

STAND. COM. REP. NO. 320

Honolulu, Hawaii
Feb 13, 2007

RE: H.B. No. 1378

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 1378
entitled:

"A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE
DEPARTMENT OF HEALTH,"

begs leave to report as follows:

The purpose of this bill is to ensure the health and safety
of residents of the north shore and the windward coast of Oahu by
preventing the closure of Kahuku Hospital.

Specifically, this bill makes an emergency appropriation of
\$950,000 for fiscal year 2006-2007, to fund a grant pursuant to
chapter 42F, Hawaii Revised Statutes, to Kahuku Hospital to
address the estimated cash shortfall projected for the first half
of 2007, consisting of operating losses, the costs of Kahuku
Hospital's Chapter 11 reorganization proceeding, and the transfer
of Kahuku Hospital to the Hawaii Health Systems Corporation;
provided that during the Regular Session of 2007, the Legislature
authorizes such a grant. The appropriation is to be expended by
the Department of Health.

Testimony in support of this bill was submitted by the
Department of Health, the Board of Directors of Kahuku Hospital,
Kahuku High and Intermediate School, the Council of the City and
County of Honolulu, Brigham Young University Hawaii, Hawaii
Reserves, Inc., the Healthcare Association of Hawaii, the
Polynesian Cultural Center, United Public Workers AFSCME, Local



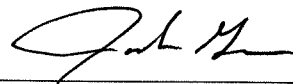
646, AFL-CIO, Koolau Loa Neighborhood Board #28, Kahuku Hospital Laboratory, and one hundred thirty-eight individuals.

Your Committee finds that Kahuku Hospital is a twenty-five bed facility that provides emergency care, general acute care, surgery, skilled nursing, ancillary care, and other health care services to the residents of the north shore of Oahu from Waimea Bay to Kahana. Because of continuing operating losses, the board of directors of Kahuku Hospital voted in November 2006 to file for chapter 7 reorganization to liquidate non-exempt assets and close down the hospital on December 31, 2006.

Your Committee finds that it is in the public interest and for the public health, safety, and general welfare to keep Kahuku Hospital operating in order to serve the residents of the north shore of Oahu by enabling it to file for chapter 11 rather than for chapter 7 bankruptcy, which would allow the hospital to: continue operations; preserve its hospital license; retain its certificate of need and critical access hospital designation; reorganize; and settle its debts.

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 H.B. No. 1378 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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



JOSHUA B. GREEN, M.D., Chair



