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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 HEALTH, HUMAN SERVICES, &  
HOMELESSNESS  
ON  
SENATE BILL NO. 506, S. D.2

**March 16, 2021**  
**9:30 A.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, 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, 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 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.



# INTERNATIONAL LONGSHORE & WAREHOUSE UNION

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## LOCAL 142

The Thirty-First Legislature  
Regular Session of 2021

### THE HOUSE

Committee on Health, Human Services, and Homelessness

Rep. Ryan I. Yamane, Chair

Rep. Adrian K. Tam, Vice Chair

State Capitol, Videoconference

Tuesday, March 16, 2021; 9:30 a.m.

### STATEMENT OF THE ILWU LOCAL 142 ON S.B. 506, S.D.2 RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST WAHIAWA GENERAL HOSPITAL

The ILWU Local 142 **supports** S.B. 506, S.D.2, 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.



## WAHIAWA GENERAL HOSPITAL

**To:** Honorable Ryan I. Yamane, Chair  
Honorable Adrian K. Tam, Vice-Chair  
House Health, Human Services & Homelessness Committee

**Date:** Tuesday, March 16<sup>th</sup>, 2021

**RE:** Support for: SB506 SD2 - 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, 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