

ACT 122

H.B. NO. 3076

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 Section 9 of Article VII of the Constitution of the State of Hawaii.

SECTION 2. In accordance with Section 9 of Article VII 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 1991-1992, to be exceeded by \$15,000,000, or 0.53 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is necessary to serve the public interest and to meet the need provided for by this Act.

SECTION 3. Act 296, Session Laws of Hawaii 1991, appropriated a 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, 1991, and ending June 30, 1993.

A critical funding emergency exists. The community hospital system will run out of appropriated funds before the end of the current fiscal year and the department will be unable to meet its fiscal obligation to operate its hospitals. The rapid escalation of health care costs in Hawaii is the cause for this financial crisis. In addition, provisions were not made for collective bargaining costs. Personnel costs, equipment costs, and medical costs have steadily increased, together with a decrease in Medicare and Medicaid reimbursements. The health care industry is continuing to experience an average increase in inflation of thirteen per cent.

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 1991-1992, for operating expenses for community hospitals for the current fiscal year ending June 30, 1992.

SECTION 5. The sum is appropriated subject to the requirement that, as soon as possible after the effective date of this Act, the department of health shall meet in good faith in a series of meetings with private sector health care facility operators, including operators of private hospitals, insurance providers, private health care administrators, and private health care professionals to avail itself of the private sector's collective knowledge and expertise for the operation of the community hospitals and the effective and efficient administration and financial

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management of the community hospitals system. Based on the meetings, the department shall report its findings to the legislature not later than September 30, 1992. The report shall include the private sector's specific suggestions and recommendations for improving the administration and management of the community hospitals system and provide concrete, specific, and detailed steps for the immediate implementation of these suggestions, and shall include drafts of proposed legislation, if appropriate.

SECTION 6. The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 7. This Act shall take effect upon its approval.

(Approved May 29, 1992.)