STAND. COM. REP. NO. 309

Honolulu, Hawaii Mach 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:

- 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,



## hsor 1709

## State of Hawaii House of Representatives The Twenty-fifth Legislature

## **Record of Votes of the Committee on Health**

Bill/Resolution No.:	Committee Referral:		Date:	
SB 44, SD2	HLT, FIN		3-24-09	
□ The committee is reconsidering its previous decision on the measure.				
The recommendation is to:       Image: Pass, unamended (as is)       Pass, with amendments (HD)       Image: Hold         Image: Pass short form bill with HD to recommit for future public hearing (recommit)				
The second secon				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMANE, Ryan I. (C)				
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2. NISHIMOTO, Scott Y. (VC)				
3. BELATTI, Della Au				
4. BERTRAM, Joe, III				
5. BROWER, Tom				
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6. CARROLL, Mele				
7. MIZUNO, John M.				
			antine.	
8. SHIMABUKURO, Maile S.L.				
9. FINNEGAN, Lynn				
7. FINNEGAN, Lym				
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TOTAL (9)	6	1		2
The recommendation is: Adopted  Not Adopted				
If joint referral, did not support recommendation.				
Vice Chair's or designee's signature. O & & A -				
Distribution:         Original (White) – Committee         Duplicate (Yellow) – Chief Clerk's Office         Duplicate (Pink) – HMSO				