

Honolulu, Hawaii

March 27, 2009

RE: S.B. No. 44
S.D. 2
H.D. 1

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

Sir:

Your Committee on Health, to which was referred S.B. No. 44,
S.D. 2, 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 support the healthy financial
operations of the State's community hospital system by reducing
the Hawaii Health Systems Corporation's (HHSC) debt obligations
by:

- (1) Reducing HHSC's debt obligations by transferring back to
the Department of Health (DOH) the amount of the
liabilities that the community hospitals had accrued
while operating within the division of community
hospitals of DOH prior to the establishment of HHSC on
July 1, 1996;
- (2) Requiring HHSC to assume all liabilities or debts or
other obligations accrued by the community hospitals
beginning on July 1, 1996, and thereafter; and
- (3) Clarifying HHSC's responsibility for making payments
into the employees' retirement system funds for its
employees.



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HHSC supported this bill. The Department of Budget and Finance and the United Public Workers , AFSCME, Local 646, AFL-CIO opposed this measure.

Your Committee has amended this bill by, among other things:

- (1) Requiring HHSC with the assistance of DOH to determine the amount of liability established prior to July 1, 1996 that still exists;
- (2) Providing that HHSC must explain why HHSC has been unable to address these liabilities in the years since it took over running the State's community hospitals;
- (3) Requiring the Auditor 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; and
- (4) Making technical, nonsubstantive changes for clarity, consistency, and style.

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. 44, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 44, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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


RYAN I. YAMANE, Chair



