

Honolulu, Hawaii

NOV 04 2013

RE: H.B. No. 3
H.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-seventh State Legislature
Second Special Session of 2013
State of Hawaii

Madam:

Your Committees on Health and Ways and Means, to which was referred H.B. No. 3, H.D. 1, entitled:

A BILL FOR AN ACT MAKING AN APPROPRIATION TO THE HAWAII
HEALTH SYSTEMS CORPORATION,"

beg leave to report as follows:

The purpose of this measure is to make an appropriation to the Kauai Regional Health Care System of the Hawaii Health Systems Corporation.

Specifically, this measure appropriates an additional \$7,300,000 for fiscal year 2013-2014 to the Kauai Regional Health Care System of the Hawaii Health Systems Corporation to provide stopgap funding to sustain its health care operations on Kauai.

Your Committees received testimony in support of this measure from the Hawaii Health Systems Corporation Corporate Board of Directors and Kauai Regional Board of Directors, and Hawaii Government Employees Association, AFSCME Local 152. Your Committees received written comments from the Department of Budget and Finance and one individual.

Your Committees find that the Kauai Regional Health Care System of the Hawaii Health Systems Corporation provides vital medical services to the residents of Kauai. Your Committees also find that without additional funding from the State, the Kauai Regional Health Care System will not be able to sustain its



operations through the spring of 2014. Therefore, this measure is necessary to enable the Kauai Regional Health System to continue the provision of necessary health care services to the residents and visitors of Kauai.

Your Committees note that the Kauai Regional Health Care System of the Hawaii Health Systems Corporation has already spent its first two quarters of general funding allocations, borrowed \$2,000,000 from the Maui Regional Health Care System of the Hawaii Health Systems Corporation, not paid its share of the system-wide obligations to the corporate office (over \$2,000,000 owed), has a very high accounts payable, and does not project to have the sufficient financial resources to meet payroll and other obligations without a further infusion of cash. Your Committees note that, while this measure authorizes the Kauai Regional Health Care System to determine how to expend the moneys appropriated thereunder, your Committees intend that the Kauai Regional Health Care System fully repay its current obligations through this or another appropriation.

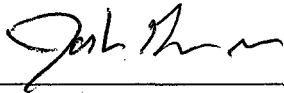
While the necessity of this appropriation is well understood, your Committees are concerned with the current operational structure of the Kauai Regional Health System, which your Committees deem to be structured in a financially unsustainable model. Consequently, your Committees strongly recommend that both the Hawaii Health Systems Corporation's Corporate Board and Kauai Regional Board of Directors commence action to restructure the Kauai Regional Health Care System's operations into a model that will make it more financially viable to ensure its long term financial stability.

Your Committees further note that although the purpose section of the measure states that the appropriation is to fund Kauai Regional Health Care System of the Hawaii Health Systems Corporation for operations until the start of the Regular Session of 2014, the actual intent of the measure is to provide funding for the operations of the Kauai Regional Health Care System through the spring of 2014. When advised of your Committees' intent, both the Hawaii Health Systems Corporation's Corporate Board and Kauai Regional Board of Directors agreed to abide by your Committees' request to utilize the funding provided in this measure in a manner that will financially sustain the Kauai Regional Health Care System beyond the start of the Regular Session of 2014.

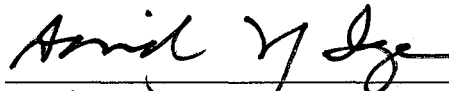


As affirmed by the record of votes of the members of your Committees on Health and Ways and Means that is attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading

Respectfully submitted on
behalf of the members of the
Committees on Health and Ways
and Means,



Josh Green



David Y. Ige



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB3 HD1	HTH/WAM	11/1/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GREEN, Josh (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
NISHIHARA, Clarence K.	✓			✓ <i>Rob</i>
SLOM, Sam			✓	
TOTAL	3	—	1	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Rosalyn H Baker</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 3 HD1	Committee Referral: HTH / WAM	Date: 11-1-13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani				✓
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.				✓
TOKUDA, Jill N.	✓			
SLOM, Sam			✓	
	9		1	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kalani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes