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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 706, H.D. 1

**February 24, 2021
2:00 P.M.
Via Videoconference**

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

The Department of Budget and Finance offers the following comments on House Bill No. 706, H.D. 1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist the Wahiawa General Hospital, a Hawaii corporation, with debt consolidation, debt liquidation, or both, to allow its continued operation as a health care facility providing for the health, welfare, and safety of the citizens of central Oahu and the people of the State, pursuant to Part II, Chapter 39A, Hawaii Revised Statutes.

The Department recommends an amendment to Section 4 of the bill, as follows (deleted language striked through; new language underlined):

“SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, ~~2021~~ 2026, to issue special purpose revenue bonds...”

The amendment to Section 4 will allow the special purpose revenue bonds to be refunded after the sunset date of the authorization.

The Department would like to inform the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link: <http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.



WAHIAWA-WHITMORE VILLAGE NEIGHBORHOOD BOARD NO. 26

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House of Representatives
The Thirty-First Legislature
Regular Session of 2021 State of Hawai'i
Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J. K. Cullen, Vice-Chair

**Testimony in STRONG SUPPORT of H.B. 706, HD1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST
WAHIAWĀ GENERAL HOSPITAL
Hearing Date: February 24, 2021 Hearing Time: 2:00 p.m.
Conference Room 308 via Videoconference**

February 23, 2021

Aloha Chair Luke, Vice-Chair Cullen, and Members of the Committee:

The Wahiawā-Whitmore Village Neighborhood Board No. 26 submits this testimony in strong support of H.B. 706, HD1 Relating to the Issuance of Special Purpose Revenue Bonds to Assist Wahiawā General Hospital.

Brian Cunningham, Chief Executive Officer of Wahiawā General Hospital (WGH) appeared before the Wahiawā-Whitmore Village Neighborhood Board No. 26 (NB26) meeting on Monday, February 22, 2021, to provide an update on WGH, as well as to inform us of the scheduled Hearings for H.B. 706 and S.B. 506. NB26 was apprised of the hospital's financial difficulties over the last 15 years or so, facing challenges such as the re-opening of the Queen's Medical Center West Oahu in 'Ewa; reductions in Medicare, Medicaid, and private insurance reimbursements; shortage of physicians throughout the State and Central O'ahu; new requirements under the Federal Patient Protection and Affordable Care Act; uncertainty of state and federal funding caused by instability in the federal health care policy; and the increasing need for provision of indigent care, which includes the homeless population.

Notwithstanding, Wahiawa General Hospital responded to the State's call for help for the establishment of a COVID-19 Sub-Acute Isolation Unit to address the healthcare needs of the entire State during this global pandemic. The program has proven successful; unfortunately, the program was not fully funded and WGH continues to support and manage the program for the greater good.

There was overwhelming support for the hospital at last night's NB26 meeting, and we request your support of H.B. 706, HD1 which will assist WGH in addressing outstanding indebtedness and ensuring its future plans can be fulfilled to meet the growing needs of our communities.

Wahiawā General Hospital is very, very special to us as its roots run deep in Wahiawā, but it must be remembered that this hospital is important to everyone for the services it provides to locals and tourists alike, island-wide and from around the State.

Mahalo for your time and consideration of our testimony in strong support of H.B. 706, HD1.

Peace,
Jeanne Ishikawa
Chair, WWV NB26



WAHIAWA GENERAL HOSPITAL

To: Honorable Sylvia Luke, Chair
Honorable, Ty J.K. Cullen, Vice-Chair
House Finance Committee

Date: Monday, February 22nd, 2021

RE: Support for: H.B. No. 706 - Relating to the Issuance of Special Purpose Revenue Bonds to Assist Wahiawa General Hospital

I, Brian Cunningham, the CEO of Wahiawa General Hospital, testify in support of H.B. No. 706, Relating to the Issuance of Special Purpose Revenue Bonds to Assist Wahiawa General Hospital:

Over the past fifteen years, Wahiawa General Hospital (WGH) has experienced severe financial difficulties due to circumstances beyond its control. These circumstances have included the reopening of Queen's Medical Center West Oahu in Ewa, Oahu; reductions in Medicare, Medicaid, and private insurance reimbursements; the ongoing shortage of physicians in the State and in particular, central Oahu; new requirements under the federal Patient Protection and Affordable Care Act; uncertainty in the availability of state and federal funding caused by instability in federal health care policy; and an increasing need for provision of indigent care, which includes the homeless population. Additionally, in this past year, the COVID 19 pandemic has created even further financial challenges for WGH, as the State's only small, independent community hospital.

Yet through the commitment of many key stakeholders, WGH has continued to evolve its place in the continuum of care in Hawaii, and to continue to provide critical services for Central Oahu, the North Shore and the citizens of the State of Hawaii, such as with the opening of the island's much needed COVID 19 Sub-Acute isolation unit.

Through the implementation of its long-term strategic plan, and in collaboration with the Wahiawa Hospital Association and other key healthcare partners such as Queen's Health Systems, WGH has a bright future ahead of it with the plans coming together around the future Healthcare Campus at the Koa Ridge master development plan, and with the future Wahiawa Hospital Campus development plan.

Because the full development and implementation of these plans are still several years away, WGH must more immediately address the accumulated past indebtedness which continues to strain its finances. With the proceeds of the requested Special Purpose Revenue Bond, WGH will be able to restructure the aforesaid debt and position the organization to continue its long-standing mission of serving the healthcare needs of Central Oahu and the North Shore.

Many of our citizens depend on WGH for their critical healthcare service needs. Additionally, WGH serves as the major employer in the town of Wahiawa. Through the dedicated work of the Board and the employees of WGH, and with the support of this committee and the Legislature for requested Special Purpose Revenue Bond authorization, WGH will continue its service to the community and the island long into the future.

Respectfully,

Brian Cunningham, CEO, Wahiawa General Hospital



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LOCAL 142

The Thirty-First Legislature
Regular Session of 2021

THE HOUSE
Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair
State Capitol, Videoconference
February 24, 2021; 2:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 706, H.D.1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST WAHIAWA GENERAL HOSPITAL**

The ILWU Local 142 **supports** H.B. 706, H.D.1, which authorizes the issuance of special purpose revenue bonds for long-term debt restructuring of Wahiawa General Hospital.

With the recent announcement that the Koa Ridge Hospital has been cancelled, it is more important than ever to keep Wahiawa General Hospital afloat. The Mililani, Wahiawa and surrounding communities rely on Wahiawa General for their healthcare needs. The next closest hospital is in Ewa Beach which is miles away from some of these communities and could lead to health complications for certain medical emergencies.

In addition, Wahiawa General provides good-paying jobs to residents in the community and the loss of the hospital or reduction in staff could hurt a community that is already economically struggling. We strongly support the issuance of special purpose revenue bonds for long-term debt restructuring of Wahiawa General Hospital to keep the community healthy and to keep the community employed.

Thank you for the opportunity to testify.