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# A BILL FOR AN ACT

RELATING TO HEALTH.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that over the past ten  
2 years, Wahiawa general hospital has experienced severe financial  
3 difficulties due to circumstances beyond its control, including  
4 the reopening of The Queen's Medical Center West Oahu,  
5 reductions in public and private insurance reimbursement rates,  
6 the statewide physician shortage and its particular severity in  
7 central Oahu, new requirements under the Federal Affordable Care  
8 Act, and an increased indigent care caseload.

9           Wahiawa general hospital has now weathered difficulties  
10 over several years. When Hawaii Medical Center-West closed in  
11 2012, Wahiawa general hospital's acute inpatient caseload nearly  
12 doubled since it was required to absorb the closed facility's  
13 caseload. Wahiawa general hospital's emergency room, which was  
14 designed for a capacity of ten thousand cases per year, treated  
15 over twenty thousand cases that year. At the same time,  
16 ambulance visits increased by twenty per cent.



1           To meet the increase in demand, Wahiawa general hospital  
2 hired more staff and made improvements to its emergency room.  
3 However, when the former Hawaii Medical Center–West was  
4 purchased by The Queen's Medical Center West Oahu, and once  
5 again began accepting patients, the number of emergency room  
6 cases sent to Wahiawa general hospital decreased by  
7 approximately twenty per cent per month, despite its recent  
8 significant capital and workforce expansion. By the end of the  
9 2015 fiscal year, Wahiawa general hospital had lost more than  
10 \$7,500,000 in revenue.

11           Both the medicare and medicaid health coverage programs are  
12 subject to statutory limitations on rates of reimbursement to  
13 health care providers for services rendered. Because of these  
14 limits, services to individuals who are covered by medicare or  
15 medicaid often represent a net financial loss to the  
16 practitioners and facilities that provide health care to them.  
17 Over eighty-five per cent of the patients at Wahiawa general  
18 hospital are covered under medicare or medicaid. Reimbursements  
19 and payments from the remaining private-pay patients are  
20 insufficient to offset the cost of care to those who depend on



1 public health coverage. Wahiawa general hospital has been  
2 forced to absorb these net losses.

3 Wahiawa general hospital's finances have been further  
4 stressed by rising costs of providing health insurance to its  
5 own workforce and by reduced reimbursements rates and increased  
6 denials of reimbursements by private, as well as public,  
7 insurers.

8 The legislature further finds that Wahiawa general hospital  
9 serves a community that is more severely affected by the  
10 statewide physician shortage than most other areas of the State,  
11 including rural communities on the neighbor islands. The  
12 shortage of private care physicians in central and west Oahu has  
13 forced Wahiawa general hospital to spend an additional  
14 \$1,700,000 per year to acquire specialized inpatient  
15 hospitalists and on-call surgeons to treat patients. The  
16 presence of these physicians on-site is critical because ninety-  
17 five per cent of Wahiawa general hospital's inpatient admissions  
18 are through emergency services.

19 By law, Wahiawa general hospital is required to treat  
20 patients for emergency care regardless of the patient's ability  
21 to pay. As the homeless population surrounding Wahiawa general



1 hospital has grown, so has the hospital's share of non- or  
2 under-reimbursed indigent care cases.

3 To address these circumstances, Wahiawa general hospital  
4 has drastically cut its programs, services, and personnel and  
5 has been forced to allow basic facility repair and maintenance  
6 to go unaddressed. Among other things, Wahiawa general hospital  
7 has cut approximately seventy-five full-time equivalent  
8 positions, eliminated its long-running family practice residency  
9 teaching program, and cut more than \$9,000,000 from its annual  
10 budget.

11 The legislature finds that Wahiawa general hospital is the  
12 only facility that provides emergency medical services to the  
13 area that encompasses nearly one-third of the island of Oahu.  
14 If Wahiawa general hospital were to close, the nearest emergency  
15 room for a person living in Wahiawa would be approximately  
16 fourteen miles away. For a person living in Mokuleia, Sunset  
17 Beach, or Kahuku, the distance to the nearest emergency room  
18 would be forty miles.

19 Wahiawa general hospital is not only a critical health care  
20 provider, it is also the largest private employer in central  
21 Oahu, providing more than six hundred well-paying, mostly union



1 jobs. More than ninety per cent of Wahiawa general hospital's  
2 employees live in nearby communities. The closure of Wahiawa  
3 general hospital would be devastating to entire families who  
4 depend on it for employment. Secondary effects of massive job  
5 loss in the community would also be catastrophic to the  
6 community's small business owners and service providers who  
7 serve the local customer base and, in turn, their employees.

8 Accordingly, the legislature finds that it is critical to  
9 the public health and welfare to provide assistance to Wahiawa  
10 general hospital to help it adjust to the requirements of the  
11 Affordable Care Act, integrate with the centralized services of  
12 a larger health care system, and restructure its clinical  
13 services as necessary. Temporary financial assistance from the  
14 State will provide Wahiawa general hospital with positive cash  
15 flows and financial stability while it transitions to a new  
16 business model. Without such assistance, Wahiawa general  
17 hospital will run out of cash and will not be able to meet its  
18 payroll demands. Workforce reductions would necessitate  
19 reductions in services and would inevitably lead to  
20 corresponding reductions in reimbursements and revenue. State  
21 assistance is the only available option; because of its current



1 financial position, Wahiawa general cannot access private  
2 financing to meet its needs.

3 The purpose of this Act is to provide desperately needed  
4 financial assistance to Wahiawa general hospital to ensure the  
5 health, welfare, and safety of the people of the State of  
6 Hawaii.

7 SECTION 2. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$3,900,000 or so much  
9 thereof as may be necessary for fiscal year 2017-2018 to support  
10 basic operations, staff salaries and benefits, and continued  
11 hospitalist physician services at Wahiawa general hospital.

12 The sum appropriated shall be expended by the department of  
13 health for the purposes of this Act.

14 SECTION 3. This Act shall take effect on July 1, 2017.

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INTRODUCED BY

*[Handwritten signatures: R. D. ...]*  
*[Handwritten signature: Sen. ...]*  
*[Handwritten signature: ...]*  
*[Handwritten signature: ...]*

JAN 25 2017



# H.B. NO. 1446

**Report Title:**

Wahiawa General Hospital; Appropriation

**Description:**

Appropriates funds to support basic operations, staff salaries and benefits, and continued hospitalist physician services at Wahiawa General Hospital.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

