

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

THE TWENTY-EIGHTH LEGISLATURE
HAWAII STATE LEGISLATURE
APPLICATION FOR GRANTS & 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:

Db: **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) 621-4451

e-mail rdolden@aol.com; mariay@wahiawageneral.org



RECEIVED

1/30/15 BDB

3. TYPE OF BUSINESS ENTITY:

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

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

EMERGENCY SUPPORT FOR WAHIAWA GENERAL HOSPITAL

4. FEDERAL TAX ID #: _____

5. STATE TAX ID #: _____

7. amount of state funds requested:

FY 2016: **\$ 2,500,000**

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 \$ _____

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

R. DON OLDEN, CEO
NAME & TITLE

1/28/15
DATE SIGNED

Application for Grants and Subsidies

I. Background and Summary

1. A brief description of the applicant's background

Non Profit General Acute Care Hospital Founded In 1944

Wahiawa General Hospital (WGH, or Wahiawa), a 501(c)(3) tax exempt organization has served the healthcare needs of the Central Oahu and North Shore populations since 1944. What began as a basic outpatient clinic for plantation workers, military personnel and other Central Oahu residents developed into a complex emergency services, surgery, general acute care, senior behavioral health, outpatient clinics, Family Practice Residency Teaching Program and long-term-care (skilled nursing) hospital. WGH is currently licensed for 53 inpatient acute care beds and 107 skilled nursing beds. Wahiawa provides excellent emergency services supported with state-of-the-art radiology and laboratory services, inpatient intensive care, inpatient telemetry and medical surgical services. Emergency Services staffed by Board Certified Physicians are critical services for the community and the integrated emergency services network for the total Island of Oahu. Wahiawa serves a 30 mile contiguous area from Waialua to Kahuku on the North Shore through Wahiawa and Mililani—most of which is connected by a two lane road.

A Major Area Employer

WGH is a major employer in the Central Oahu area with approximately 570 total full-time and part-time employees that averages approximately 360 worked FTE's on a bi-weekly basis. After the closure of Hawaii Medical Center West (HMC-W) in December of 2011, WGH experienced a growth in patient services and added approximately 100 employees to meet the increased patient services from the West Area. Many of the new employees have been reduced after reopening of QMCW and we believe they were essentially absorbed by QMCW.

Wahiawa's annual budget comprised of payroll, physician and professional fees, supplies and other annual expenditures of over \$55 million is reinvested many times over in the community and the State. 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.

As the largest private employer in Wahiawa, the importance of Wahiawa Hospital to the town of Wahiawa cannot be overstated. The importance will become even more critical with the pending reductions in staffing at the area's Military Bases. If the bases reduce the number of staff as has been suggested, the Wahiawa Town small business infrastructure will be dealt a severe blow and Wahiawa Hospital will become much more important to the community.

Survival Crisis: Wahiawa General Hospital is facing a survival crisis exacerbated by the reopening of Queens Medical Center West (QMCW) in May of 2014. After opening of QMCW, Wahiawa experienced a patient revenue drop of approximately 20% per month for the first six months of Fiscal Year 2015. Overall the revenue decline was \$5.3 Million for the 6-month period through December 2014 and the decline could exceed \$10 million through June 30, 2015. Operating losses for the six month period through December 31, 2014 have reached \$3.5 Million. Wahiawa has reduced staffing by approximately 60 FTE's and eliminated programs to survive.

However, the operating losses and resulting negative cash flows created a situation that threatens the hospital's survival. Wahiawa is actively discussing an affiliation Queens and Hawaii Pacific Health but the result will not be finalized for a few months. However the hospital needs interim support from the legislature through GIA funding to bridge and transform the hospital's business model to a sustainable business plan. Operating cash has been diminished to near zero and survival at present is on a month-to-month basis and accounts payable are being deferred so Wahiawa can meet payroll (see Exhibit 1).

There are several key tipping points that have created a major threat to Wahiawa's survival and continued service to the Central Oahu Area. In summary they are:

- **Physician Shortages in Hawaii**—Wahiawa has experienced a major outflow of specialist physicians to Honolulu hospitals. The hospital had to become a Hospitalist driven facility to treat patients admitted to inpatient services. Wahiawa now has to pay over \$1.6 million to support the Hospitalists, on-call surgeons and anesthesiologists.
- **Family Medicine Residents Program Fraud & Abuse**—The FM teaching faculty were investigated by the Federal Government and State Government for inadequate supervision and documentation of the Residents. Wahiawa had to pay over \$1.5 million to settle the investigation findings. These funds were desperately needed for operating capital and depleted the operating cash account.
- **Support of Family Medicine Residency Teaching Program**—For over 20 years, Wahiawa supported the FM Residency Program and it cost Wahiawa approximately \$2 million in unfunded costs annually. In effect, Wahiawa helped the total State of Hawaii but decimated operating cash reserves to fund the program.
- **Affordable Care Act (Obama Care)**—ACA mandates related to Meaningful Use increased costs of information systems, nursing and quality functions by over \$2.5 million per year without any offsetting revenue improvements.
- **Queens Medical Center West Opening**—In addition to the above issues, Wahiawa experienced almost a 20% reduction in its patient revenues with the reopening of West. Almost no hospital in the United States could have survived such an event. Wahiawa tried to get assistance from the 2014 Legislature to help but nothing was provided.
- **Hawaii Health Systems Corporation**—There is always a need to provide extraordinarily large subsidy funding to HHSC Hospitals each year and almost no commitment to assist the private tax exempt hospitals.

Wahiawa's New Business Model: A new Business Model must be developed to adjust for changes driven by the Affordable Care Act and other market-driven issues such as Queens Medical Center West reopening and a very high percentage of Medicare and Medicaid patients in Wahiawa's service area. Cost and revenue challenges are more specifically identified below:

- In Fiscal Year 2015, due to QMCW opening, Wahiawa needed to adjust for a drop in operating revenues of over \$900,000 per month which has created an incipient insolvency problem.
- For comparison to prior years: Wahiawa's patient revenues have essentially been flat based on FY 2011 before West closed versus FY 2015 after West reopened. Whereas the cost structure has increased substantially due to government driven issues such as Electronic Health Records, Hospitalists and Quality Compliance and Reporting mandates. These issues have driven up the operating costs by over \$2.5 million per year without any revenue increases.
- Many of Wahiawa's patients are from the Wahiawa Neighborhood Revitalization Strategy

Area (NRSA), a federally designated distressed community. A large number of such residents need support from both Quest and Subsidized ACA insurance programs. The bad debts and charity care of Wahiawa create substantially all the operating losses.

- Key services at Wahiawa include Emergency Services, IP Acute Care, IP 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 Emergency Services.
- Approximately 85% of 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.
- The Affordable Care Act (Obama Care) has not been kind to small rural hospitals such as Wahiawa. Mandates of the ACA such as Meaningful Use created much higher operating costs and reduced revenues. For example, increased information systems and quality compliance cost increased to meet federal mandates for support of Electronic Health Records, quality tracking and reporting. The value added is doubtful but the increased costs are real.
- Health insurance costs through HMSA for our employees has increased by 30% over the last two years on a base premium of \$3 million. The increase was significantly driven by the requirements of the ACA.
- Medicare take backs due to RAC Audits have reduced Medicare funding by significant amounts sometimes several years after services were provided.
- Billing and collections for Medicaid patients in Hawaii is extraordinarily difficult and costly due to billing 5 different Quest insurance plans, plus the Quest plans do not cover cost of treating Medicaid patients.
- 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 liability through the Pension Benefit Guarantee Corporation (PBGC).
 - *For example: Defined benefit pension plan and excise tax liabilities of over \$27 million that could not be paid. The hospital formally requested in January 2010 that the PBGC take over the pension plan. 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 the Wahiawa service area, significant amounts of patient bad debt and charity care are incurred – FY12– \$2.7 million, FY13– \$2.6 million, FY14-- \$2.9 million and FY 15 projected at a reduced \$2.0 million due to decreased patient services;
- Increased costs for surgical on-call physicians to cover emergency department needs, anesthesiologists and the need for hospitalist physicians collectively costs over \$1.6 million annually

- **FM Residency Costs:** WGH has funded The JABSOM Family Practice Residency Program for two decades and the program has always operated at a significant deficit. Due to financial constraints and no state support, Wahiawa has been unable to fully fund the program over the past year. Wahiawa ask for state support in FY 2014 but the legislature did not approve any funding.
 - For 20 years WGH owned the Physicians Clinic Mililani which was dedicated to the Family Medicine Residents training program. The professional fees of the clinic only cover the cost of the Teaching Faculty and almost none of the clinic normal operating costs. The losses related to running the clinic over the last decade have exceeded \$1 million per year and most recently the Hospital was not able to timely pay the Faculty costs of the program. Since 2007 WGH has funded \$3.6 million in excess costs over revenues at the clinic.
 - In late calendar year 2014, Queens, HPH and HMSA agreed to help fund and develop a consortium model to support the Family Medicine Residency Program Faculty Costs through UCERA and Wahiawa agreed to transfer the PCM Clinic to UCERA, a subsidiary of JABSOM, as part of this effort. There should have been funding from JABSOM and the state over the last decade but it did not develop. For Fiscal Year 2015, the hospitals and HMSA are providing the support funding and financially bailing out JABSOM and the FM Residency Program Faculty.
 - The FM Residency Program at Wahiawa should have been subsidized by the State of Hawaii through special legislative funding as is commonly done in many states but this has not occurred in Hawaii. However, a start-up new program at Hilo has been supported on and off since 2007. Without state support the program will not likely survive. It is Wahiawa's understanding that JABSOM and its affiliates are asking for legislative support in the 2015 legislative session.

Survival Issue: Wahiawa desperately needs assistance from the legislature to assist the Hospital in adapting to the Affordable Care Act and in transitioning to a new Business Model through an affiliation. The new Business Model will include transforming Wahiawa Hospital into a sustainable model by appropriate integration into the centralized services of a larger Health Care System and restructuring Wahiawa's clinical services as necessary. The FM Residency Program and the hospital services need to survive until the new business model is developed.

Without funding support from the Legislature, Wahiawa Hospital is not sustainable and creating a new Business Model with a new partner will not likely occur.

2. The goals and objectives related to the request

Goal to Maintain Financial Stability

Wahiawa General Hospital (WGH) needs to create positive cash flows to achieve financial stability while it transitions to a new business model. Without GIA support, the Hospital will run out of cash and not be able to fund payroll. Wahiawa cannot access the debt market with its current financial position.

Objectives: The GIA financial support will assist in funding:

- Partial support for salaries and benefits due to QMCW opening impact
- Patient bad debts and charity care
- Continued support of Hospitalist Physicians especially needed for patients who do not have a community physician—community physicians in Central Oahu do not adequately cover the hospital and Hospitalists are now critical to treating inpatients.

3. The public purpose and need to be served

The public purpose of this grant request is to assure the short term financial viability of WGH and the continued provision of Emergency and Acute Services to residents of Central Oahu, West Oahu and the North Shore. Plus, permit Wahiawa to develop an affiliation with a stronger partner 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.

Many of WGH's patients are from the Wahiawa Neighborhood Revitalization Strategy Area (NRSA), a federally designated distressed community.

5. Describe the geographic coverage

WGH's service area includes the communities of Kahuku, Waialua, Haleiwa, Wahiawa and Mililani with some overlap into Waipahu, Kunia and West Oahu. WGH has been very important to the service area of Eva for Emergency Services.

The State of Hawaii Department of Health considers WGH to be a critical link in the emergency services network for Central 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. Plus, WGH is the hospital that receives many of the ambulance visits due to other area hospitals being on divert.

II. Service Summary and Outcomes

1. Describe the scope of work, tasks and responsibilities

Scope of Work: Wahiawa General Hospital (WGH) has been adapting to the negative impact with the opening of Queen's Medical Center West and the decline in the number of patients, which resulted in WGH facing a major negative operating loss while it balances operational efficiency and quality care.

Tasks: In planning for the loss of patients, the management team of WGH has undertaken the difficult task of planning for a significant revision of its operations, including staffing level reductions, service level changes, and other cost reductions. The challenge has been more difficult due to the

expanded costs of supporting the ACA than just simply adjusting for the reopening of QMCW.

Responsibilities: The Board of Directors, CEO, and management team of WGH have the fiduciary responsibility for assuring that WGH is fiscally sound and 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 and if forced to close, it will create a major impact on the healthcare needs of the area residents.

2. **Provide a projected annual timeline for accomplishing the results or outcomes of the service**
It is expected to take approximately one year to stabilize and restructure the hospital and enter an affiliation with one of the major Healthcare Systems on Oahu.
3. **Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results**
WGH has a financial monitoring process that reviews its financial status monthly, including staffing ratios for efficiency. WGH is The Joint Commission (formerly JACHO) accredited and maintains the quality assurance plans for patient care. In addition, WGH is certified by the Centers for Medicare and Medicaid (CMS), participates in the Hospital Quality Initiative, and regularly reports its 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 the quality of patient care, WGH will continue to sustain its on-going monitoring and evaluation of quality initiatives in conjunction with the planned changes.
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.**

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 WGH treats patients who come to the hospital for medical emergencies.
- Readmissions, complications and deaths, which measure the 30-day death (mortality) rates and 3-day readmission rates, surgical complications, and healthcare-associated infection measures.
- Patients' experiences, which uses the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) standardized survey instrument and data collection methodology for measuring patients' perspectives on hospital care.

For financial effectiveness, the key financial operating measures include:

- Standard Financial Reports including net operating income which reflects the results of WGH's revenues against its expenses, reported monthly and year to date
- Net cash from operating activities, reported monthly and on a year to date basis

III. Financial

Budget

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

See enclosed forms

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
\$625,000	\$625,000	\$625,000	\$625,000	\$2,500,000

3. **The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2016.**

Due to the lack of operating funds to set aside for capital improvement, in fiscal year 2014 and 2015, WGH initiated capital funding requests to assist in maintaining and improving the hospital facility. These include:

- City and County of Honolulu, Grant-in-Aid for emergency room equipment which includes physiological monitors, nurse call system, ultrasound, slit lamp, intravascular temperature management, ventilators, and others greatly needed.
- From the City and County of Honolulu, Community Development Block Grant program for other needed equipment replacements, and
- From private foundations for renovation of the emergency room.
- These funding requests were for capital funds only.
- In addition, the hospital is the recipient of a CIP grant of \$3.5 million to remodel the Emergency Room. It is expected to be completed in September 2015.

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. The only exception being an occasion where for certain electro mechanical HVAC or electrical system upgrades there would be some type of tax credits to a financing company or contractor which could indirectly involve WGH.

5. **The applicant shall provide the balance of its unrestricted current assets as of December 31, 2014.**

As of December 31, 2014, WGH had an unrestricted current asset deficit of \$-20.9 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 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.

Experience. WGH is led by a CEO who for the last eight years prior to West's reopening 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. There are no related projects or contracts in the recent three years other than the Emergency Room Remodel described above.

B. Facilities

Wahiawa General Hospital is a 53-bed general acute care hospital with emergency services and a 107-bed skilled nursing unit, located in the town of Wahiawa on four acres bound by Lehua Avenue, Kilani Avenue, Center Street, and N. Cane Street. 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 (WGH) 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 Board Certified community physicians, financial executives, military, a large land management executive, engineer, attorney, and community residents, and
- The CEO experienced in mergers and management of multi-hospital systems, acquisitions of acute care and skilled nursing facilities, turnarounds major hospital systems, management of clinics and outpatient services, physician practice management, strategic planning, capital planning and financing.

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:

- R. Don Olden, CEO, \$219,240
- Shelly Irwin, Pharmacy Manager, \$164,536
- Karen Fernandez, Financial Services Manager, \$158,904

As reported in the latest available Return of Organization Exempt Income Tax Form 990, for Wahiawa General Hospital, for the fiscal year ending 6/30/2013.

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, 2015 to June 30, 2016)

Applicant: Wahiawa General Hospital

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST	\$500,000			
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. Patient Bad Debt & Charity Care	\$1,500,000			
10.				
11. Hospitalist Physicians	\$500,000			
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
TOTAL OTHER CURRENT EXPENSES	2,500,000			
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	\$2,500,000			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	\$2,500,000	R. Don Olden	621-4211	
(b)		Name (Please type or Print):		
(c)		R. Don Olden	1/28/15	
(d)		Signature of Authorized Official _____ Date		
TOTAL BUDGET	\$ 2,500,000	Name and Title (Please type or print) R. Don Olden, CEO		

BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: Wahiawa General Hospital

Period: July 1, 2015 to June 30, 2016

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
				\$ -
				\$ -
	NOT APPLICABLE			\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Wahiawa General Hospital

Period: July 1, 2015 to June 30, 2016

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, 2015 to June 30, 2016

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, HAWAII 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 _____

(Typed Name of Individual or Organization)

(Signature)

1/28/2015 _____
(Date)

R. Don Olden _____ CEO _____
(Typed Name) (Title)

The Wahiawa Hospital Association and Affiliates
Combined Balance Sheets
Fiscal Years 2015 and 2014
As of December 31, 2014

	<u>Six Months</u> <u>12/31/2014</u>	<u>12 Months</u> <u>6/30/2014</u>
Assets		
Current assets:		
Cash and cash equivalents	(\$0)	\$446,851
Patient accounts receivable (less allowance for uncollectible accounts)	8,291,204	9,533,660
Accrued interest	0	0
Other receivables	226,393	682,557
Third-party insurance receivable	89,358	89,358
Inventories	486,026	446,731
Prepaid expenses and other current assets	724,205	783,237
Total current assets	9,817,187	11,982,394
Assets whose use is limited or restricted:		
Board designated for debt service or capital improvements	0	0
Temporarily restricted by donor	385,985	899,169
Permanently restricted by donor	4,941,135	4,941,135
Collateral held for EFT	868,220	868,220
Total assets whose use is limited or restricted	6,195,340	6,708,524
Property, plant and equipment	7,360,909	6,873,526
Other assets	1,370	1,370
Total assets	\$23,374,805	\$25,565,814
Liabilities and net assets		
Current liabilities:		
Accounts payable	6,664,272	6,217,928
Accrued expenses	2,917,458	2,527,962
Accrued interest	0	0
Third Party Insurance Payable	0	0
Long Term Debt, current portion	0	0
Total current liabilities	9,581,731	8,745,890
Capital lease obligations, less current portion	360,870	450,622
Long Term Debt, less current portion	1,635,648	2,022,733
Accrued pension liability	17,563,383	17,563,383
Pension Excise Tax Liability	9,726,858	9,726,858
Due to WGH/WHA	0	0
Total non-current liabilities	29,286,759	29,763,596
Net assets:		
Unrestricted	(20,857,495)	(18,820,676)
Temporarily restricted	422,676	935,869
Permanently restricted	4,941,135	4,941,135
	(15,493,684)	(12,943,672)
Total liabilities and net assets	\$23,374,805	25,565,814

The Wahiawa Hospital Association and Affiliates
Combined Statements of Unrestricted Revenues and Expenses

	FY 2015 12/31/2014	Six Months FY 2015 12/31/2014	Six Months FY 2014 12/31/2013	Six Months Change 2015 vs 2014 inc (dec)
	MTD	YTD	YTD	
REFERENCE ONLY				
Hospital & SNF Net PR	3,691,875	20,830,042	25,696,664	(4,866,622)
PCM revenues	0	0	450,000	(450,000)
IME revenues	58,333	350,000	350,000	0
DME revenues	116,666	700,000	700,000	0
Net Patient Revenue	3,866,874	21,880,042	27,196,664	(5,316,622)
Unrestricted revenues, gains, and other support				
Patient Revenue	9,876,767	55,331,941	65,469,028	(10,137,087)
Deductions to Revenue	(5,861,740)	(32,884,337)	(36,721,132)	3,836,795
Provision for Bad Debt	(148,152)	(567,562)	(1,551,232)	983,670
Net Patient Revenue	3,866,874	21,880,042	27,196,664	(5,316,622)
Hospital snack bar	19,027	137,792	173,224	(35,432)
Rental income	29,397	176,480	153,981	22,499
Investment income	681	5,800	6,073	(274)
State Support	73,789	437,987	447,487	(9,500)
Hospitalist Program	0	0	0	0
Bad Debt Reimbursement	0	0	0	0
Meaningful Use Income	75,000	450,000	400,000	50,000
Contributions	100	7,978	2,001	5,977
Provider Tax Income	167,146	997,974	1,198,558	(200,584)
Miscellaneous	1,917	41,897	32,614	9,283
Total revenues, gains, and other support	4,233,932	24,135,949	29,610,602	(5,474,653)
Expenses				
Salaries and benefits	2,790,739	16,721,750	18,274,712	(1,552,962)
Professional fees	261,273	1,882,253	2,072,130	(189,877)
Other purchased services	449,036	2,209,756	2,289,842	(80,087)
Drugs and supplies	493,176	2,940,944	3,566,234	(625,290)
Utilities	141,716	897,989	882,603	15,385
Repair and maintenance	158,308	784,420	761,550	22,870
Depreciation and amortization	114,500	687,000	504,990	182,010
Insurance	60,723	345,974	356,787	(10,813)
Interest	12,137	79,916	117,266	(37,350)
Provider Tax Expense	77,128	462,768	441,500	21,268
Other expenses	3,001	672,040	748,885	(76,845)
Total expenses	4,561,737	27,684,810	30,016,499	(2,331,690)
Operating Income (Loss)	(327,805)	(3,548,860)	(405,897)	(3,142,964)
Plus: ER Grant Funds	523,985	949,531	0	949,531
Unrestricted revenues over expenses (net income)	196,180	(2,599,329)	(405,897)	(2,193,433)

WAHIWA GENERAL HOSPITAL ORGANIZATION CHART

