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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
ON
SENATE BILL NO. 506, S.D. 2, H.D. 1

March 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 Senate Bill No. 506, S.D. 2, H.D. 1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist the Wahiawa General Hospital, a Hawaii nonprofit corporation, with debt consolidation, debt liquidation, or both, necessary to allow its continued operation preserving the health and safety of the central Oahu community and the State pursuant to Part II, Chapter 39A, Hawaii Revised Statutes.

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 GENERAL HOSPITAL

To: Honorable Aaron Ling Johanson, Chair
Honorable Lisa Kitagawa, Vice Chair
Committee on Consumer Protection & Commerce

Date: Wednesday March 24th, 2021

RE: Support for: SB506 SD2, HD1 - 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 SB506 SD2, HD1, 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 Submitted,

Brian Cunningham, CEO, Wahiawa General Hospital



President

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March 23, 2021

Chair Johanson, Vice Chair Kitagawa , and the members of the House Committee on Consumer Protection and Commerce,

Hawaii Nurses' Association is in **Strong support of S.B 506, S.D.2, H.D.1, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST WAHIAWA GENERAL HOSPITAL.**

By refinancing the outstanding debt obligations of Wahiawa General Hospital with the proceeds of bonds issued by the State, it will improve the ability of the facility to continue it's operation as a health care facility providing for the health, welfare, and safety of the residents of central Oahu and the people of the State.

Hawaii Nurses Association respectfully requests that **S.B 506, S.D. 2, H.D.1, be passed to in order to allow Wahiawa Hospital to continue serving the community of Central Oahu.**

Aloha,

Daniel Ross
President HNA