

MAR 11 2016

SENATE 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 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 Oahu since 1944, WGH
9 has been 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
18

19 WHEREAS, among other things, WGH:
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- 21 (1) Is currently licensed for fifty-three inpatient acute
22 care beds and one hundred seven skilled nursing beds;
23
- 24 (2) Provides emergency services, including radiology and
25 diagnostic imaging studies, laboratory services,
26 inpatient intensive care and telemetry services, as
27 well as inpatient medical surgical services, senior
28 behavioral health services, skilled nursing, and
29 outpatient services;
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- 31 (3) Is staffed by board-certified physicians, registered
32 nursing staff, and emergency personnel that provide



1 vital medical services for the community of Wahiawa
2 and its surrounding areas;

3
4 (4) Remains a critical link in Oahu's integrated emergency
5 services network, providing necessary emergency
6 services to over an area populated by sixty thousand
7 citizens;

8
9 (5) Houses a modernized and recently renovated emergency
10 room, offering its patients innovative and medically
11 advanced care and treatment; and

12
13 (6) Serves a thirty-mile contiguous area from Waialua to
14 Kahuku on the North Shore through Wahiawa and
15 Mililani, most of which is connected by a two-lane
16 road; and

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18 WHEREAS, WGH and its emergency services are critical to the
19 community and area they serve; and

20
21 WHEREAS, the next closest hospital and emergency services
22 facility is located at either Queen's Medical Center West
23 located in Ewa Beach or Pali Momi Medical Center located in
24 Aiea, which are approximately fourteen miles and thirteen miles
25 away from WGH, respectively; and

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27 WHEREAS, WGH is a major employer in the Central Oahu area,
28 creating and maintaining a work force of approximately six
29 hundred employees, including three hundred eighty full-time
30 employees, with approximately ninety percent of its employees
31 living within Wahiawa, or its surrounding areas of Kahuku,
32 Haleiwa, Waialua, Wahiawa, Mililani, and West Oahu, eight
33 percent being residents of Honolulu, and the remaining two
34 percent from Kailua; and

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36 WHEREAS, because WGH is the largest private employer in
37 Wahiawa, its continuous presence, effective maintenance, and
38 survival are vital not only to the town and its residents
39 economically, but also necessary in terms of the health, safety,
40 and welfare of residents of the State, visitors to the North
41 Shore, and military families; and
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1 WHEREAS, WGH's annual budget is comprised of payroll,
2 physician and professional fees, supplies, and other annual
3 expenditures, including but not limited to overhead and other
4 operating expenses resulting in ongoing negative cash flows, as
5 well as several extraneous factors, that have ultimately
6 compromised the survival of the hospital; and
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8 WHEREAS, with the reopening of Queen's Medical Center West
9 in May 2014, WGH has suffered an approximately fourteen percent
10 reduction in patient revenues resulting in a \$7,500,000 revenue
11 decline in the first twelve months after Queen's Medical Center
12 West's opening, which would in most cases cause a small, private
13 hospital to fail outright; and
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15 WHEREAS, in response, WGH was required to reduce its staff
16 by approximately seventy-five full-time equivalent employees and
17 eliminate important programs in order to survive; and
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19 WHEREAS, in addition, Wahiawa has experienced a major
20 outflow of primary care physicians and specialist physicians to
21 outlying medical centers throughout the State and mainland, and
22 to retirement, resulting in a hospitalist-driven facility to
23 treat patients admitted to inpatient services; and
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25 WHEREAS, hospitalists are expensive, hospital-based
26 physicians who cost the hospital \$650,000 annually, without
27 compensating insurance company reimbursement, to treat
28 inpatients when the necessary community-based physician
29 infrastructures are inadequate; and
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31 WHEREAS, community physician shortages have created
32 additional expenditures of over \$1,700,000 to pay and support
33 the hospitalists, on-call surgeons, and anesthesiologists; and
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35 WHEREAS, for twenty-three years, WGH has supported the
36 Family Medicine Residency Program of the John A. Burns School of
37 Medicine at the University of Hawaii, which results in
38 approximately \$1,000,000 to \$2,000,000 annually in unfunded
39 costs; and
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41 WHEREAS, WGH has been honored to help the State of Hawaii
42 develop over one hundred family medicine physicians; and



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2 WHEREAS, WGH has, over the years, spent over \$24,000,000 in
3 operating cash reserves on the Family Medicine Residency Program
4 that were needed to fund other hospital programs and facility
5 improvements; and
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7 WHEREAS, in 2014, WGH was forced to discontinue the funding
8 and initiate restructuring to the entire Family Medicine
9 Residency Program; and
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11 WHEREAS, despite the acknowledgment of the importance of
12 the Family Medicine Residency Program, WGH no longer could
13 reconcile seeking funds for the program when funds became
14 necessary for the hospital's survival; and
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16 WHEREAS, WGH serves a largely low-income and elderly
17 population, with over eighty-five percent of WGH's patient
18 revenues received from treating Medicare and Medicaid patients;
19 and
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21 WHEREAS, additionally, many of WGH's patients are from the
22 Wahiawa Neighborhood Revitalization Strategy Area, a federally-
23 designated distressed community; and
24

25 WHEREAS, distressed community government programs do not
26 pay the true cost of treating program beneficiaries; and
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28 WHEREAS, WGH cannot negotiate increased payments from the
29 Medicare and Medicaid programs; and
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31 WHEREAS, as a general rule all hospitals treating a large
32 percentage of Medicare and Medicaid patients must have large
33 endowments or receive state subsidies to survive; and
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35 WHEREAS, billing and collection for Medicaid patients in
36 Hawaii is extraordinarily difficult and costly due to the
37 billing of up to five different QUEST insurance plans, all of
38 which do not cover the cost of treating Medicaid patients; and
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40 WHEREAS, when compared to other state-run rural hospitals
41 under the Hawaii Health Systems Corporation, and even



1 considering similar problems, WGH has traditionally been more
2 efficient on an operating-margin basis; and
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4 WHEREAS, in addition, the Wahiawa and surrounding areas,
5 including the North Shore of Oahu, have and continue to see
6 growth in the homeless population, a proportion of which has
7 required immediate and in some instances repeated emergency
8 medical attention from WGH and its emergency services; and
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10 WHEREAS, services rendered to the homeless serve an
11 important and necessary need; and
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13 WHEREAS, however, WGH absorbs the costs associated with the
14 uninsured treatments, further diminishing its very limited
15 resources; and
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17 WHEREAS, despite WGH's exclusion from participation as a
18 member of a larger scale health system, differentiating it from
19 other Hawaii-based and state-subsidized hospitals, it is still
20 required to and did comply with the mandates of the Patient
21 Protection and Affordable Care Act (Affordable Care Act) related
22 to Meaningful Use and Quality Reporting; and
23

24 WHEREAS, compliance therewith increased WGH's costs for
25 information systems, nursing, and quality functions by over
26 \$2,500,000 per year without offsetting any patient revenues; and
27

28 WHEREAS, employee health insurance costs under the Hawaii
29 Medical Service Association and Affordable Care Act mandates on
30 the Hawaii Medical Service Association have increased from
31 \$3,000,000 to \$4,000,000 per year for a smaller employee base;
32 and
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34 WHEREAS, despite WGH's non-profit community hospital status
35 and lack of similar financial assistance that had been provided
36 to the Hawaii Health Systems Corporation's hospitals, WGH has
37 remained dedicated to its patient care mission; and
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39 WHEREAS, WGH had previously sought assistance from the
40 State without success and is now forced to address its dire
41 financial status due to national and local changes in
42 healthcare; and



1
2 WHEREAS, on January 30, 2015, WGH submitted a grant-in-aid
3 request in an amount of \$2,500,000 for emergency support to this
4 Legislature for fiscal year 2016, which funds would still be
5 helpful to WGH; and
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7 WHEREAS, to help mitigate serious cost deficiencies, WGH
8 restructured the Family Medicine Residency Program, cancelled
9 its home health and physical therapy outpatient programs, and
10 reduced its staff; and
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12 WHEREAS, WGH, now more than ever, is in desperate need of
13 financial assistance from the State and without emergency
14 financial aid will be required to close its doors; and
15

16 WHEREAS, the closure of WGH would have devastating effects
17 upon the public health, safety, and welfare, not only on the
18 residents of Wahiawa, but also on the surrounding areas, and the
19 island as a whole; and
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21 WHEREAS, the value of the emergency services at WGH, by
22 servicing the surrounding rural areas from the North Shore to
23 Mililani, are just as, if not more, important than the community
24 health centers that have restricted hours and limited services;
25 and
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27 WHEREAS, in some medical emergency cases, the inability to
28 access WGH and emergency services, requiring travel to the next
29 closest hospital in Ewa or Aiea, could literally become an issue
30 of life and death for patients; and
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32 WHEREAS, it is imperative for the safety of the residents
33 of the rural areas and potential patients of WGH, that WGH and
34 its emergency services survive; and
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36 WHEREAS, in addition to the overwhelming health and safety
37 concerns, the closure of WGH would have a devastating economic
38 impact, creating the loss of approximately six hundred jobs, as
39 well as shift losses to be absorbed by the other Hawaii
40 hospitals; and
41



1 WHEREAS, to allow the hospital to succumb to a financial
2 death would be contrary to public policy and the
3 Administration's inclusion and designation of Wahiawa as an area
4 for economic growth through revitalization and development of
5 agriculture in Hawaii; and

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

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10 WHEREAS, emergent funds must be made available to continue
11 WGH's operations for the benefit of the health, safety, and
12 welfare of the residents of the thirty-mile contiguous area in
13 which it has, and dutifully will continue to, protect and serve
14 with the necessary assistance from the State; and

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16 WHEREAS, this body declares that the medical facility and
17 services provided by WGH are vital and necessary for the public
18 health, safety, and general welfare to the public, and to
19 further assist in the improvement of the health care system for
20 residents of Wahiawa and the State; now, therefore,

21
22 BE IT RESOLVED by the Senate of the Twenty-eighth
23 Legislature of the State of Hawaii, Regular Session of 2016, the
24 House of Representatives concurring, that this body urges the
25 Governor to provide financial assistance to Wahiawa General
26 Hospital in a sufficient amount to enable it to operate while
27 developing a new business model, including but not limited to
28 potential partnerships with the private sector to enable it to
29 continue its vital operations and discussion with potential
30 partnerships with other hospitals and organizations, such as:

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32 (1) The Queen's Medical Center;
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34 (2) Hawaii Pacific Health;
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36 (3) Shriners' Hospitals for Children;
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38 (4) Kuakini Medical Center;
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40 (5) Rehabilitation Hospital of the Pacific;
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42 (6) Castle Medical Center;



- 1
- 2 (7) Kaiser Permanente;
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- 4 (8) St. Francis Medical Healthcare;
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- 6 (9) Hawaii Healthcare Systems Corporation;
- 7
- 8 (10) Hawaii State Hospital;
- 9
- 10 (11) Hawaii Nurses Association;
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- 12 (12) Hawaii Emergency Physicians Associated;
- 13
- 14 (13) United Public Workers; and
- 15
- 16 (14) International Longshore and Warehouse Workers; and
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18 BE IT FURTHER RESOLVED that this body take all steps
19 necessary to provide sufficient funds to enable Wahiawa General
20 Hospital to continue to provide uninterrupted medical services
21 while the hospital, its Board, and interested parties seek
22 potential affiliation with a larger business partner to more
23 effectively integrate its clinical and non-clinical services and
24 to create a more efficient business model, to support its
25 already vulnerable business in light of expensive federal
26 mandates related to compliance, physician shortages, and other
27 issues that continue to push the hospital toward insolvency; and
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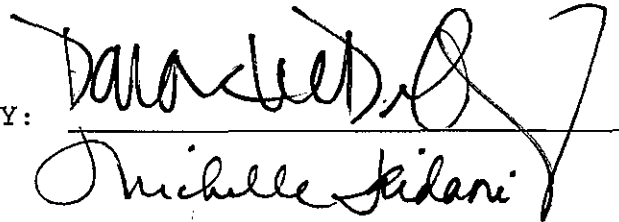
29 BE IT FURTHER RESOLVED that certified copies of this
30 Concurrent Resolution be transmitted to the Governor; Speaker of
31 the House of Representatives; President of the Senate; Director
32 of Health; Director of Human Services; Director of Business,
33 Economic Development, and Tourism; Director of Labor and
34 Industrial Relations; Mayor of the City and County of Honolulu;
35 Director of Emergency Services for the City and County of
36 Honolulu; Chief Executive Officer of Wahiawa General Hospital;
37 Chief Executive Officer of The Queen's Medical Center; Chief
38 Executive Officer of Hawaii Pacific Health; Chief Executive
39 Officer of Shriners' Hospital for Children; Chief Executive
40 Officer of Kuakini Medical Center; Chief Executive Officer of
41 Rehabilitation Hospital of the Pacific; Chief Executive Officer
42 of Castle Medical Center; Chief Executive Officer of Kaiser



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1 Permanente; Chief Executive Officer of St. Francis Medical
2 Healthcare; Chief Executive Officer of Hawaii Healthcare Systems
3 Corporation; Chief Executive Officer of the Hawaii Primary Care
4 Association; Chief Executive Officer of Hawaii State Hospital;
5 President of Hawaii Emergency Physicians Associated; President
6 of Hawaii Nurses Association; President of International
7 Longshore and Warehouse Union Local 142; State Director of
8 United Public Workers Local 646; Chairperson of Neighborhood
9 Board No. 21 (Pearl City); Chairperson of Neighborhood Board No.
10 22 (Waipahu); Chairperson of Neighborhood Board No. 23 (Ewa);
11 Chairperson of Neighborhood Board No. 25
12 (Mililani/Waipio/Melemanu); Chairperson of Neighborhood Board
13 No. 26 (Wahiawa); Chairperson of Neighborhood Board No. 27
14 (North Shore); President of the Wahiawa Community and Business
15 Association; and President of the Leilehua Alumni and Community
16 Association.

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18
19 OFFERED BY:

A handwritten signature in black ink, appearing to read "Michelle Kidani", is written over a horizontal line. The signature is stylized with a large, sweeping flourish at the end.