
A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST WAHIAWA GENERAL HOSPITAL.

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

1 SECTION 1. The legislature finds that the refinancing of
2 outstanding debt obligations of a health care facility with the
3 proceeds of bonds issued by the State in order to improve the
4 ability of the facility to continue to serve the needs of the
5 residents of its immediate community and the entire State to be
6 in the public interest.

7 Over the past fifteen years, Wahiawa general hospital has
8 experienced severe financial difficulties due to circumstances
9 beyond its control. These circumstances have included the
10 reopening of Queen's Medical Center West Oahu in Ewa, Oahu;
11 reductions in medicare, medicaid, and private insurance
12 reimbursements; the ongoing shortage of physicians in the State
13 and, in particular, central Oahu; new requirements under the
14 federal Patient Protection and Affordable Care Act; uncertainty
15 in the availability of state and federal funding caused by
16 instability in federal health care policy; and an increasing



1 need for provision of indigent care, which includes the homeless
2 population.

3 When Hawaii Medical Center-West closed in 2012, Wahiawa
4 general hospital's cases for acute inpatient care nearly doubled
5 and ambulance visits increased by twenty per cent because
6 patients who would have gone to Hawaii Medical Center-West were
7 diverted to Wahiawa general hospital. The Wahiawa general
8 hospital emergency room, which was originally designed to handle
9 ten thousand cases per year, treated over twenty thousand cases
10 annually during the 2012 to 2015 period when Wahiawa general
11 hospital was the only available facility in the region. To meet
12 this increase in demand, Wahiawa general hospital hired more
13 staff and made improvements to the emergency room. However,
14 when Hawaii Medical Center-West was purchased by the Queen's
15 Medical Center West Oahu, the number of emergency room cases
16 sent to Wahiawa general hospital decreased significantly,
17 leading to a drop of approximately twenty per cent per month.

18 The legislature further finds that many individuals who are
19 seniors, disabled, or poor receive their health insurance
20 coverage through the federal medicare or state medicaid
21 programs. Both of these programs have limitations on the



1 amounts that are paid to health care providers for services
2 rendered, as specified by law. From a narrow economic
3 standpoint, the provision of services to individuals who are
4 covered by medicare and medicaid represents a financial loss to
5 physicians and hospitals. More than eighty-five per cent of the
6 patients at Wahiawa general hospital are covered under medicare
7 or medicaid. Only fourteen per cent of admissions are for
8 patients with private insurance. There are far too few
9 privately-insured patients in Wahiawa general hospital's patient
10 population, whose private insurance reimbursement rates are much
11 higher, to adequately offset the losses generated by inadequate
12 reimbursements for the medicare and medicaid patients.
13 Accordingly, financial losses caused by treating medicare and
14 medicaid patients have been absorbed by Wahiawa general
15 hospital. By law, Wahiawa general hospital is required to treat
16 patients for emergency care, regardless of ability to pay. More
17 importantly, it is the mission of Wahiawa general hospital,
18 first and foremost, to provide quality health care close to home
19 for the communities of central Oahu and the North Shore, but
20 also to serve as an integral part of the health care network
21 serving all of the people of Oahu and the State.



1 The purpose of this Act is to authorize the issuance of
2 special purpose revenue bonds to facilitate the consolidation,
3 liquidation, or both of the long-term debt of Wahiawa general
4 hospital in order to facilitate the continued operation as a
5 health care facility providing for the health, welfare, and
6 safety of the citizens of central Oahu, and the people of the
7 State.

8 The legislature further finds and declares that the
9 issuance of special purpose revenue bonds under this Act is in
10 the public interest and for the public health, safety, and
11 general welfare.

12 SECTION 2. Pursuant to part II, chapter 39A, Hawaii
13 Revised Statutes, the department of budget and finance, with the
14 approval of the governor, is authorized to issue special purpose
15 revenue bonds in a total amount not to exceed \$12,000,000, in
16 one or more series, for the purpose of assisting Wahiawa general
17 hospital, a Hawaii corporation, for debt consolidation, debt
18 liquidation, or both, necessary to allow its continued operation
19 preserving the health and safety of the central Oahu community
20 and the State. The legislature hereby finds and determines that
21 the consolidation, liquidation, or both, of the long-term debt



1 of Wahiawa general hospital constitutes a project as defined in
2 part II, chapter 39A, Hawaii Revised Statutes, and the financing
3 thereof is assistance to a not-for-profit enterprise that
4 provides health care facilities to the general public.

5 SECTION 3. The special purpose revenue bonds and the
6 refunding special purpose revenue bonds issued under this Act
7 shall be issued pursuant to part II, chapter 39A, Hawaii Revised
8 Statutes, relating to the power to issue special purpose revenue
9 bonds to assist not-for-profit corporations that provide health
10 care facilities to the general public.

11 SECTION 4. The department of budget and finance is
12 authorized, from time to time, including times subsequent to
13 June 30, 2021, to issue special purpose revenue bonds in
14 whatever principal amounts the department shall determine to be
15 necessary to refund the special purpose revenue bonds authorized
16 in section 2 and to refund special purpose revenue bonds
17 authorized in this section, regardless of whether the
18 outstanding special purpose revenue bonds or refunding special
19 purpose revenue bonds have matured or are the subject of
20 redemption or whether the refunding special purpose revenue
21 bonds shall be bonds for the multi-project programs described in



1 section 2. In making this determination, the department shall
2 comply with federal law relating to the exemption from federal
3 income taxation of the interest on bonds of the nature
4 authorized by this section.

5 SECTION 5. The authorization to issue special purpose
6 revenue bonds under this Act shall lapse on June 30, 2026.

7 SECTION 6. This Act shall take effect on July 1, 2060.



H.B. NO. 706 H.D. 1

Report Title:

SPRB; Wahiawa General Hospital; Debt Restructuring; Debt Refinancing

Description:

Authorizes the issuance of special purpose revenue bonds for long-term debt restructuring of Wahiawa general hospital. Effective 7/1/2060. (HD1)

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