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## SENATE RESOLUTION

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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

6  
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

11  
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:

- 20  
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;  
30  
31 (3) Is staffed by board-certified physicians, registered  
32 nursing staff, and emergency personnel that provide  
33 vital medical services for the community of Wahiawa  
34 and its surrounding areas;  
35



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

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

9  
10 (6) Serves a thirty-mile contiguous area from Waialua to  
11 Kahuku on the North Shore through Wahiawa and  
12 Mililani, most of which is connected by a two-lane  
13 road; and

14  
15 WHEREAS, WGH and its emergency services are critical to the  
16 community and area they serve; and

17  
18 WHEREAS, the next closest hospital and emergency services  
19 facility is located at either Queen's Medical Center West  
20 located in Ewa Beach or Pali Momi Medical Center located in  
21 Aiea, which are approximately fourteen miles and thirteen miles  
22 away from WGH, respectively; and

23  
24 WHEREAS, WGH is a major employer in the Central Oahu area,  
25 creating and maintaining a work force of approximately six  
26 hundred employees, including three hundred eighty full-time  
27 employees, with approximately ninety percent of its employees  
28 living within Wahiawa, or its surrounding areas of Kahuku,  
29 Haleiwa, Waialua, Wahiawa, Mililani, and West Oahu, eight  
30 percent being residents of Honolulu, and the remaining two  
31 percent from Kailua; and

32  
33 WHEREAS, because WGH is the largest private employer in  
34 Wahiawa, its continuous presence, effective maintenance, and  
35 survival are vital not only to the town and its residents  
36 economically, but also necessary in terms of the health, safety,  
37 and welfare of residents of the State, visitors to the North  
38 Shore, and military families; and

39  
40 WHEREAS, WGH's annual budget is comprised of payroll,  
41 physician and professional fees, supplies, and other annual  
42 expenditures, including but not limited to overhead and other



1 operating expenses resulting in ongoing negative cash flows, as  
2 well as several extraneous factors, that have ultimately  
3 compromised the survival of the hospital; and  
4

5 WHEREAS, with the reopening of Queen's Medical Center West  
6 in May 2014, WGH has suffered an approximately fourteen percent  
7 reduction in patient revenues resulting in a \$7,500,000 revenue  
8 decline in the first twelve months after Queen's Medical Center  
9 West's opening, which would in most cases cause a small, private  
10 hospital to fail outright; and  
11

12 WHEREAS, in response, WGH was required to reduce its staff  
13 by approximately seventy-five full-time equivalent employees and  
14 eliminate important programs in order to survive; and  
15

16 WHEREAS, in addition, Wahiawa has experienced a major  
17 outflow of primary care physicians and specialist physicians to  
18 outlying medical centers throughout the State and mainland, and  
19 to retirement, resulting in a hospitalist-driven facility to  
20 treat patients admitted to inpatient services; and  
21

22 WHEREAS, hospitalists are expensive, hospital-based  
23 physicians who cost the hospital \$650,000 annually, without  
24 compensating insurance company reimbursement, to treat  
25 inpatients when the necessary community-based physician  
26 infrastructures are inadequate; and  
27

28 WHEREAS, community physician shortages have created  
29 additional expenditures of over \$1,700,000 to pay and support  
30 the hospitalists, on-call surgeons, and anesthesiologists; and  
31

32 WHEREAS, for twenty-three years, WGH has supported the  
33 Family Medicine Residency Program of the John A. Burns School of  
34 Medicine at the University of Hawaii, which results in  
35 approximately \$1,000,000 to \$2,000,000 annually in unfunded  
36 costs; and  
37

38 WHEREAS, WGH has been honored to help the State of Hawaii  
39 develop over one hundred family medicine physicians; and  
40

41 WHEREAS, WGH has, over the years, spent over \$24,000,000 in  
42 operating cash reserves on the Family Medicine Residency Program



1 that were needed to fund other hospital programs and facility  
2 improvements; and

3  
4 WHEREAS, in 2014, WGH was forced to discontinue the funding  
5 and initiate restructuring to the entire Family Medicine  
6 Residency Program; and

7  
8 WHEREAS, despite the acknowledgment of the importance of  
9 the Family Medicine Residency Program, WGH no longer could  
10 reconcile seeking funds for the program when funds became  
11 necessary for the hospital's survival; and

12  
13 WHEREAS, WGH serves a largely low-income and elderly  
14 population, with over eighty-five percent of WGH's patient  
15 revenues received from treating Medicare and Medicaid patients;  
16 and

17  
18 WHEREAS, additionally, many of WGH's patients are from the  
19 Wahiawa Neighborhood Revitalization Strategy Area, a federally-  
20 designated distressed community; and

21  
22 WHEREAS, distressed community government programs do not  
23 pay the true cost of treating program beneficiaries; and

24  
25 WHEREAS, WGH cannot negotiate increased payments from the  
26 Medicare and Medicaid programs; and

27  
28 WHEREAS, as a general rule all hospitals treating a large  
29 percentage of Medicare and Medicaid patients must have large  
30 endowments or receive state subsidies to survive; and

31  
32 WHEREAS, billing and collection for Medicaid patients in  
33 Hawaii is extraordinarily difficult and costly due to the  
34 billing of up to five different QUEST insurance plans, all of  
35 which do not cover the cost of treating Medicaid patients; and

36  
37 WHEREAS, when compared to other state-run rural hospitals  
38 under the Hawaii Health Systems Corporation, and even  
39 considering similar problems, WGH has traditionally been more  
40 efficient on an operating-margin basis; and



1 WHEREAS, in addition, the Wahiawa and surrounding areas,  
2 including the North Shore of Oahu, have and continue to see  
3 growth in the homeless population, a proportion of which has  
4 required immediate and in some instances repeated emergency  
5 medical attention from WGH and its emergency services; and

6  
7 WHEREAS, services rendered to the homeless serve an  
8 important and necessary need; and

9  
10 WHEREAS, however, WGH absorbs the costs associated with the  
11 uninsured treatments, further diminishing its very limited  
12 resources; and

13  
14 WHEREAS, despite WGH's exclusion from participation as a  
15 member of a larger scale health system, differentiating it from  
16 other Hawaii-based and state-subsidized hospitals, it is still  
17 required to and did comply with the mandates of the Patient  
18 Protection and Affordable Care Act (Affordable Care Act) related  
19 to Meaningful Use and Quality Reporting; and

20  
21 WHEREAS, compliance therewith increased WGH's costs for  
22 information systems, nursing, and quality functions by over  
23 \$2,500,000 per year without offsetting any patient revenues; and

24  
25 WHEREAS, employee health insurance costs under the Hawaii  
26 Medical Service Association and Affordable Care Act mandates on  
27 the Hawaii Medical Service Association have increased from  
28 \$3,000,000 to \$4,000,000 per year for a smaller employee base;  
29 and

30  
31 WHEREAS, despite WGH's non-profit community hospital status  
32 and lack of similar financial assistance that had been provided  
33 to the Hawaii Health Systems Corporation's hospitals, WGH has  
34 remained dedicated to its patient care mission; and

35  
36 WHEREAS, WGH had previously sought assistance from the  
37 State without success and is now forced to address its dire  
38 financial status due to national and local changes in  
39 healthcare; and

40  
41 WHEREAS, on January 30, 2015, WGH submitted a grant-in-aid  
42 request in an amount of \$2,500,000 for emergency support to this



1 Legislature for fiscal year 2016, which funds would still be  
2 helpful to WGH; and

3  
4 WHEREAS, to help mitigate serious cost deficiencies, WGH  
5 restructured the Family Medicine Residency Program, cancelled  
6 its home health and physical therapy outpatient programs, and  
7 reduced its staff; and

8  
9 WHEREAS, WGH, now more than ever, is in desperate need of  
10 financial assistance from the State and without emergency  
11 financial aid will be required to close its doors; and

12  
13 WHEREAS, the closure of WGH would have devastating effects  
14 upon the public health, safety, and welfare, not only on the  
15 residents of Wahiawa, but also on the surrounding areas, and the  
16 island as a whole; and

17  
18 WHEREAS, the value of the emergency services at WGH, by  
19 servicing the surrounding rural areas from the North Shore to  
20 Mililani, are just as, if not more, important than the community  
21 health centers that have restricted hours and limited services;  
22 and

23  
24 WHEREAS, in some medical emergency cases, the inability to  
25 access WGH and emergency services, requiring travel to the next  
26 closest hospital in Ewa or Aiea, could literally become an issue  
27 of life and death for patients; and

28  
29 WHEREAS, it is imperative for the safety of the residents  
30 of the rural areas and potential patients of WGH, that WGH and  
31 its emergency services survive; and

32  
33 WHEREAS, in addition to the overwhelming health and safety  
34 concerns, the closure of WGH would have a devastating economic  
35 impact, creating the loss of approximately six hundred jobs, as  
36 well as shift losses to be absorbed by the other Hawaii  
37 hospitals; and

38  
39 WHEREAS, to allow the hospital to succumb to a financial  
40 death would be contrary to public policy and the  
41 Administration's inclusion and designation of Wahiawa as an area



1 for economic growth through revitalization and development of  
2 agriculture in Hawaii; and

3  
4 WHEREAS, the extreme dangers associated with the closure of  
5 WGH require the serious attention from the State; and

6  
7 WHEREAS, emergent funds must be made available to continue  
8 WGH's operations for the benefit of the health, safety, and  
9 welfare of the residents of the thirty-mile contiguous area in  
10 which it has, and dutifully will continue to, protect and serve  
11 with the necessary assistance from the State; and

12  
13 WHEREAS, this body declares that the medical facility and  
14 services provided by WGH are vital and necessary for the public  
15 health, safety, and general welfare to the public, and to  
16 further assist in the improvement of the health care system for  
17 residents of Wahiawa and the State; now, therefore,

18  
19 BE IT RESOLVED by the Senate of the Twenty-eighth  
20 Legislature of the State of Hawaii, Regular Session of 2016,  
21 that this body urges the Governor to provide financial  
22 assistance to Wahiawa General Hospital in a sufficient amount to  
23 enable it to operate while developing a new business model,  
24 including but not limited to potential partnerships with the  
25 private sector to enable it to continue its vital operations and  
26 discussion with potential partnerships with other hospitals and  
27 organizations, such as:

- 28  
29 (1) The Queen's Medical Center;  
30  
31 (2) Hawaii Pacific Health;  
32  
33 (3) Shriners' Hospitals for Children;  
34  
35 (4) Kuakini Medical Center;  
36  
37 (5) Rehabilitation Hospital of the Pacific;  
38  
39 (6) Castle Medical Center;  
40  
41 (7) Kaiser Permanente;  
42



- 1 (8) St. Francis Medical Healthcare;  
2  
3 (9) Hawaii Healthcare Systems Corporation;  
4  
5 (10) Hawaii State Hospital;  
6  
7 (11) Hawaii Nurses Association;  
8  
9 (12) Hawaii Emergency Physicians Associated;  
10  
11 (13) United Public Workers; and  
12  
13 (14) International Longshore and Warehouse Workers; and  
14

15 BE IT FURTHER RESOLVED that this body take all steps  
16 necessary to provide sufficient funds to enable Wahiawa General  
17 Hospital to continue to provide uninterrupted medical services  
18 while the hospital, its Board, and interested parties seek  
19 potential affiliation with a larger business partner to more  
20 effectively integrate its clinical and non-clinical services and  
21 to create a more efficient business model, to support its  
22 already vulnerable business in light of expensive federal  
23 mandates related to compliance, physician shortages, and other  
24 issues that continue to push the hospital toward insolvency; and  
25

26 BE IT FURTHER RESOLVED that certified copies of this  
27 Resolution be transmitted to the Governor; Speaker of the House  
28 of Representatives; President of the Senate; Director of Health;  
29 Director of Human Services; Director of Business, Economic  
30 Development, and Tourism; Director of Labor and Industrial  
31 Relations; Mayor of the City and County of Honolulu; Director of  
32 Emergency Services for the City and County of Honolulu; Chief  
33 Executive Officer of Wahiawa General Hospital; Chief Executive  
34 Officer of The Queen's Medical Center; Chief Executive Officer  
35 of Hawaii Pacific Health; Chief Executive Officer of Shriners'  
36 Hospital for Children; Chief Executive Officer of Kuakini  
37 Medical Center; Chief Executive Officer of Rehabilitation  
38 Hospital of the Pacific; Chief Executive Officer of Castle  
39 Medical Center; Chief Executive Officer of Kaiser Permanente;  
40 Chief Executive Officer of St. Francis Medical Healthcare; Chief  
41 Executive Officer of Hawaii Healthcare Systems Corporation;  
42 Chief Executive Officer of the Hawaii Primary Care Association;





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

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15  
16  
OFFERED BY:

*Daniel D. C.*  
*Michelle Sidani*

