
HOUSE CONCURRENT RESOLUTION

REQUESTING THE GOVERNOR AND THE LEGISLATURE OF THE STATE OF
HAWAII TO PROVIDE IMMEDIATE AND EMERGENT FINANCIAL
ASSISTANCE TO WAHIAWA GENERAL HOSPITAL.

1 WHEREAS, Wahiawa General Hospital (WGH), a 501(c)(3) non-
2 profit community hospital incorporated in the State of Hawaii,
3 is in serious and imminent danger of financial failure and the
4 inevitable closure of its facilities unless immediate financial
5 assistance from the State of Hawaii is provided; and
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7 WHEREAS, having served the healthcare needs of residents in
8 the Central Oahu and North Shore areas of the State since 1944,
9 WGH has and remains the only rural independent non-profit,
10 general acute care hospital within the State; and
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12 WHEREAS, beginning as a basic outpatient clinic for
13 plantation workers, military personnel and other Central Oahu
14 residents, WGH has grown into a hospital providing complex
15 emergency services, surgery, general acute care, senior
16 behavioral health, outpatient clinics, and long-term care
17 skilled nursing; and
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19 WHEREAS, among other things, WGH:
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- 21 (1) Is currently licensed for 53 inpatient acute care beds
22 and 107 skilled nursing beds;
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- 24 (2) Provides emergency services, including radiology and
25 diagnostic imaging studies, laboratory, inpatient
26 intensive care and telemetry services, as well as
27 inpatient medical surgical services, senior behavioral
28 health, skilled nursing and outpatient services;
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1 WHEREAS, because WGH is the largest private employer in
2 Wahiawa, its continuous presence, effective maintenance, and
3 survival is vital not only to the town itself and its residents
4 economically, but absolutely necessary in terms of the public
5 health, safety and welfare to the residents of the State,
6 visitors to the North Shore, and military families; and
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8 WHEREAS, WGH's annual budget is comprised of payroll,
9 physician and professional fees, supplies, and other annual
10 expenditures, including but not limited to, overhead and other
11 operating expenses resulting in ongoing negative cash flows, as
12 well as several extraneous factors, that have ultimately
13 compromised the survival of the hospital; and
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15 WHEREAS, with the reopening of Queen's Medical Center West
16 in May 2014, WGH has suffered approximately a 14% reduction in
17 patient revenues resulting in a \$7.5 million revenue decline in
18 the first twelve months after Queen's West opening, which would
19 in most cases cause a small, private hospital to fail outright;
20 and
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22 WHEREAS, in response, WGH was required to reduce its staff
23 by approximately seventy-five full-time equivalent employees and
24 has been forced to eliminate important programs in order to
25 survive; and
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27 WHEREAS, in addition, Wahiawa has experienced a major
28 outflow of primary care physicians and specialist physicians to
29 outlying medical centers throughout the State, the mainland, and
30 to retirement resulting in a hospitalist-driven facility to
31 treat patients admitted to inpatient services; and
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33 WHEREAS, hospitalists are expensive hospital-based
34 physicians who cost the hospital \$650,000 annually, without
35 compensating insurance company reimbursement, to treat
36 inpatients when the necessary community-based physician
37 infrastructures are inadequate; and
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39 WHEREAS, community physician shortages have created
40 additional expenditures of over \$1.7 million dollars to pay and
41 support the hospitalists, on-call surgeons, and
42 anesthesiologists; and
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1 WHEREAS, historically, for twenty-three years, WGH has
2 supported the Family Medicine Residency Program (FMRP) of the
3 John A. Burns School of Medicine at the University of Hawaii,
4 which cost approximately \$1 to \$2 million dollars annually in
5 unfunded costs; and

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7 WHEREAS, in effect, WGH has helped (and has been honored to
8 do so) the State of Hawaii develop over one hundred family
9 medicine physicians; and

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11 WHEREAS, WGH has, over the years, spent over \$24 million in
12 operating cash reserves on the FMRP that were needed to fund
13 other hospital programs and facility improvements; and

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15 WHEREAS, however, in 2014, WGH was forced to discontinue
16 the funding and initiate restructuring to the entire FMRP; and

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18 WHEREAS, despite the acknowledgement of the importance of
19 the FMRP, WGH no longer could reconcile seeking funds for the
20 program when funds are now necessary for the hospital's
21 survival; and

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23 WHEREAS, WGH serves a largely low-income and elderly
24 population with over 85% of WGH's patient revenues received from
25 treating Medicare and Medicaid Patients; and

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27 WHEREAS, additionally, many of its patients are from the
28 Wahiawa Neighborhood Revitalization Strategy Area, a federally-
29 designated distressed community; and

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31 WHEREAS, these government programs do not pay the true cost
32 of treating their program beneficiaries; and

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34 WHEREAS, WGH cannot negotiate increased payments from the
35 Medicare and Medicaid programs; and

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37 WHEREAS, as a general rule all hospitals treating a large
38 percentage of Medicare and Medicaid patients must have large
39 endowments or receive state subsidies to survive; and
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1 WHEREAS, billing and collection for Medicaid patients in
2 Hawaii is extraordinarily difficult and costly due to the
3 billing of up to five different QUEST insurance plans, all of
4 which do not cover the cost of treating Medicaid patients; and
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6 WHEREAS, when compared to other state-run rural hospitals
7 under the Hawaii Health Systems Corporation (HHSC), and even
8 considering similar problems, WGH has traditionally been more
9 efficient on an operating-margin basis; and
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11 WHEREAS, in addition, the Wahiawa and surrounding areas
12 (including North Shore) have and continue to see growth in the
13 homeless population, a proportion of which has required
14 immediate and in some instances repeated emergency medical
15 attention from WGH and its emergency services; and
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17 WHEREAS, services rendered to homeless serve an important
18 and necessary need; and
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20 WHEREAS, however, WGH absorbs the costs associated with the
21 uninsured treatments further diminishing its very limited
22 resources; and
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24 WHEREAS, despite WGH's exclusion from participation as a
25 member of a larger scale health system -- differentiating it
26 from other Hawaii based and State subsidized hospitals -- it is
27 still required to and did comply with the mandates of the
28 Affordable Care Act (ACA) related to Meaningful Use and Quality
29 Reporting; and
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31 WHEREAS, compliance therewith increased WGH's cost for
32 information systems, nursing, and quality functions by over \$2.5
33 million per year without offsetting any patient revenues; and
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35 WHEREAS, employee health insurance costs -- under the
36 Hawaii Medical Service Association (HMSA) and ACA mandates on
37 HMSA -- have increased from \$3 to \$4 million per year for a
38 smaller employee base; and
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40 WHEREAS, despite WGH's non-profit community hospital status
41 and lack of similar financial assistance that had been provided
42 to HHSC's hospitals, WGH has remained dedicated to its patient
43 care mission; and



1 WHEREAS, WGH had previously sought assistance from the
2 State without success and is now forced to address its dire
3 financial status due to national and local changes in
4 healthcare; and

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6 WHEREAS, on January 30, 2015, WGH submitted a grant-in-aid
7 request in an amount of \$2.5 million for emergency support to
8 this Legislature for fiscal year 2016, which would still render
9 WGH eligible to receive funds associated with said grant-in-aid
10 request; and

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12 WHEREAS, to help mitigate serious cost deficiencies, WGH
13 restructured the FMRP, cancelled Home Health and physical
14 therapy outpatient programs, and reduced its staff; and

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16 WHEREAS, WGH, now more than ever, is in desperate need of
17 financial assistance from the State and without emergency
18 financial aid will be required to close its doors; and

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20 WHEREAS, the closure of WGH would have devastating effects
21 upon the public health, safety, and welfare, on not only on the
22 residents of Wahiawa, but also on the surrounding areas, and the
23 Island as whole; and

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25 WHEREAS, the value of the emergency services at WGH, by
26 servicing the surrounding rural areas from the North Shore to
27 Mililani, are just as, if not more, important than the community
28 health centers that have restricted hours and limited services;
29 and

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31 WHEREAS, in some medical emergency cases, the inability to
32 access the Wahiawa General Hospital and emergency services,
33 requiring further travel to the next closest hospital in Ewa or
34 Aiea, could literally become an issue of life and death for
35 patients; and

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37 WHEREAS, it is imperative for the safety of the residents
38 of the rural areas, and patients that it serves, that WGH and
39 its emergency services survive; and
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1 WHEREAS, in addition to the overwhelming health and safety
2 concerns, the closure of WGH would have devastating economic
3 impact, create the loss of approximately six hundred jobs, as
4 well as shift losses to be absorbed by the other Hawaii
5 hospitals; and

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7 WHEREAS, to allow the hospital to succumb to a financial
8 death would be contrary to public policy and the
9 Administration's inclusion and designation of Wahiawa as an area
10 for economic growth through revitalization and development of
11 agriculture in Hawaii; and

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13 WHEREAS, the extreme dangers associated with the closure of
14 WGH require the serious attention from the State; and

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16 WHEREAS, emergent funds must be made available to continue
17 WGH's operations for the benefit of the health, safety, and
18 welfare of the residents of the 30-mile contiguous area in which
19 it has, and dutifully will continue to, protect and serve with
20 the necessary assistance from the State; and

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22 WHEREAS, the Legislature declares that the medical facility
23 and services provided by WGH are vital and necessary to the
24 public interest and for the public health, safety, and general
25 welfare to the public, and to further assist in the improvement
26 of the health care system for residents of Wahiawa and the
27 State; now, therefore,

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29 BE IT RESOLVED by the House of Representatives of the
30 Twenty-eighth Legislature of the State of Hawaii, Regular
31 Session 2016, the Senate concurring, that this body urges the
32 Governor to provide financial assistance to WGH in a sufficient
33 amount to enable it to operate while developing a new business
34 model, including but not limited to potential ways to create
35 partnerships with the private sector so as to enable it to
36 continue its vital operations while establishing a new business
37 model that provides self-sufficiency, including but not limited
38 to potential discussion with other hospitals and organizations,
39 such as:

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41 (1) The Queen's Medical Center;

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43 (2) Hawaii Pacific Health;



- (3) Shriners' Hospitals for Children;
- (4) Kuakini Medical Center;
- (5) Rehabilitation Hospital of the Pacific;
- (6) Castle Medical Center;
- (7) Kaiser Permanente;
- (8) St. Francis Medical Healthcare;
- (9) Hawaii Healthcare Systems Corporation;
- (10) Hawaii State Hospital;
- (11) Hawaii Nurses Association;
- (12) Hawaii Emergency Physicians Associated;
- (13) United Public Workers; and
- (14) International Longshore and Warehouse Workers

and

BE IT FURTHER RESOLVED that the Legislature take all steps necessary to provide sufficient funds to enable WGH to continue to provide uninterrupted medical services while the hospital, it's Board, and interested parties seek potential affiliation with a larger business partner to create a more effective integration of clinical and non-clinical services and to create a more efficient business model, to support its already vulnerable business in light of expensive federal mandates related to compliance, physician shortages, and other issues as described that continue to push the hospital toward insolvency; and



BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Governor; the Speaker of the House of Representatives; the President of the Senate; the Directors of Health, Human Services, Business, Economic Development and Tourism, and Labor and Industrial Relations; the Mayor of the City and County of Honolulu; the Director of Emergency Services of the City and County of Honolulu; the members of Hawaii's Congressional Delegation; the Chief Executive Officers of The Queen's Medical Center, Hawaii Pacific Health, Shriners' Hospital for Children, Kuakini Medical Center, Rehabilitation Hospital of the Pacific, Castle Medical Center, Kaiser Permanente, St. Francis Medical Healthcare, Hawaii Healthcare Systems Corporation, Hawaii Primary Care Association, and Hawaii State Hospital; Hawaii Emergency Physicians Associated; the Hawaii Nurses Association; the Directors of the International Longshore and Warehouse Workers and United Public Workers; the Chairs of Neighborhood Boards Nos. 21 (Pearl City), 22 (Waipahu), 32 (Ewa); 25 (Mililani/Waipio/Melemanu), 26 (Wahiawa), 27 (North Shore); and the Chief Executive Officers of the Wahiawa Community and Business Association, the Whitmore Community Association, the Wahiawa Community and Development Organization, the Leilehua Alumni and Community Association, and WGH.

OFFERED BY:

Mark J. Hall

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H.C.R. NO. 118

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Wm

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MAR 11 2016

