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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 FINANCE  
ON  
SENATE BILL NO. 506, S.D. 2, H.D. 1

**April 7, 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

**LATE**

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

**Date:** Wednesday, April 7, 2021

**RE:** Support for: SB No. 506 - 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 SB No. 506, 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.

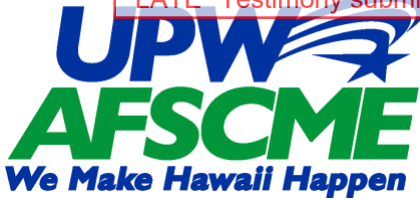
Through the implementation of its long-term strategic plan, and in collaboration with the Wahiawa Hospital Association and other key healthcare partners such as Queen's Health Systems, WGH has a bright future ahead of it with the plans coming together around the future Healthcare Campus at the Koa Ridge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



**LATE**

**HOUSE OF REPRESENTATIVES  
THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2021**

**COMMITTEE ON FINANCE**  
Representative Sylvia Luke, Chair  
Representative Ty Cullen, Vice Chair

Wednesday, April 7, 2021, 2:00 PM  
Conference Room 308

**Re: Testimony for SB506 SD2, HD1 – RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST WAHIAWA GENERAL HOSPITAL**

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public and private employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW **supports the intent of** SB506 SD2, HD1, which authorizes the issuance of special purpose revenue bond (SPRB) for long-term debt restructuring of Wahiawa General Hospital. Wahiawa General Hospital provides essential and critical medical services for residents of Central Oahu and the North Shore.

Over the past few years, Wahiawa General has faced a number of financial challenges, but as their leadership team has indicated, this SPRB would provide the facility with much needed financial support to implement its long-term strategic plan and continue to provide essential services and jobs for residents of Oahu.

Thank you for the opportunity to submit this testimony.

**LATE**

**SB-506-HD-1**

Submitted on: 4/6/2021 2:28:15 PM

Testimony for FIN on 4/7/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
cheryl B.	Individual	Support	No

Comments:

Support

The Wahiawa General hospital is integral to the community, Please support.