

ACT 39

S.B. NO. 1410

A Bill for an Act Making Emergency Appropriations for Operating Expenses for Community Hospitals.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with Article VII, Section 9, of the Constitution of the State of Hawaii.

SECTION 2. In accordance with Article VII, Section 9, of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriation contained in this Act will cause the State general fund expenditure ceiling for fiscal year 1990-1991 to be exceeded by \$15,000,000, or 0.58 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriations made in this Act are necessary to serve the public interest and to meet the needs provided for by this Act.

SECTION 3. Act 316, Session Laws of Hawaii 1989, as amended by Act 299, Session Laws of Hawaii 1990, appropriated a certain designated sum to the department of health to provide funds for public hospitals and medical services under the division of community hospitals for the fiscal period beginning July 1, 1989, and ending June 30, 1991.

A critical funding emergency exists. The community hospitals system will

run out of appropriated funds before the end of the current fiscal year and the division will be unable to meet its fiscal obligations to operate its hospitals. The rapid escalation of health care costs in Hawaii is the cause of this financial crisis. The health care industry has experienced an inflation rate that has averaged thirteen per cent. In addition, the cost of personnel, equipment, and medical supplies has increased substantially.

To prevent the reduction or discontinuance of services, additional funds are urgently needed.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$15,000,000, or so much thereof as may be necessary for fiscal year 1990-1991, to be used for the following purposes:

- (1) \$14,000,000 shall be used by the department of health to “repay” the loan from the department of budget and finance; and
- (2) \$1,000,000 shall be used by the department of health to make up for the shortfall in fiscal year 1990-1991;

provided that:

- (1) All of the funds appropriated in this section shall be allotted to the department of health not as a “loan” but as a free and clear addition to the department’s budget for community hospitals;
- (2) The department of health’s overall budget shall not be restricted to “make room” for the additional appropriation; and
- (3) The department of budget and finance shall report to the legislature no later than July 1, 1991, on its overall strategy for providing adequate funding for the community hospitals.

SECTION 5. The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 6. This Act shall take effect upon its approval.

(Approved April 22, 1991.)