii Health Systems Corporation; provided that during the Regular Session of 2007, the Legislature authorizes such a grant. The appropriation is to be expended by the Department of Health.

Testimony in support of this bill was submitted by the Department of Health, the Board of Directors of Kahuku Hospital, Kahuku High and Intermediate School, the Council of the City and County of Honolulu, Brigham Young University Hawaii, Hawaii Reserves, Inc., the Healthcare Association of Hawaii, the Polynesian Cultural Center, United Public Workers AFSCME, Local

646, AFL-CIO, Koolau Loa Neighborhood Board #28, Kahuku Hospital Laboratory, and one hundred thirty-eight individuals.

Your Committee finds that Kahuku Hospital is a twenty-five bed facility that provides emergency care, general acute care, surgery, skilled nursing, ancillary care, and other health care services to the residents of the north shore of Oahu from Waimea Bay to Kahana. Because of continuing operating losses, the board of directors of Kahuku Hospital voted in November 2006 to file for chapter 7 reorganization to liquidate non-exempt assets and close down the hospital on December 31, 2006.

Your Committee finds that it is in the public interest and for the public health, safety, and general welfare to keep Kahuku Hospital operating in order to serve the residents of the north shore of Oahu by enabling it to file for chapter 11 rather than for chapter 7 bankruptcy, which would allow the hospital to: continue operations; preserve its hospital license; retain its certificate of need and critical access hospital designation; reorganize; and settle its debts.

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. 1378 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

JOSHUA B. GREEN, M.D., Chair

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HSCR 320

State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Health

Bill/Resolution No.: HB 1378	Date:	2-02	-07	
Committee Referral: HLT, FIN	☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to: 💢 Pass, unamended	☐ Pass, with amendments			
Hold	Pass, with amendments, for recommittal for further consideration			
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. GREEN, Josh, M.D. (C)	V			
2. MIZUNO, John (VC)				
3. BELATTI, Della Au	V			
4. BERTRAM, Joe, III	V			
5. CABANILLA, Rida T.R.		ing dispersion of the second o		
6. RHOADS, Karl				
7. SHIMABUKURO, Maile S. L.				
8. TAKAI, K. Mark	V			
9. TOKIOKA, James Kunane	<i>V</i> ,			
10. AWANA, Karen Leinani	V			
11. WARD, Gene, Ph.D.	V			

TOTAL	10			1
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s) Vice Chair's or designee's signature: Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				
Distribution. Original (Winte) - Committee Duplicate (Tellow) - Clerk's Office				