

House District 46
Attention: Marcus Oshiro, Rm 424
Senate District 22
Attention: Donovan Dela Cruz, Rm 202

THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

SUBSIDY REQUEST

"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.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

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

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:

Dbas: **Wahiawa General Hospital**

Street Address: 128 Lehua Street

Mailing Address: Wahiawa, HI 96786

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name R. Don Olden

Title CEO

Phone # (808) 621-4211

Fax # (808) 621-2251

e-mail rdolden@aol.com; maria@wahiawageneral.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
 FOR PROFIT CORPORATION
 LIMITED LIABILITY COMPANY
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

**FAMILY MEDICINE RESIDENCY PROGRAM SUPPORT
FOR WAHIAWA GENERAL HOSPITAL**

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: **\$1,700,000**

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 \$ _____

R. DON OLDEN, CEO
NAME & TITLE

1/31/2014
DATE SIGNED

Application for Grants and Subsidies

I. Background and Summary

1. A brief description of the applicant's background

Physician Center at Mililani (PCM): PCM is an Outpatient Primary Care Clinic Exclusively Dedicated to Supporting the University of Hawaii John A. Burns School of Medicine (JABSOM) Family Medicine Residency Training Program

In 1994, The Department of Family Medicine at JABSOM established the Family Medicine (FM) Residency Program as a training program for medical students who want to become family medicine physicians.

- The primary family medicine residency teaching sites for FM Residency Program is at PCM and Wahiawa General Hospital (WGH). Until a year ago, PCM was the only one in the State of Hawaii, the other being in Hilo.
- The FM Residency Program at WGH is the core program in the state and the only fully operational FM Residency Program in the State accredited by the Accreditation Council for Graduate Medical Education (ACGME), the accrediting organization for post-MD medical training programs within the U.S.
- The FM Residency Program at WGH is the only program in the state that will graduate family medicine physicians over the next three years.

PCM and the FM Residency Program at JABSOM recently celebrated its 20th anniversary.

Quick Facts about PCM and the JABSOM FM Residency Program

- PCM is located in Mililani and operates as a department of Wahiawa General Hospital (WGH). What began as a basic outpatient clinic operation for plantation workers, military personnel and other Central Oahu residents, WGH evolved into a full-service hospital with emergency services, surgery, general acute care, senior behavioral health, outpatient clinics, home health, long- term-care, and family medicine residency training.
- PCM delivers a full range of services in family medical care and women's health, from family planning, pregnancy and childbirth to newborn/well baby checks, school and sports physicals, acute and chronic illnesses, infectious diseases and osteopathic manipulation, to smoking cessation and weight loss, immunizations and annual physicals, to urgent care for non-work related injuries and work-related injuries.
- PCM is the clinic where JABSOM residents train when they want to become family medicine physicians who specialize in medical care for all ages, from expectant mothers and newborns to children, teens, adults and older adults.
- The Residents and Faculty at the PCM provides care and treatment to 13,000 patient visits annually. They provide outpatient services and hospital based care to approximately 25% of WGH's acute inpatients.
- The physicians at the PCM are teaching faculty who are employees of JABSOM and/or UCERA, the non-profit faculty medicine organization that supports JABSOM's clinical,

academic, and research activities. WGH pays significant funds to UCERA to support the teaching physician's salaries.

- At PCM, the physicians' bill for services to patients treated at the clinic and patients admitted into inpatient services at the hospital similar to private practice physicians.
- Over 100 residents have graduated from the program and over 80% are now physicians in Hawaii. Since doctors tend to settle down in the communities they train, it is reasonable to expect some of the PCM residents will stay on the island and even in the area after their residency is completed. Today, Oahu has 17 practicing family physicians in Kahuku, Haleiwa, Mililani, Kapolei, Ewa Beach, Waianae, and Wahiawa, most of which graduated from the program.

WGH Receives Limited Support for PCM and for Being JABSOM's Primary FM Residency Program Site

Most FM Residency Programs across the U.S. receive support funding from Foundations and/or State Governments but WGH has not generally been the recipient of such funding. Family Medicine Residency Programs are almost always in need of substantial funding subsidies. These programs do not generate funding needed to be sustainable when the education and training needs of the Residents are factored into the operations of outpatient training clinics. The productive output of teaching faculty is generally low due to the education component of their responsibilities and in general the resources consumed in the program far exceed the revenues received from providing patient services and funding from the Medicare Program for Graduate Medical Education.

Overall WGH has subsidized the program by \$12 million+ over the last 20 years. See Exhibit 1 for a Comparative Financial Operations for seven years through June 30, 2014.

- PCM may have started with reasonable support from JABSOM; however, over the past four years, WGH has needed to increase its subsidy to PCM and increase its share of funding due to the University of Hawaii's reduction in funding of the Family Medicine Faculty and increasing direct operating costs of the clinic.
- Although professional fees or revenues are billed by the teaching faculty physicians, the revenues do not cover the cost of operating the clinic and paying the salaries of the Faculty. For example, in fiscal year 2013 revenues were \$1.0 million and the cost of operating the clinic, including faculty salaries, are over \$3.1 million.
- Each year the amount of WGH's support of PCM increased. In fiscal year 2010, WGH supported PCM by \$995,800, increased to \$1.2 million in fiscal year 2011, increased slightly more to \$1.3 million in fiscal year 2012, and then to WGH to \$1.4 million in fiscal year 2013.

WGH has been the primary funding source and provided the inpatient and outpatient teaching facilities for the FM Residency Program. WGH has been subsidizing the shortfall for the past two decades without significant assistance from outside sources and the funding shortfall has put the program is on a critical path towards closure.

While WGH has maintained the Family Medicine Residency Program for the benefit of the state with limited and declining support from JABSOM, the financial burden has significantly aggravated the financial problems of the hospital. In addition, over the past two years WGH performed an audit review of the Faculty Supervision and Documentation record compliance related to the Residents training. The audit resulted in the identification of faculty

documentation deficiencies that lead to a significant payback to the Medicare and Medicaid Programs. In all, the legal fees and payback resulted in over \$1 million in unexpected costs to WGH. Unfortunately WGH did not receive any funding support from JABSOM or UCERA to assist in the costs related to this issue.

The FM Residency Program has been a consistent and major contributor to WGH's deficits. WGH needs to create positive cash flows to achieve financial stability and without GIA support, the risk of the hospital running out of cash is a significant risk.

The funding shortfalls are causing the Program to face increased support from the Board of Directors to close the program. To date there has not been a vote to close the Program but unless there is outside funding support developed the window of support is closing. Closure of the Clinic and The Family Medicine Residency Program would be a tremendous loss for the State of Hawaii.

2. The goals and objectives related to the request

WGH's Goal is to Receive Support for PCM and the Family Medicine Residency Program

The goal is to receive a consistent, equitable share of the cost of providing PCM and supporting the only family medicine residency teaching clinic on Oahu.

The expenses that WGH has underwritten include subsidies to the Family Medicine Residency teaching faculty from the University of Hawaii JABSOM and significant nursing, facility lease costs and other operating support of the Program.

Objective Is to Obtain \$1.7 Million in Subsidy Assistance.

PCM had an annual operating loss of 2.2 million in fiscal year 2013. An annual subsidy of \$1.7 million annually is needed to sustain PCM, home of the Family Medicine Residency Program. No doubt PCM significantly benefits the State of Hawaii and it needs to be financially supported by state funding due to the overall state benefiting from the program.

The GIA financial support will go toward partially funding the hospitals annual losses in funding the Residency Program. GIA support will not correct the problem but it will help until other funding improvements are developed.

3. The public purpose and need to be served

The public purposes of this State Grant-in-Aid-Grant request are to:

- Continue the operations of the primary family medicine residency site on Oahu that benefits hospitals and primary care needs throughout the State of Hawaii, not just WGH, and
- Continue the supply of the critical and growing shortage of family medicine physicians in Hawaii.

More than WGH, Other Hawaii Hospitals and Neighbor Island Residents Benefit

Few residents who graduated from the JABSOM family medicine program over the last 20 years are practicing at Wahiawa General Hospital. In tracking the graduates, several work in Kaiser Clinics on Oahu and the mainland, some entered Geriatric Fellowships, some became Hospitalists and some became Faculty in the Family Medicine Residency Program. It has become

increasingly obvious that WGH has been supporting a program that benefits the State, other communities and other hospitals but not necessarily Wahiawa General Hospital.

Residents Trained at the Physician Center at Mililani Stay in Hawaii. As the only three-year fully operational family medicine residency training program for the State of Hawaii, PCM puts young primary care doctors to work on Oahu. The little known fact is that of the 100+ graduates, over 80% of the family medicine residents trained at the PCM are practicing in Hawaii.

Serves the Demand for More Family Medicine Physicians in Hawaii. There is a critical and growing shortage of family physicians nationally and in Hawaii. On Oahu, there are 473 family doctors and 136 or 29% of them are 60 years old or older. The shortage is facing the state and the problem is growing. Not to mention that Hawaii loses 50 doctors a year due to retirement and movement to the mainland.

The impact of family doctor shortages means increased long waiting times before a patient can get an appointment. People end up going to emergency rooms and urgent care centers for primary care. This translates to an expensive place to treat coughs and sore throats. Moreover, emergency rooms and urgent care centers are not going to address family medicine clinic services such as mammograms, tetanus shots and cancer screening, nor ongoing management of diabetes and other chronic diseases. These untreated patients often resurface and end up in emergency rooms due to delayed treatment. Often they are experiencing costly and life threatening health problems that could have been prevented. Most recently, Obama Care has upped the need for primary care physicians and funding for the Core FM Residency Program on Oahu has not been adequately addressed by anyone other than the benevolent Board of Directors at Wahiawa General Hospital. Even JABSOM, the Institutional Sponsor of the Program has not stepped up and adequately supported the Program.

4. 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.

Many of the Family Medicine Clinic patients are from the Wahiawa Neighborhood Revitalization Strategy Area (NRSA), a federally designated distressed community, without a PCP or a personal family medicine physician.

PCM provides care to approximately 13,000 outpatient visits annually which includes 25% of the inpatients admitted to WGH. PCM also is the referral clinic for follow-up care to hospital emergency room patients who do not have primary care physicians.

5. The geographic coverage

WGH's service area includes the communities of Kahuku, Waialua, Haleiwa, Wahiawa and Mililani with some overlap into Waipahu and Kunia. The clinic is strategically located to provide care that is easily reached by public transportation and it is close to shopping for household necessities and entertainment.

II. Service Summary and Outcomes

1. Scope of work, tasks and responsibilities

Scope of Work. Wahiawa General Hospital (WGH) is in process of again reviewing both the Hospital and PCM's fiscal and operational practices to increase productivity and quality while it assesses and balances those practices against its need to improve the delivery of quality care.

Tasks. The management team of WGH has undertaken several difficult tasks:

- Planning for a realignment of its staff and programs in preparation for the reopening of Queens Medical Center West. The Hospital is faced with reducing its staffing by up to 25% to address the loss of patients to Queen's Medical Center-West when it reopens.
- Planning for a significant revision of its operations, including staffing levels, service levels, and expense reduction to improve and sustain current year operations,
- Seeking additional support from JABSOM and the legislature, and
- In anticipation of not receiving support to subsidize the PCM clinic operations, the Board of Directors and management team of WGH are looking at the impact and process for the closing of PCM.

Responsibilities. The Board of Directors, CEO, and management team of WGH have the fiduciary responsibility for overseeing that the PCM program and ultimately WGH is fiscally sound, operationally efficient, while continuing to provide quality care to meet the community healthcare demands of residents in the West Oahu / North Shore Area without creating additional short term debt. If WGH cannot cover its operating losses on an ongoing basis, it would be faced with the decision to close PCM which would be catastrophic for the PCM, the healthcare needs of the residents in the area and the continued development of primary care physicians for the State of Hawaii.

2. Projected annual timeline for accomplishing the results or outcomes of the service

WGH has initiated a process evaluation project and expects to mobilize the process changes by April 2014 and are optimistic of receiving a GIA subsidy by July 2014 to continue PCM operations. Without the increased support by July 2014, WGH may initiate the process of closing PCM.

3. Quality assurance and evaluation plans for the request. How WGH plans to monitor, evaluate, and improve their results

As part of the evaluation of the PCM operations, WGH has benchmarked the PCM operations against typical family medicine clinic operations. In addition, WGH has a financial monitoring process that reviews its financial status, along with staffing ratios for efficiency. WGH is The Joint Commission (formerly JACHO) accredited and maintains quality assurance plans for patient care. PCM is included in The Joint Commission accreditation process. In addition, WGH is certified by the Centers for Medicare and Medicaid (CMS), participates in the Hospital Quality Initiative, and regularly reports the quality outcomes which are posted on the Medicare.gov Hospital Compare website for public scrutiny. WGH is aware that while

fiscal austerity could have a negative impact on patient quality care, WGH will continue to sustain its on-going monitoring and evaluation of quality care against the proposed changes.

4. Measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency).

WGH will report two areas of effectiveness – quality and financial operating status.

For quality. The key quality measures include:

- Timely and effective care, or process of care, which show the percentage of WGH patients who receive treatments for common, serious medical conditions and how quickly PCM schedules and treats patients who come to the clinic for services
- Patients’ experiences, measuring patients’ perspectives on PCM care.

For financial effectiveness, the key financial operating benchmark includes net operating income which reflects the results of PCM’s revenues against its expenses, reported monthly and year to date. WGH knows that the staffing cost and operating costs are approximately two times or more the cost of a typical private physician family medicine clinic, which is a significant contributor to the negative operating income of PCM. For academic accreditation, The PCM clinic is required to meet the needs of the ACGME which performs the accreditation aspects of the teaching program and the primary concern is adequate resources to provide the quality education needed to train high quality Family Medicine Physicians. Balancing the quality needs coupled with the education resource needs inherently creates a high cost clinic.

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.

The Teaching Faculty supporting the Family Medicine Residency Program requires funding from WGH in the amount of \$2.2 million per year. WGH cannot continue funding the faculty at this level due to financial problems at these high levels without creating an insolvent situation for the hospital.

To save the PCM from closure, WGH is requesting funding to support the faculty in the amounts provided below. WGH can provide some funding and the State needs to provide \$1.7 million.

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2015.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$425,000	\$425,000	\$425,000	\$425,000	\$1,700,000

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2015.

In fiscal year 2015, WGH is seeking from the State Grant-in-Aid emergency services support for the hospital.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years.

No state or federal tax credits has been granted within the prior three years, nor has WGH applied or anticipate applying for any such tax credits.

5. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2013.

As of December 31, 2013, WGH had unrestricted current assets of \$14.1 million with current liabilities of \$14.5 million.

IV. Experience and Capability

A. Necessary Skills and Experience

Necessary Skills, Abilities, Knowledge. Despite being located in a federally designated distressed community where patients have an inability or difficulty in paying for needed healthcare services, Wahiawa General Hospital has been able to maintain a quality operation since 1944. Despite the fiscal challenges WGH has maintained its license and operations as an acute care hospital with a large skilled nursing facility and active family medicine clinic 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 Family Medicine Residency Program has been surveyed and currently accredited by ACGME.

Experience. WGH is led by a CEO who for the last seven years improved the hospital's financial viability. His experience is based on 20+ years of developing, managing and organizing turnarounds related to large and small hospital systems on the mainland and in Hawaii.

Related Projects or Contracts for Recent Three Years. WGH receives an annual purchase of services contract in the amount of \$942,469 through the Department of Health. In fiscal year 2013, WGH received \$250,000 in grant-in-aid to support the FM Residency, plus a \$1,000,000 grant-in-aid award to support bad debts and development of a Hospitalist Program.

B. Facilities

PCM is located in the town of Mililani in the Mililani Shopping Center. It occupies 15,000 square feet of lofted space.

As a hospital-based outpatient clinic, PCM follows the licensure, certification, and accreditation standards of the hospital. The hospital is licensed by the State Department of Health, certified by the Centers for Medicare and Medicaid (CMS), and accredited by The Joint Commission (former JACHO), all of which regularly inspects the hospital for safety and environmental quality.

The facility generally meets ADA requirements or has made accommodations for those areas that are not compliant.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

Wahiawa General Hospital is staffed by Board Certified and State Licensed Physicians, Registered Nurses, Certified Nurse Assistants and clerical personnel per State Licensing requirements for hospitals. WGH is led by the following group possessing a broad spectrum and depth of experiences:

- A Board of Directors consisting of active and retired community physicians, financial executives, military, a large land management executive, engineer, attorney, and community residents, and
- The CEO experienced in mergers for multi-hospital systems, acquisitions of acute care and skilled nursing facilities, turnarounds of clinics and outpatient services, strategic planning for physician practices, and capital planning and financing.

The Physician Clinic at Mililani is staff by Board Certified and State Licensed Physicians, Registered Nurses, and clerical personnel from both JABSOM and WGH. Faculty as well as the residents from the Department of Family Medicine and Community Health at the University of Hawaii JABSOM serve as the physicians on staff. PCM is led by Dr. Lee Buenconsejo-Lum, an Associate Professor at JABSOM.

B. Organization Chart

All hospital personnel report to the hospital CEO and/or through the Organized Medical Staff to the Board of Directors of the hospital. An organizational chart is provided as Exhibit 2.

C. Compensation

The reportable compensation from WGH for the three highest paid individuals of are:

- ██████████, CEO, \$188,537
- ██████████ Pharmacy Manager, \$164,403
- ██████████, Financial Services Manager, \$137,909

As reported in the latest available Return of Organization Exempt From Income Tax, Form 990, for Wahiawa General Hospital, for the fiscal year ending 6/30/2012.

VI. Other

A. Litigation

None at this time.

B. Licensure or Accreditation

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.

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2014 to June 30, 2015)

Applicant: Wahiawa General Hospital
Family Medicine Residency Program Support

BUDGET CATEGORIES	Total State Funds Requested (a)	Wahiawa General Hospital (b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9 Family Practice - Faculty Cost	\$ 1,700,000			
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	1,700,000			
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	\$ 1,700,000			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	\$ 1,700,000	[Redacted] 621-4211		
(b) Wahiawa General Hospital		[Redacted] Phone		
(c)		[Redacted] 1/31/2014		
(d)		[Redacted] Date		
TOTAL BUDGET	\$ 1,700,000	R. Don Olden Name and Title (Please type or print)		

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Wahiawa General Hospital

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
			\$ -	
	NOT APPLICABLE		\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:			\$ -	
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
	NOT APPLICABLE		\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:			\$ -	
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION CAPITAL PROJECT DETAILS

Applicant: Wahiawa General Hospital

Period: July 1, 2014 to June 30, 2015

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2012-2013	FY: 2013-2014	FY:2014-2015	FY:2014-2015	FY:2015-2016	FY:2016-2017
PLANS						
LAND ACQUISITION		NOT APPLICABLE				
DESIGN						
CONSTRUCTION						
EQUIPMENT						
TOTAL:						
JUSTIFICATION/COMMENTS:						

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAI'I REVISED 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 and subsidies 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 or subsidy 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 or subsidy 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 or subsidy.
- 2) 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 or subsidy 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 or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy 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 or subsidy 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



1/31/2014
(Date)

R. Don Olden
(Typed Name)

CEO
(Title)

**PHYSICIAN CLINIC MILILANI
COMPARATIVE FINANCIAL OPERATIONS
7 YEARS THROUGH JUNE 30, 2014**

	2007	2008	2009	2010	2011	2012	2013
RVENUES: PCM CLINIC PHYSICIAN PROFESSIONAL FEES	1,021,791	1,131,930	1,072,531	1,115,186	1,204,021	1,030,944	1,004,000
OUTPATIENT CLINIC OPERATING COSTS							
EMPLOYEES SALARY & WAGES	262,765	280,145	302,875	322,034	322,859	321,444	393,824
EMPLOYEE BENEFITS: INS, TAXES, PENSION	64,377	68,635	74,204	78,898	79,100	78,754	96,487
LEGAL & OIG SETTLEMENT AGREEMENT COSTS						240,000	864,287
NON SALARY: Rent, Supplies, Consulting etc	306,721	380,711	407,604	493,563	554,547	478,591	543,133
TEACHING FACULTY PAYMENTS: JABSOM & UCERA	672,372	693,562	849,729	1,028,729	1,207,983	1,035,400	1,035,400
INDIRECT:							
DEPRECIATION	13,518	9,979	15,631	16,956	19,364	37,810	40,000
ADMINISTRATIVE-Ins, billing, hosp support etc	90,920	105,133	163,859	133,260	197,645	172,524	175,000
LAUNDRY	1,246	1,351	1,630	1,541	1,507	775	1,000
MEDICAL RECORDS	1,591	38,400	42,378	35,987	40,681	31,050	35,000
TOTAL OP CLINIC OPERATING COSTS	1,413,510	1,577,916	1,857,910	2,110,968	2,423,687	2,396,349	3,184,131
LOSS BEFORE STATE GIA	(391,720)	(445,986)	(785,379)	(995,782)	(1,219,666)	(1,365,405)	(2,180,131)
STATE GIA: TEACHING FACULTY SUPPORT							750,000
NET PCM GAIN OR (LOSS)	(391,720)	(445,986)	(785,379)	(995,782)	(1,219,666)	(1,365,405)	(1,430,131)

WAHIAWA GENERAL HOSPITAL ORGANIZATION CHART

DRAFT

