

House District(s) 46

Senate District(s) 22

THE TWENTY-NINTH LEGISLATURE  
APPLICATION FOR GRANTS  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Recipient" means any organization or person receiving a grant.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:

WAHIAWA GENERAL HOSPITAL  
Dba:

Street Address: 128 LEHUA ST.  
WAHIAWA, HI 96786

Mailing Address:

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name BRIAN CUNNINGHAM

Title CHIEF EXECUTIVE OFFICER

Phone # 808-621-4210

Fax # 808-621-4451

E-mail  
BRIAN.CUNNINGHAM@WAHIAWAGENERAL.ORG

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION INCORPORATED IN HAWAII
- FOR PROFIT CORPORATION INCORPORATED IN HAWAII
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL
- OTHER

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

CAPITAL FUND SUPPORT FOR WAHIAWA GENERAL HOSPITAL'S PATIENT CARE FACILITIES AND EQUIPMENT

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2019: \$ 3,725,500

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ \_\_\_\_\_

FEDERAL \$ \_\_\_\_\_

COUNTY \$ \_\_\_\_\_

PRIVATE/OTHER \$ \_\_\_\_\_

BRIAN CUNNINGHAM – CHIEF EXECUTIVE OFFICER  
NAME & TITLE

1/19/18  
DATE SIGNED

JAN 19 2018

*[Handwritten signature]*

## Application for Grants

*Please check the box when item/section has been completed. If any item is not applicable to the request, the applicant should enter "not applicable".*

### **I. Background and Summary**

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

#### **1. A brief description of the applicant's background;**

Wahiawa General Hospital (WGH) is a community owned, private, nonprofit corporation under section 501-(c)-3 of the Internal Revenue Code. Wahiawa General Hospital is located in the city Wahiawa, Hawaii, on the island of Oahu. The Hospital was established in 1944 by the Department of Defense. A few years later a group of leaders in the Wahiawa Community agreed to assume operation of the Hospital in order to continue to provide healthcare services to the people of Central Oahu and the North Shore.

A volunteer Board of Directors governs WGH. The Directors represent a broad spectrum of professional, business and community leaders. The Board is dedicated to providing quality healthcare services for all people within the Hospital's service area.

WGH is currently licensed for 53 inpatient acute care beds, which includes 10 geriatric psych, and 107 skilled nursing beds. It provides excellent emergency services supported with radiology and laboratory services, inpatient intensive care, inpatient telemetry and medical surgical services. Key services at WGH include Emergency Services, Acute Care, Senior Behavioral Health and Long Term Skilled Nursing. Emergency Services are critically important to the community and are averaging 55/60 emergency visits per day and over 95% of all inpatients are admitted via Emergency Services.

WGH is a critical component of Oahu's island-wide emergency medical services (EMS) network. It serves a geographic area equivalent to one-third of the Island of Oahu, about 110,000 residents. Its Emergency Services, staffed by Board Certified Physicians, offers EMS coverage for the 30-mile contiguous area from Waialua to Kahuku on the North Shore through Wahiawa and Mililani. Most of this area is connected by a two-lane road.

WGH is part of Oahu's interdependent system of emergency services to respond to patients needs within the crucial medical "Golden Hour" of response time.

#### **A Major Area Employer**

WGH is a major employer in the Central Oahu area with approximately 520 total full-time and

part-time employees.

Approximately 90% of WGH's employees live in Kahuku, Haleiwa, Waialua, Wahiawa, Mililani and West Oahu- approximately 8% are from Honolulu and 2% from Kailua and East Oahu. Physicians providing services at WGH live in many areas of Oahu, including Kailua, Honolulu, Central Oahu, and the North Shore.

WGH is important not only for the community's medical health, but its economic health as well.

Community Outreach "Talk Story":

Beyond serving as a major employer and crucial to the emergency services critical "Golden Hour" of emergency response on the Island of Oahu, WGH is an active member of the community. On a near constant basis since the last Legislative Session, the hospital has met with the community to educate and "talk story" about the hospital's activities, plans for the future, community support, and utilization of State funding for vital hospital projects. These "Talk Story" events include:

- 7/28/17 – Wahiawa General Open House: This event invited the community into the hospital to see first-hand the many services of the hospital, to meet the staff and to honor and thank State Senator Donovan Dela Cruz and State Representative Marcus Oshiro for their tremendous support of the hospital and its importance in the community. WGH staff enthusiastically provided tours of the facility to our Senator, Representative, Director of Health Dr. Virginia Pressler, and the many community members who celebrated with us.
- 9/18/17 – Wahiawa/Whitmore Neighborhood Board Meeting: WGH CEO Brian Cunningham participated in the Neighborhood Board Meeting and provided an update of the hospital's infrastructure projects to address deferred maintenance and repair needs of the physical plant. The community and board members asked questions about the projects and expressed appreciation for the opportunity to hear and update from the new CEO. He thanked them for their continued support of their community hospital.
- 9/27/17 – Mililani Neighborhood Board Meeting: 10/16/17 – WGH CEO Brian Cunningham participated in the Neighborhood Board Meeting and provided an update of the hospital's infrastructure projects to address deferred maintenance and repair needs of the physical plant. The community and board members asked questions about the projects and expressed appreciation for the opportunity to hear and update from the new CEO. He thanked them for their continued support of their community hospital.
- Wahiawa Rainbow Seniors Club – This is a senior citizens social club that engages in community service projects in the Wahiawa community. The Club welcomed CEO Brian Cunningham to share with them an update of the hospital including the status of major infrastructure projects, senior services, and emergency services. He thanked them for their continued support of their community hospital.
- 11/16/17 – Wahiawa Hospital Association, Annual Meeting: The Wahiawa Hospital Association is the "parent" Association of the hospital. The leadership team of the

hospital shared an update of ongoing WGH repair and maintenance projects, the implementation and accomplishments of the WGH Operations Assessment Action Plan, and answered multiple questions from the Association members.

- 12/4/17 – Soroptimist International Club: CEO Brian Cunningham was a guest speaker at the Club’s meeting and he presented an update of WGH plans and activities. He spoke of major infrastructure projects, State Grants-in-Aid funds, and the hospital’s importance to Oahu’s island-wide emergency services. He thanked them for their continued support of their community hospital.
- 12/20/17 – WGH Town Hall – The hospital held an internal Town Hall meeting which the WGH leadership team presented details regarding the status of WGH including the update of major infrastructure projects and answered multiple questions from hospital staff.

**Crucial Major Repair and Maintenance** – Years of financial struggle lead to major deferment of maintenance and repair of the hospital’s physical plant. There are several significant infrastructure needs. Infrastructure needs that are core to the hospital.

The list of essential capital needs was generated via an analytic process which prioritized the most important maintenance and repair needs of the hospital. This analytic review was done in partnership with the expertise of the Community Hospital Corporation (CHC). WGH contracted with CHC in order to provide it with expertise and access to knowledgebase resources that are not possible in a small, stand-alone, rural hospital such as Wahiawa.

CHC was established by a group of not-for-profit and community-operated healthcare systems in 1996, and its team works diligently to preserve the not-for-profit status of community-based hospitals. This group of community organizations formed CHC to protect community hospitals from acquisition by investor-owned hospital systems. Contributing member organizations include:

- All Saints Health System
- Arlington Medical Center
- Baptist Health System, San Antonio
- Baptist Hospitals of Southeast Texas
- Baylor Health Care System
- Covenant Health System
- Hillcrest Health System
- Kings Daughters Hospital
- Memorial Hermann Healthcare System
- Richardson Regional Medical Center
- Trinity Mother Frances Hospitals and Clinics
- United Regional Health Care System
- Valley Baptist Health System, Harlingen

Since its inception, CHC remains a not-for-profit company whose sole mission is to help hospitals remain community-operated and governed. CHC owns, manages and consults with

hospitals across the United States.

CHC provides community hospitals with the resources and experience they need to improve the quality of treatment outcomes, patient satisfaction and financial performance.

Together, WGH and CHC developed the hospital's list of core capital needs. Here are highlights from that list:

- Roof -- The roof leaks in numerous areas. Over the years, band air repairs have not solved the problem and only served to kick the can down the road. Constant roof leaks create hygienic issues and also stretches personnel and financial resources. The roof must be replaced.
- ADA Compliance issues -- There is a need to renovate patient and public area bathrooms to be compliant with the requirements of the Americans with Disabilities Act (ADA).
- Fire Alarm system -- The fire alarm system throughout the hospital is at the end of its life and needs to be replaced to meet current day fire safety standards.
- Hot Water Tank -- The hot water tank is also at the end of its useful life.
- A/C infrastructure -- Air handling units are have outlived their life expectancy and are operating at a fraction of their capacity. On more than one occasion, the A/C for the operating rooms have ceased to work and this meant surgeries had to be cancelled and/or re-located to other facilities.
- HIPAA Compliance -- The admissions area must be renovated to protect patient privacy in order to be fully HIPAA compliant.
- IT Infrastructure -- The IT system is several generations behind current standards and this makes it difficult to have in place cost efficient hardware and software that can link all systems of the hospital together in a secure and consistent manner.
- Exterior Paint -- The exterior of the buildings have to be painted. No one can even remember the last time the buildings were painted. Paint protects the exterior integrity of the building to withstand the elements such as rain, sun, and UV rays.
- Generator -- the back-up generator, a basic necessity for all hospitals, needs to be replaced as do its transfer switches.
- Nurse Call System -- Repairs will not work for this system. It must be entirely replaced.

**Causes of Maintenance and Repair Funding Deferment:** Facilities, in all industries, when faced with financial difficulties often choose to defer repair and maintenance in an attempt to alleviate their budget problems. WGH is no different. It has faced financial problems stemming from the confluence of a number of unfortunate events.

**Cost of Physician Shortages in Hawaii-** WGH spends over \$1.6 million per year to hire hospitalists, on-call surgeons and anesthesiologist. This is because there is a significant

shortage of physicians throughout Hawaii and it hit WGH, as rural hospitals everywhere, very hard. WGH experienced a major outflow of specialist physicians serving its area to hospitals located in the urban core of Honolulu. The only solution to providing physicians was for the hospital itself to hire them.

Cost of State's UH Family Medicine Residency Teaching Program - At a cost to the hospital of over \$2 million per year, WGH supported the State's UH Family Medicine Residency Program for over 20 years. WGH's could not sustain underwriting its participation in this State university program as it significantly hurt the hospital's operating cash reserves. Recently, WGH decreased its participation in this worthwhile State program because the hospital simply cannot afford to contribute funds for this UH residency program any longer. Formerly, WGH supported twelve (12) Residents. It now supports one (1) Resident.

Pension Plan Funding and Tax Liabilities - A defined benefit pension plan liability that could not be funded almost caused the hospital to close in FY 2006 but the hospital has worked out a reduced funding plan through the Pension Benefit Guarantee Corporation (PBGC). The hospital had defined benefit pension plan and excise tax liabilities of over \$27 million that could not be paid. The PBGC notified the Hospital in August 2012 that it had legally taken over the pension plan effective March 2010. A settlement term sheet has been agreed to and the PBGC is drafting the respective Legal Settlement Documents. The impact is estimated to decrease Wahiawa's pension related liabilities by approximately \$18 to \$20 million. The Final Settlement will reduce Wahiawa's pension related liabilities substantially but not provide a cash infusion. Due to operational losses, the hospital has unfunded pension amounts from FY2013-FY2016 that are estimated at \$2 million.

Safety Net -- Payor Mix in Rural Areas – All rural areas suffer from payor mixes that do not cover expenses. Throughout the United States, these areas are often served by public hospitals. Public hospitals whose missions always encompasses serving as a healthcare safety net for their communities. In Hawaii, public hospitals (a.k.a. Hawaii Health Systems Corporation/HHSC) operate acute care hospitals in rural areas statewide. Many of them are faced with financial challenges due to the payor mix in their service area. Similarly, WGH has a payor mix that makes it challenging to meet budget needs. WGH serves as a de facto safety net hospital for one-third of Oahu's geographic area and it is the only rural hospital in the state not affiliated with a larger healthcare system.

About 85% of Wahiawa's patients are from Medicare and Medicaid insurance programs which pay at rates below cost and therefore do not provide sufficient operating margins to create positive operating cash flows. Admissions to Wahiawa's acute hospital services consist of approximately 65% Medicare, 20% Medicaid, 12.5% private insurance and 2.5% uninsured. The financial distribution of the skilled nursing unit also is comprised of approximately 85% Medicare and Medicaid patients.

Safety Net -- Charity Care – Poor payor mix is often accompanied by a significant

percentage of uninsured, those with no ability to pay. In Wahiawa's service area, there are number of uninsured patients. This means that WGH incurs substantial uncompensated care costs. True to being our community's "safety net", we care for patients that have no ability to pay.

Here is a sample of charity care incurred by the hospital – FY15-- \$2.1 million, FY16-- \$1.0 million, FYTD17 (DEC)-- \$1.1 million.

Federal Designation as A Distressed Community - Wahiawa is designated by the federal government as a distressed community. It is designated as the "Wahiawa Neighborhood Revitalization Strategy Area (NRSA). Many of Wahiawa's patients are from the Wahiawa Neighborhood Revitalization Strategy Area. A large number of them rely on support from both Med-Quest and Subsidized ACA insurance programs. Serving a distressed community means that Wahiawa General Hospital, more than most, has significant bad debts and charity care. This creates operating losses, and increases the inability to fund capital needs.

Loss of Purchase of Service Contract – The 2017 Legislature deleted WGH's Purchase of Service (POS) funding from the State Department of Health's budget. It had existed since 2007. It served the extreme needs of the Wahiawa community. The POS' Overview stated in part: "The Wahiawa community has some of the poorest health and socio-economic indicators in the State according to the Primary Care Needs Assessment Data Book published in July 2012 by the State of Hawaii, Department of Health. For example, between 2006 and 2010, approximately twelve point four percent (12.4%) of Wahiawa's population were below one hundred percent (100%) of the Federal Poverty Level. Further, between 2005-2010, approximately five point eight percent (5.8%) of its adult population were uninsured. The Wahiawa community also has a high Native Hawaiian population for whom the mortality rate associated with certain diseases far exceeds that of other United States populations. In 2010, approximately twenty-nine point seven percent (29.7%) of its population were Native Hawaiian (alone or in combination).

The POS's supported this Safety Net, community hospital's ability to provide "comprehensive medical and health care services." Examples include: inpatient care services, emergency room services, hospital-owned physician clinics, ancillary services (such as, but not limited to – imaging, laboratory, pharmacy, physical therapy, and respiratory services provided by qualified registered or licensed professionals and directed by a consulting radiologist, pathologist, pharmacist, physical therapist, and internist, respectively), other ancillary services (such as, but not limited to – dietetic and social services), and support to graduate medical education programs.

## **2. The goals and objectives related to the request;**

WGH goals and objectives remain consistent with those contained in its 2017 GIA application to the State. They are to address priority capital needs to repair basic infrastructure crucial to hospital operations. These can be grouped into the categories of:

- Projects addressing the integrity of the building's structure and ability to function as a hospital building
- Projects to ensure compliance with regulatory laws such as the American with Disabilities Act (ADA), the Health Insurance Portability and Accountability Act of 1996 (HPAA), and fire safety code
- Projects related to upholding patient care in line with current healthcare practices.

In our 2017 GIA application, we humbly applied for \$3.96 million in aid that would be implemented over a three year timeframe.

Of the total amount requested, \$1 million was awarded to WGH.

The \$1 million State GIA awarded by the State in 2017 was used to fund Initial Repairs in the areas of most pressing capital need. The \$1 million was allocated as follows by the Hospital's Administrative team:

- Building's Structure and Ability to function as a hospital building -- \$596,724.34
  - IT hardware and software -- \$333,333.34 (of the estimated total cost of \$425,000) to fund initial costs hardware and software to replace non-performing systems. This amount included fees for IT professional services to configure and implement these replacements.
  - Roof Repair -- \$80,000 (of the estimated total cost of \$350,000) to fund initial costs of replacing roof.
  - A/C Chiller Unit -- \$183,391 (of the total estimated cost of \$600,000) to partially fund costs of replacing failing A/C system.
- Patient Care -- \$259,710
  - O/R Storeroom and Receiving Area-- \$59,710 (of the estimated total cost of \$200,000) for the O/R clean room and receiving area.
  - O/R -- \$106,000 (of the estimated total cost of \$125,000) for repairs to the O/R
  - Patient beds -- \$94,000 (of the estimated total cost of \$365,000) to replace patient beds throughout the facility.

**\*\*\* WGH to verify data it provided above to insure it totals \$1 million \*\*\*\*\***

In our 2017 GIA application, WGH shared that the turnaround of a hospital is a multi-year endeavor.

With CHC's assistance, we are implementing a three year Operations Assessment Action Plan that covers hospital operations including financial operations, Productivity, Supply Chain Management, Health Plan Contracts, Revenue Cycle, Human Resources, Perioperative Services, Post Acute Care Services, Case Management, Information Technology, Quality of Care, Risk



Management, Nursing, and more. We just completed Year One of this Action Plan and are on target with the majority of Plans goals.

However, basic infrastructure repair and maintenance projects were deferred for too many years by the hospital. This GIA application respectfully requests state funds to assist with the continuance of these repairs.

**Goal: To make desperately needed basic infrastructure repairs and improvements to Wahiawa General Hospital.**

**Objective: Implement infrastructure projects related to the integrity of the building's structure and ability to function as a hospital building.**

Examples include, but are not limited to, need for a new generator and switches, a replacement chiller plant, a replacement hot water tank, air handling units, new roof, cafeteria repairs, painting the exterior of the building, arch flash study and full tracing.

**Objective: Implement CIP projects necessary to ensure compliance with regulatory laws such as the ADA, HIPAA, and fire code.**

Examples include, but are not limited to, installing a new fire alarm and sprinkler system in several areas of the campus, renovating the admission area for HIPAA compliance, renovating public and patient restrooms for ADA compliance, and lighting for the parking lot.

**Objective: Implement CIP projects necessary to ensure quality patient care in line with current healthcare practices.**

Examples include, but are not limited to, implementing a nurse call system, renovating the operating rooms, renovating the patient rooms, replacing hospital beds in several areas of the hospital, renovating patient rooms to meet modern day practice, implementing an information technology infrastructure and network (this impacts the efficacy of electronic medical records), renovations for the lab, renovations for the pharmacy, equipment for imaging/lab/ nursing departments, landscaping, elevator upgrades to ensure patients can safely be transported within the hospital.

**3. The public purpose and need to be served;**

The public purpose of this grant request is to assure the financial viability and sustainability of WGH and the continued provision of Emergency and Acute Services to residents of Central Oahu, West Oahu and the North Shore – this represents approximately one-third of Oahu's land mass. With repair of its physical plant, Wahiawa may be in a better position to develop long-term

affiliations with other providers and transform its business model into a sustainable strategy.

4. **Describe the target population to be served;**

WGH serves the overall population of approximately 110,000 residents of the Central Oahu and North Shore area, plus over two million tourists annually. The community includes a diverse population of adults, seniors, military personnel and tourists.

Wahiawa General Hospital serves the federally designated distressed community – the Wahiawa Neighborhood Revitalization Strategy Area (NRSA).

5. **Describe the geographic coverage;**

WGH's service area represents approximately one-third the land mass of Oahu and includes the communities of Kahuku, Haleiwa, Waialua, Wahiawa and Mililani with some overlap into Waipahu, Kunia and West Oahu. The State of Hawaii Department of Health considers WGH to be a critical link in the emergency services network for Oahu. WGH's emergency room is the nearest full-service emergency service for residents in a 30-mile radius primarily on a two-lane road. WGH is the hospital that receives many of the ambulance visits due to other area hospitals being on divert.

## **II. Service Summary and Outcomes**

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. **Describe the scope of work, tasks and responsibilities;**

Scope of Work:

- Building structural integrity -- Implement basic CIP projects to ensure the building itself can function as a hospital building.
- Compliance with regulatory laws -- Implement projects so the hospital will be in compliance with the ADA, HIPAA, and fire code.
- Patient Care -- Implement CIP projects necessary to ensure quality patient care in line with current healthcare practices.

Tasks:

- CHC, which started at WGH December 1<sup>st</sup>, has access to best practice models and resources. Prior to sending an interim CEO and CFO to Wahiawa, in November, they generated a preliminary financial analysis. Detailed analysis was subsequently completed. Immediately thereafter, an "Operations Assessment Action Plan" was designed and is in implementation hospital-wide.

- All CIP contracts will be awarded via a competitive bidding process to ensure funds are expended efficiently without sacrificing quality.
- The Hospital's administrative staff will monitor contracts, construction and deliveries of equipment.

2. **Provide a projected annual timeline for accomplishing the results or outcomes of the service;**

In total, the timeline for accomplishing the above Scope of Services and Tasks will, at minimum, span three years. These are significant CIP projects that under any circumstance takes multiple years to accomplish

Year 1: By the end of year one,

- RFPs will be issued and awarded

Year 2: By the end of year two:

- Projects involving building permits, construction work will commence
- Projects that result in equipment purchases will be in process

Year 3: By the end of year three:

- We hope that construction projects will have done at least 50% of the work necessary.
- Equipment purchases will have been delivered and installed

3. **Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results;**

The WGH Board has a contract in place with CHC for the three year period that was initiated in November 2016. It is a performance based relationship with clear lines of accountability. There will be monthly progress reports to the Board based on specific benchmarks.

In addition, the WGH Board will conduct periodic site visits to check on the progress of the CIP projects. If projects are lagging, the Board and the CEO and CFO will meet with the contractor.

4. **List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.**

The WGH Board will provide updates three times per State fiscal year. These updates will provide, at a minimum:

- A list of ongoing capital improvement projects, graded on a scale of
  - S = started within the preceding four months
  - IP = In progress
  - C = completed within the preceding four months

### **III. Financial**

#### **Budget**

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
  - a. Budget request by source of funds ([Link](#))
  - b. Personnel salaries and wages ([Link](#))
  - c. Equipment and motor vehicles ([Link](#))
  - d. Capital project details ([Link](#))
  - e. Government contracts, grants, and grants in aid ([Link](#))
  
2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2019.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
931,375	931,375	931,375	931,375	3,725,500

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2019.
 

The hospital developed an extensive list of organizations that provide grants to hospitals. We intend to apply for as many as possible in the coming fiscal year.
  
4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.
 

WGH is a tax exempt organization. No state or federal tax credits have been granted within the prior three years and WGH has not applied for any such credits. WGH does anticipate applying for any such tax credits.
  
5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2019 for program funding.

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2017. \$12,614,117

#### **IV. Experience and Capability**

##### **1. Necessary Skills and Experience**

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

WGH has maintained its license and operations as an acute care hospital with a skilled nursing facility meeting the quality standards of the State of Hawaii Department of Health licensure, federal Centers for Medicare and Medicaid (CMS) certification, and national The Joint Commission accreditation.

The WGH Board retained Community Hospitals Corporation (CHC) to assist in this three year turnaround.

CHC was established by a group of not-for-profit and community-operated healthcare systems in 1996, and its team works diligently to preserve the not-for-profit status of community-based hospitals. This group of community organizations formed CHC to protect community hospitals from acquisition by investor-owned hospital systems.

Contributing member organizations include:

- All Saints Health System
- Arlington Medical Center
- Baptist Health System, San Antonio
- Baptist Hospitals of Southeast Texas
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- Covenant Health System
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- Richardson Regional Medical Center
- Trinity Mother Frances Hospitals and Clinics
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- Valley Baptist Health System, Harlingen

Since its inception, CHC remains a not-for-profit company whose sole mission is to help hospitals remain community-operated and governed. CHC owns, manages and consults with hospitals across the United States.

CHC provides community hospitals with the resources and experience they need to improve the quality of treatment outcomes, patient satisfaction and financial performance.

## **2. Facilities**

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

WGH is currently licensed for 53 inpatient acute care beds (including 10 geriatric psych beds) and 107 skilled nursing beds. It provides excellent emergency services supported with state-of-the-art radiology and laboratory services, inpatient intensive care, inpatient telemetry and medical surgical services. Key services at WGH include Emergency Services, Acute Care, Senior Behavioral Health and Long Term Skilled Nursing. Emergency Services are critically important to the community and are averaging 55/60 emergency visits per day and over 95% of all inpatients are admitted via Emergency Services.

WGH is a critical component of Oahu's island-wide emergency medical services (EMS) network. Its Emergency Services, staffed by Board Certified Physicians, offers EMS coverage for the 30-mile contiguous area from Waiialua to Kahuku on the North Shore through Wahiawa and Mililani. Most of this area is connected by a two-lane road. It helps get emergency care to people within the crucial Golden Hour of response time.

Wahiawa General Hospital has been serving the community since 1944. Changes in reimbursement, physician shortages, the reopening of a west Oahu Hospital, unfunded liability, deferred maintenance and more resulted in the hospital's dire financial situation.

## **V. Personnel: Project Organization and Staffing**

### **1. Proposed Staffing, Staff Qualifications, Supervision and Training**

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

WGH is led by dedicated community members with a diverse and well balanced array of expertise including active and retired Board Certified community physicians, financial executives, military, a large land management executive, engineer, attorney, and community residents.

The WGH Board retained CHC to assist in management during this turnaround. CHC has a unique "checks and balances" system in place to appropriately report and inform the Board of Directors of the operations of WGH.

Since its inception, CHC remains a not-for-profit company whose sole mission is to help hospitals remain community-operated and governed. CHC owns, manages and consults with hospitals across the United States.

## **2. Organization Chart**

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request. Attached

## **3. Compensation**

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

- Chief Nursing Office- \$150,009
- Pharmacy Manager- \$135,000
- Administrator WNRC- \$134,992

## **VI. Other**

### **1. Litigation**

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

Currently pending suit related to malpractice, we have been notified that it will be dismissed.

### **2. Licensure or Accreditation**

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

Wahiawa General Hospital is licensed by the State of Hawaii Department of Health, certified by the Centers for Medicare and Medicaid (CMS), and accredited by The Joint Commission

### **3. Private Educational Institutions**

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question. Not applicable

### **4. Future Sustainability Plan**

The applicant shall provide a plan for sustaining after fiscal year 2018-19 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2018-19, but
- (b) Not received by the applicant thereafter.

We have a three year plan in place with CHC, in which we are currently in the second year. Progress has been made over this past year with the hospital cutting expenses by \$2.5M compared to prior year. However, our success of that plan is dependent in part on continued state support. The hospital will be seeking out other grant opportunities. The CIP projects contained in this application are basic projects needed to ensure the structural integrity of the hospital building, comply with regulatory requirements, and ensure patient care is in line with current healthcare practices.

**5. Certificate of Good Standing (If the Applicant is an Organization)**

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2017.

**6. Declaration Statement**

The applicant shall submit a declaration statement affirming its compliance with Section 42F-103, Hawaii Revised Statutes. ([Link](#)) Attached

**7. Public Purpose**

The applicant shall specify whether the grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised Statutes. ([Link](#)) No



## BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2018 to June 30, 2019

Applicant: Wahiawa General Hospital

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries (Professional Fees)				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance- Charity				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
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TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES	2,225,500			
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	1,500,000			
<b>TOTAL (A+B+C+D+E)</b>	<b>3,725,500</b>			
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	3,725,500	<div style="display: flex; justify-content: space-between;"> <div style="width: 80%;"> <i>Ariane Heirola-Castillo</i> 621 4281                      Signature of Authorized Official                 </div> <div style="width: 15%;">                     Date                      1/14/18                 </div> </div>		
(b) Total Federal Funds Requested				
(c) Total County Funds Requested				
(d) Total Private/Other Funds Requested				
<b>TOTAL BUDGET</b>	<b>3,725,500</b>	Name and Title (Please type or print) <i>Brian Cunningham</i> CEO		

## BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2018 to June 30, 2019

Applicant: Wahiawa General Hospital

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY:2016-2017	FY:2017-2018	FY:2018-2019	FY:2018-2019	FY:2019-2020	FY:2020-2021
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION		144,619	1,500,000		3,010,000	
EQUIPMENT		855,381	2,225,500		687,000	
<b>TOTAL:</b>		<b>1,000,000</b>	<b>3,725,500</b>		<b>3,697,000</b>	
<b>JUSTIFICATION/COMMENTS:</b> Deferred capital needs due to operational deficits  Please see attached detail						

## BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2018 to June 30, 2019

Applicant: WAHIAWA GENERAL HOSPITAL

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Please see attached			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

**Wahiawa General Hospital**

**Assessment - Capital Needs**

	<u>Budgeted Amount</u>	<u>Expenditure Amount</u>	
OR upgrades	125,000.00	106,000.00	
Replace Roof top Chiller for the Operating Room	167,000.00	180,679.00	
IT Infrastructure/network	425,000.00	474,702.00	
Technology upgrades-(computers)	480,000.00		
Patient Room Renovation/upgrade	215,000.00	94,000.00	855,381.00 Equipment
3 New Roof Replacement	350,000.00	84,909.00	
Storeroom/Receiving area renovation/upgrade	200,000.00	59,710.00	144,619.00 Construction
<b>GIA App 2017 Total</b>	<b>1,962,000.00</b>	<b>1,000,000.00</b>	

New Fire Alarm System	190,000.00		
New Sprinkler Riser and Alarm System (Kilani Ave.)	17,000.00		
New Chiller Plant	600,000.00		
5 New Air Handling Units on Roof (OR, 2 for WNRC 1st, WNRC-2nd, CT)	500,000.00		
New Ceiling Air Handling Unit in Men's Room across for Café	100,000.00		
New Ceiling Air Handling Unit in Medical Records	100,000.00		
New Air Handling Unit in Lab	100,000.00		
New Nurse Call System WRNC and Acute	200,000.00		
Bed Replacement Hospital (Acute 40 beds)	265,000.00		
Bed Replacement Hospital (ICU 5 beds)	100,000.00		
Mattress replacements	53,500.00		2,225,500.00 Equipment
Senior Behavioral Health Patient Room Renovation/upgrade	50,000.00		
<b>GIA App 2018 Total</b>	<b>2,275,500.00</b>		

<b>Post Joint Commission Requirements for Senior Behavioral Health</b>	<b>1,450,000.00</b>		<b>1,500,000.00 Construction</b>
<b>GIA App 2018 Total to Include Post Joint Commission Requirements</b>	<b>3,725,500.00</b>		

New Generator and Transfer Switches	90,000.00		
Medical Equipment x-ray/lab/nursing	450,000.00		
Replacement Hot Water Tank Old Tank Removed No Redundancy	120,000.00		
Replace 3 Kitchen Exhaust Fans	27,000.00		687,000.00 Equipment
Renovate Admission Area to be HIPPA Compliant	60,000.00		
Arch Flash Study and Full Tracing	210,000.00		
Elevator Upgrades	160,000.00		
Parking Lot Lighting (front)	25,000.00		
Up Grade Landscaping	10,000.00		
Upgrade Public and Patient Restrooms to be ADA Compliant	1,200,000.00		
LTC Room Renovation/upgrade	535,000.00		
Lab Renovation/upgrade	75,000.00		
Pharmacy renovations/upgrade	160,000.00		
Hospital common/support area renovation/upgrade	160,000.00		
Paint Building	340,000.00		
Cafeteria renovation/upgrade	75,000.00		3,010,000.00 Construction
<b>GIA App 2019 Total</b>	<b>3,697,000.00</b>		

<b>Total Capital</b>	<b>7,934,500.00</b>		
<b>Total Capital Including Post Joint Commission Requirements</b>	<b>9,384,500.00</b>		

**GOVERNMENT CONTRACTS AND / OR GRANTS**

Applicant: WAHIAWA GENERAL HOSPITAL

Contracts Total: 3,709,492

	<b>CONTRACT DESCRIPTION</b>	<b>EFFECTIVE DATES</b>	<b>AGENCY</b>	<b>GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)</b>	<b>CONTRACT VALUE</b>
1	TRAUMA SYSTEM SPECIAL FUND	07/01/17-06/30/18	DOH	STATE	50,000
2	COMP MEDICAL & HEALTH CARE SVC	07/01/17-06/30/21	DOH	STATE	3,659,492
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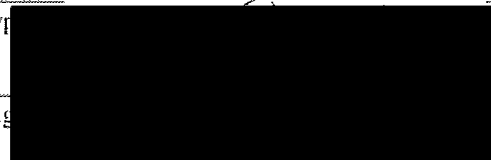
**DECLARATION STATEMENT OF  
APPLICANTS FOR GRANTS PURSUANT TO  
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

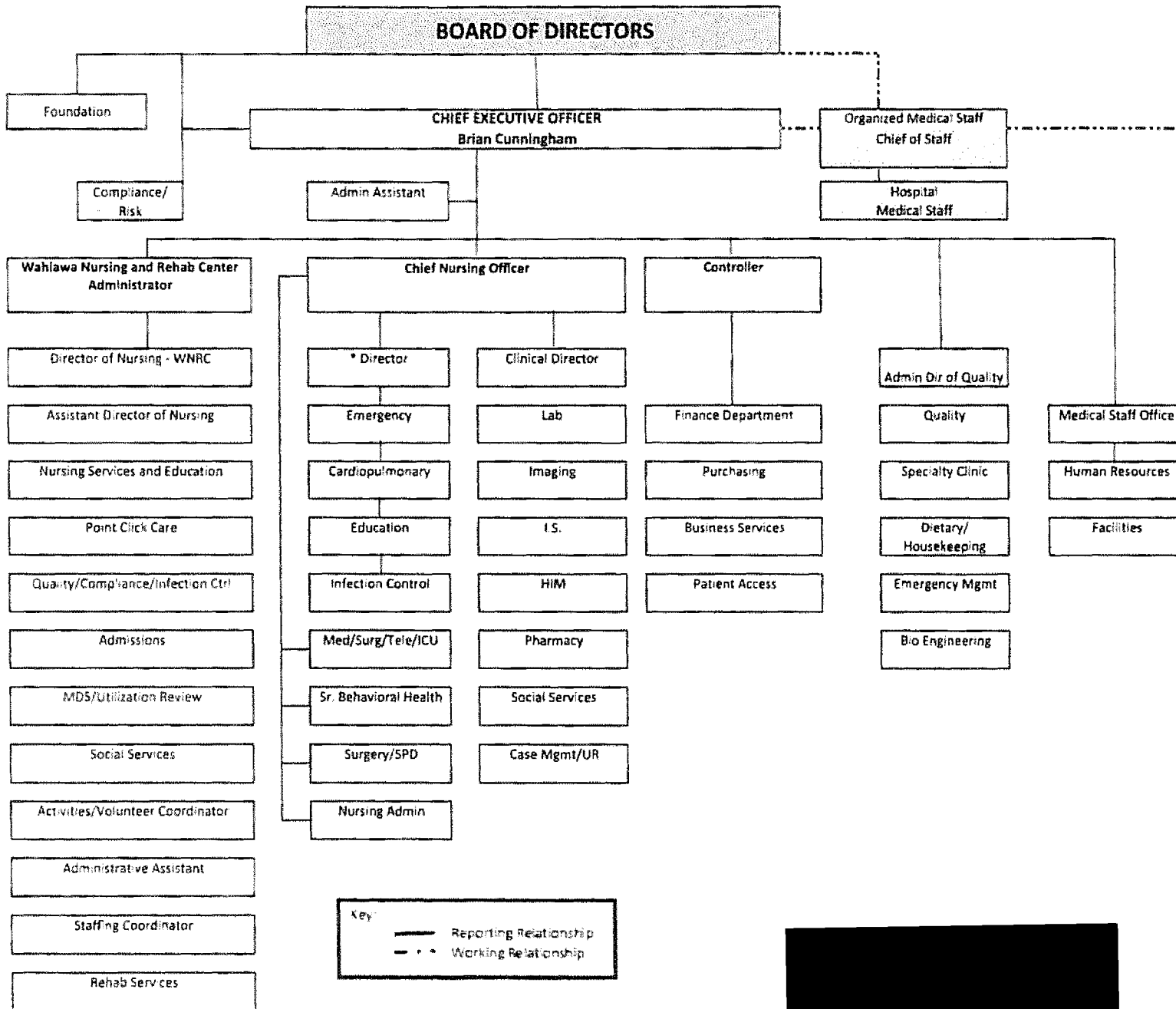
- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
  - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
  - c) Agrees not to use state funds for entertainment or lobbying activities; and
  - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.
- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is incorporated under the laws of the State; and
  - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
  - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawai'i Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

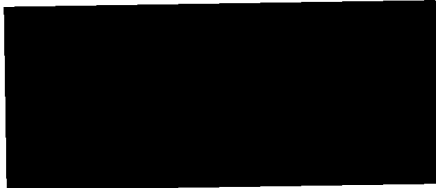
Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

\_\_\_\_\_  
WAHIAWA GENERAL HOSPITAL  
(Type)  \_\_\_\_\_  
(Signature) 1/19/18  
(Date)  
\_\_\_\_\_  
BRIAN CUNNINGHAM CHIEF EXECUTIVE OFFICER  
(Typed Name) (Title)

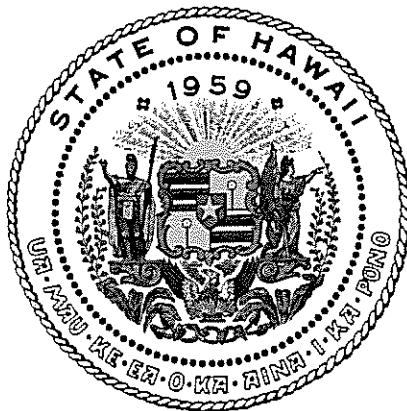
WAHIAWA GENERAL HOSPITAL ORGANIZATION CHART as of 1/1/18



Key:  
 — Reporting Relationship  
 - - - Working Relationship



Date 1/10/18



## Department of Commerce and Consumer Affairs

### CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

**WAHIAWA GENERAL HOSPITAL**

was incorporated under the laws of Hawaii on 11/21/1988 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 17, 2018

Director of Commerce and Consumer Affairs

