
HOUSE RESOLUTION

REQUESTING THE GOVERNOR AND THE LEGISLATURE OF THE STATE OF
HAWAII TO PROVIDE IMMEDIATE AND EMERGENT FINANCIAL
ASSISTANCE TO WAHIAWA GENERAL HOSPITAL.

1 WHEREAS, Wahiawa General Hospital (WGH), a section
2 501(c)(3) nonprofit community hospital incorporated in the State
3 of Hawaii, is in serious and imminent danger of financial
4 failure and the inevitable closure of its facilities unless
5 immediate financial assistance from the State is provided; and
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7 WHEREAS, having served the healthcare needs of residents in
8 the Central Oahu and North Shore areas of the State since 1944,
9 WGH has and remains the only rural independent nonprofit,
10 general acute care hospital within the State; and
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12 WHEREAS, beginning as a basic outpatient clinic for
13 plantation workers, military personnel, and other Central Oahu
14 residents, WGH has grown into a hospital that provides complex
15 emergency services, surgery, general acute care, senior
16 behavioral health, outpatient clinics, and long-term care
17 skilled nursing; and
18

19 WHEREAS, among other things, WGH:

- 20
- 21 (1) Is currently licensed for 53 inpatient acute care beds
22 and 107 skilled nursing beds;
23
 - 24 (2) Provides emergency services, including radiology and
25 diagnostic imaging studies, laboratory, inpatient
26 intensive care and telemetry services, as well as
27 inpatient medical surgical services, senior behavioral
28 health, skilled nursing and outpatient services;
 - 29 (3) Is staffed by board certified physicians, registered
30 nursing staff, and emergency personnel who provide



1 vital medical services for the community of Wahiawa
2 and its surrounding areas;

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4 (4) Remains a critical link in Oahu's integrated emergency
5 services network, providing necessary emergency
6 services covering an area populated by 60,000
7 citizens;

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9 (5) Houses a modernized and recently renovated emergency
10 room, offering its patients innovative and medically
11 advanced care and treatment; and

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13 (6) Serves a 30-mile contiguous area from Waialua to
14 Kahuku on the North Shore through Wahiawa and Mililani
15 -- most of which is connected by a two-lane road; and
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17 WHEREAS, WGH and its emergency services are critical to the
18 community and area in which they serve; and
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20 WHEREAS, the next closest hospital and emergency services
21 facility is located at either The Queen's Medical Center West
22 located in Ewa Beach or Pali Momi Medical Center located in
23 Aiea, which are both approximately 14 miles and 13 miles away
24 from WGH, respectively; and
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26 WHEREAS, WGH is a major employer in the Central Oahu area,
27 creating and maintaining a work force of approximately 600
28 employees (380 full-time equivalent), with approximately 90
29 percent of its employees living within Wahiawa, or its
30 surrounding areas of Kahuku, Haleiwa, Waialua, Wahiawa,
31 Mililani, and West Oahu; 8 percent being residents of Honolulu;
32 and the remaining 2 percent from Kailua; and
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34 WHEREAS, because WGH is the largest private employer in
35 Wahiawa, its continuous presence, effective maintenance, and
36 survival are vital not only to the town and its residents
37 economically, but absolutely necessary to the public health,
38 safety, and welfare of the residents of the State, visitors to
39 the North Shore, and military families; and



1 WHEREAS, WGH's annual budget comprises payroll, physician
2 and professional fees, supplies, and other annual expenditures,
3 including overhead and other operating expenses resulting in
4 ongoing negative cash flow, as well as several extraneous
5 factors, that have ultimately compromised the survival of the
6 hospital; and
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8 WHEREAS, with the reopening of The Queen's Medical Center
9 West in May 2014, WGH has suffered approximately a 14 percent
10 reduction in patient revenues resulting in a \$7.5 million
11 revenue decline in the first twelve months after the Queen's
12 West opening, which would in most cases cause a small, private
13 hospital to fail outright; and
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15 WHEREAS, in response to revenue decline, WGH was required
16 to reduce its staff by approximately 75 full-time equivalent
17 employees and has been forced to eliminate important programs to
18 survive; and
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20 WHEREAS, in addition, Wahiawa has experienced a major
21 outflow of primary care physicians and specialist physicians to
22 outlying medical centers throughout the State, the mainland, and
23 to retirement, resulting in a hospitalist-driven facility to
24 treat patients admitted to inpatient services; and
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26 WHEREAS, hospitalists are expensive hospital-based
27 physicians who cost the hospital \$650,000 annually, without
28 compensating insurance company reimbursement, to treat
29 inpatients when necessary community-based physician
30 infrastructures are inadequate; and
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32 WHEREAS, community physician shortages have created
33 additional expenditures of over \$1.7 million dollars to pay and
34 support the hospitalists, on-call surgeons, and
35 anesthesiologists; and
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37 WHEREAS, historically, for 23 years, WGH has supported the
38 Family Medicine Residency Program (FMRP) of the John A. Burns
39 School of Medicine at the University of Hawaii at Manoa, which
40 costs approximately \$1 million to \$2 million dollars annually in
41 unfunded costs; and



1 WHEREAS, in effect, WGH has helped (and has been honored to
2 do so) the State develop over 100 family medicine physicians;
3 and
4

5 WHEREAS, over the years, WGH has spent over \$24 million in
6 operating cash reserves on the FMRP that were needed to fund
7 other hospital programs and facility improvements; and
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9 WHEREAS, however, in 2014, WGH was forced to discontinue
10 funding and initiate restructuring to the entire FMRP; and
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12 WHEREAS, despite acknowledgement of the importance of the
13 FMRP, WGH could no longer reconcile seeking funds for the
14 program when funds are now necessary for the hospital's
15 survival; and
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17 WHEREAS, WGH serves a largely low-income and elderly
18 population with over 85 percent of WGH's patient revenues
19 received from treating Medicare and Medicaid patients; and
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21 WHEREAS, additionally, many WGH patients are from the
22 Wahiawa Neighborhood Revitalization Strategy Area, a federally-
23 designated distressed community; and
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25 WHEREAS, these government programs do not pay the true cost
26 of treating their program beneficiaries; and
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28 WHEREAS, WGH cannot negotiate increased payments from the
29 Medicare and Medicaid programs; and
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31 WHEREAS, as a general rule, all hospitals treating a large
32 percentage of Medicare and Medicaid patients must have large
33 endowments or receive state subsidies to survive; and
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35 WHEREAS, billing and collection for Medicaid patients in
36 Hawaii is extraordinarily difficult and costly due to billing of
37 up to five different QUEST insurance plans, all of which do not
38 cover the cost of treating Medicaid patients; and
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40 WHEREAS, when compared to other state-run rural hospitals
41 under the Hawaii Health Systems Corporation, and even
42 considering similar problems, WGH has traditionally been more
43 efficient on an operating-margin basis; and



1 WHEREAS, in addition, the Wahiawa and surrounding areas,
2 including North Shore, have and continue to see growth in the
3 homeless population, a proportion of which has required
4 immediate and in some instances repeated emergency medical
5 attention from WGH and its emergency services; and
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7 WHEREAS, services rendered to the homeless serve an
8 important and necessary need; and
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10 WHEREAS, however, WGH absorbs the costs associated with
11 uninsured treatments, thus further diminishing WGH's very
12 limited resources; and
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14 WHEREAS, despite WGH's exclusion from participation as a
15 member of a larger scale health system -- differentiating it
16 from other Hawaii based and state subsidized hospitals -- it is
17 still required to and did comply with the mandates of the
18 federal Patient Protection and Affordable Care Act (ACA) related
19 to Meaningful Use and Quality Reporting; and
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21 WHEREAS, compliance increased WGH's cost for information
22 systems, nursing, and quality functions by over \$2.5 million per
23 year without offsetting any patient revenues; and
24

25 WHEREAS, employee health insurance costs -- under the
26 Hawaii Medical Service Association (HMSA) and ACA mandates on
27 HMSA -- have increased from \$3 million to \$4 million per year
28 for a smaller employee base; and
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30 WHEREAS, despite WGH's nonprofit community hospital status
31 and lack of similar financial assistance that had been provided
32 to Hawaii Health Systems Corporation hospitals, WGH has remained
33 dedicated to its patient care mission; and
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35 WHEREAS, WGH had previously sought assistance from the
36 State without success and is now forced to address its dire
37 financial status due to national and local changes in
38 healthcare; and



1 WHEREAS, on January 30, 2015, WGH submitted a grant-in-aid
2 request in an amount of \$2.5 million for emergency support to
3 this Legislature for fiscal year 2016, which would still render
4 WGH eligible to receive funds associated with the grant-in-aid
5 request; and

6
7 WHEREAS, to help mitigate serious cost deficiencies, WGH
8 restructured the FMRP, cancelled Home Health and physical
9 therapy outpatient programs, and reduced its staff; and

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

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15 WHEREAS, the closure of WGH will have devastating effects
16 on public health, safety, and welfare, not only on the residents
17 of Wahiawa, but also on the surrounding areas and the island of
18 Oahu as whole; and

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

25
26 WHEREAS, in some medical emergency cases, the inability to
27 access WGH and its emergency services requires further travel to
28 the next closest hospital in Ewa or Aiea, which could be an
29 issue of life and death for patients; and

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31 WHEREAS, it is imperative that WGH's emergency services
32 continue for the safety of rural area residents and patients
33 that WGH serves; and

34
35 WHEREAS, in addition to the overwhelming health and safety
36 concerns, the closure of WGH would have devastating economic
37 impact and result in the loss of approximately 600 jobs, as well
38 as requiring other hospitals in the State to absorb these
39 losses; and

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41 WHEREAS, to allow WGH to succumb to a financial death is
42 contrary to public policy and the Administration's inclusion and



1 designation of Wahiawa as an area for economic growth through
2 revitalization and development of agriculture in Hawaii; and
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4 WHEREAS, the extreme dangers associated with the closure of
5 WGH require serious attention from the State; and
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7 WHEREAS, emergency funds must be made available to continue
8 WGH's operations for the benefit of the health, safety, and
9 welfare of residents of the 30-mile contiguous area in which it
10 has, and dutifully will continue to, protect and serve with
11 necessary assistance from the State; and
12

13 WHEREAS, the Legislature declares that the medical facility
14 and services provided by WGH are vital and necessary to the
15 public interest and for the public health, safety, and welfare,
16 and to further assist in the improvement of the health care
17 system for residents of Wahiawa and the State; now, therefore,
18

19 BE IT RESOLVED by the House of Representatives of the
20 Twenty-eighth Legislature of the State of Hawaii, Regular
21 Session of 2016, that this body urges the Governor to provide
22 financial assistance to WGH in a sufficient amount to enable WGH
23 to operate while developing a new business model, including
24 potential ways to create partnerships with the private sector to
25 enable WGH to continue its vital operations, while establishing
26 a new business model that provides self-sufficiency, including
27 potential discussions with other hospitals and organizations,
28 such as:
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- 30 (1) The Queen's Medical Center;
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- 32 (2) Hawaii Pacific Health;
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- 34 (3) Shriners' Hospitals for Children;
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- 36 (4) Kuakini Medical Center;
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- 38 (5) Rehabilitation Hospital of the Pacific;
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- 40 (6) Castle Medical Center;
- 41
- 42 (7) Tripler Army Medical Center;



- 1 (8) United States Army;
- 2
- 3 (9) HMSA;
- 4
- 5 (10) Kaiser Permanente;
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- 7 (11) St. Francis Medical Healthcare;
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- 9 (12) Hawaii Health Systems Corporation;
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- 11 (13) Hawaii State Hospital;
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- 13 (14) Hawaii Nurses Association;
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- 15 (15) Hawaii Emergency Physicians Associated;
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- 17 (16) United Public Workers; and
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- 19 (17) International Longshore and Warehouse Workers; and
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21 BE IT FURTHER RESOLVED that the Governor convene meeting
 22 with the Director of Health, Director of Human Services, Chief
 23 Executive Officer of the Hawaii Health Systems Corporation, and
 24 the Administrator of the State Health Planning and Development
 25 Agency, or their respective designees, to identify opportunities
 26 to assist WGH in continuing its operations; and
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28 BE IT FURTHER RESOLVED that Hawaii's Congressional
 29 Delegation support WGH in providing a continuum of care in the
 30 State by seeking resources to support WGH, including resources
 31 for rural healthcare facilities and distressed communities; and
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33 BE IT FURTHER RESOLVED that the Legislature take all steps
 34 necessary to provide sufficient funds to enable WGH to continue
 35 to provide uninterrupted medical services while WGH, its Board,
 36 and interested parties seek potential affiliation with a larger
 37 business partner to create a more effective integration of
 38 clinical and non-clinical services and to create a more
 39 efficient business model, to support its already vulnerable
 40 business in light of expensive federal mandates related to
 41 compliance, physician shortages, and other issues as described
 42 that continue to push the hospital toward insolvency; and



1 BE IT FURTHER RESOLVED that certified copies of this
2 Resolution be transmitted to the Governor; Speaker of the House
3 of Representatives; President of the Senate; Director of Health;
4 Director of Human Services; Director of Business, Economic
5 Development, and Tourism; Director of Labor and Industrial
6 Relations; Mayor of the City and County of Honolulu; Director of
7 Emergency Services of the City and County of Honolulu; members
8 of Hawaii's Congressional Delegation; Chief Executive Officers
9 of The Queen's Medical Center, Hawaii Pacific Health, Shriners'
10 Hospital for Children, Kuakini Medical Center, Rehabilitation
11 Hospital of the Pacific, Castle Medical Center, Kaiser
12 Permanente, HMSA, St. Francis Medical Healthcare, Hawaii Health
13 Systems Corporation, Hawaii Primary Care Association, Hawaii
14 State Hospital; Hawaii Emergency Physicians Associated; and
15 Hawaii Nurses Association; Commanding General of the United
16 States Army Pacific; Commander of Tripler Army Medical Center;
17 Directors of the International Longshore and Warehouse Workers
18 and United Public Workers; Chairs of Neighborhood Boards Nos. 21
19 (Pearl City), 22 (Waipahu), 25 (Mililani/Waipio/Melemanu), 26
20 (Wahiawa), 27 (North Shore), and 32 (Ewa); and Chief Executive
21 Officers of Wahiawa Community and Business Association, Whitmore
22 Community Association, Wahiawa Community and Development
23 Organization, Leilehua Alumni and Community Association, and
24 WGH.

