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WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
ON
HOUSE BILL NO. 341, H.D. 1

March 10, 2025
1:00 P.M.
Room 225 and Videoconference

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST HAWAII ISLAND COMMUNITY HEALTH CENTER

The Department of Budget and Finance (B&F) offers the following comments on House Bill (H.B.) No. 341, H.D. 1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist the West Hawaii Community Health Center, Inc., a Hawaii nonprofit corporation doing business as Hawaii Island Community Health Center, to purchase or lease land on the island of Hawaii and develop primary care health care facilities pursuant to Part II, Chapter 39A, Hawaii Revised Statutes. The amount of the authorization is unspecified.

B&F 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.



Testimony to the Senate Committee on Health and Human Services

Monday March 10, 2025, 1:00 p.m.
State Capitol, Conference Room 225329
Via Video Conference

Re: HOUSE BILL 341 RELATING TO ISSUANCE OF SPECIAL REVENUE BONDS
TO ASSIST HAWAII ISLAND COMMUNITY HEALTH CENTER

Chair San Buenaventura, Vice Chair Aquino and Members of the Committee:

Thank you for the opportunity to provide comments on HB 341. This measure seeks to issue special purpose revenue bond to expand access to quality, equitable care at an affordable cost for residents of Hawai'i Island. I am testifying in **SUPPORT** of this measure,

The proposed measure is not only necessary but critical to addressing long-standing disparities in access to primary healthcare around Hawai'i Island. This Special Purpose Revenue Bond will enable Hawai'i Island Community Health Center (HICHC) to develop new facilities and expand existing ones in the Big Island districts of Puna, Hilo, North Kona, and Kau. Specifically, HICHC will add 32 new primary care exam rooms with these funds and expects to serve 15,000 additional patients yearly.

By way of background, the Hawai'i Island Community Health Center ("HICHC") is a non-profit, federally quality health center located on the Island of Hawai'i. Its main office is in Kailua Kona although the organization has 25 sites throughout the Island of Hawaii—14 fixed sites, 8 school based clinics and 3 mobile clinics. In July 2022, Bay Clinic, Inc located in Hilo, merged with the West Hawai'i Community Health Center, Inc, which is the successor entity, and was rebranded as Hawaii Island Community Health Center. The combined entity has scaled its operations and improved efficiencies in the delivery of healthcare services, so it now serves nearly 40,000 patients each year, 60% of whom are Medicaid beneficiaries. With this proposed expansion, HICHC expects to serve over 55,000 patients, or 1 in 3 residents of the Big Island.

HICHC has a staff of nearly 500, including 40 medical providers, 15 dentists (adult and pediatric), 12 behavioral health specialists, and 6 pharmacists all of whom are involved in direct patient care. HICHC services include medical, dental, behavioral health, addiction medicine, women's health, clinical pharmacy, school-based health, street medicine, care management, nutrition, patient education and outreach. These services

are offered regardless of the patients' ability to pay. In addition to providing access to appropriate, affordable, high-quality primary health care and related services, HICHC contributes significantly to the island's economy with a direct and indirect economic impact of \$225,000,000.

As evidenced above, HICHC plays a critical role in providing comprehensive, affordable, and accessible healthcare to residents who often face significant barriers to receiving timely medical attention. The current limitations in health care infrastructure, whether due to geographic isolation, financial constraints, or other shortages—underscore the necessity of supporting this expansion effort.

By issuing special purpose revenue bonds, the state can facilitate the construction of much-needed new and expanded primary care infrastructure without imposing undue financial strain on taxpayers. This investment will enable HICHC to increase its capacity to provide essential primary care services by 40%, ultimately improving health outcomes and promoting health and wellness for our island's residents.

Furthermore, this initiative will stimulate local economic growth by creating jobs in health care, construction, and support services, strengthening our community's well-being both medically and financially. Ensuring that all residents—regardless of location—have access to high-quality healthcare is a vital step toward addressing health disparities and promoting a healthier Hawai'i Island.

I urge you to support this measure and help secure the resources necessary for Hawai'i Island Community Health Center to continue its valuable service to our community.

Thank you for the opportunity to testify. Should you have any questions, please contact Richard Taaffe, HICHC CEO at 808-756-5255 or rtaaffe@hicommuityhealthcenter.org.



**Testimony to the Senate Committee on Health and Human Services
Monday, March 10, 2025; 1:00 p.m.
State Capitol, Conference Room 225
Via Videoconference**

RE: HOUSE BILL NO. 0341, HOUSE DRAFT 1, RELATING TO ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HAWAII ISLAND COMMUNITY HEALTH CENTER.

Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 0341, House Draft 1, RELATING TO ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HAWAII ISLAND COMMUNITY HEALTH CENTER.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

This measure, as received by your Committee, would authorize the issuance of an unspecified amount of Special Purpose Revenue Bonds (SPRBs) to assist Hawaii Island Community Health Center (HICHC) with the financing of the following capital improvement projects:

- (1) A 45,000 square foot medical, dental, behavioral health, pharmacy, and specialty care campus to serve the residents of Kailua-Kona;
- (2) A 10,000 square foot facility to transform an existing administrative space into a one-stop primary health care facility for women's health, pediatric care, and family medicine;
- (3) A new 10,000 square foot primary care facility to serve the residents of Pahoa and surrounding communities in Puna District; and

- (4) A 3,600 square foot building to house health care workers working at HICHC facilities located in Naalehu, Kau District.

This measure would take effect on July 1, 3000.

In 2022, Bay Clinic and West Hawaii Community Health Center, both non-profit Federally Qualified Health Centers and members of the HPCA, merged operations to become HICHC. This created an integrated system focused on quality care and the delivery of medical, dental, and behavioral health services throughout the Island of Hawaii.

Bay Clinic served patients on the east side of Hawaii Island since 1983. It was first opened as a women's health clinic in Hilo but expanded over the 40 years in service to include primary care, pediatrics, dental, mobile clinics, street medicine, and pharmacy. Over the years, Bay Clinic grew from one location with a staff of six to over 200 employees across nine facilities serving nearly 20,000 patients per year.

West Hawaii Community Health Center was established in 2003 and began operations in 2005 with an initial focus on primary care. Based on community demand, West Hawaii Community Health Center expanded its services to include behavioral health, pediatrics, dental, street medicine, substance use treatment, and clinical pharmacy services while growing from a three-exam-room clinic to 5 facilities with over 200 employees serving over 17,000 patients per year.

HICHC is an vital health care provider on Hawaii Island. The issuance of SPRBs for HICHC's capital improvements serves the public good with low risk to the people. SPRBs serve as a guarantee that assists the subject obtain financing (i.e., loans from commercial lenders). The SPRBs would only be issued if the subject defaults on the loan. SPRBs are usually issued for the financing of very large projects where it is very difficulties in finding willing lenders. By providing a guarantee that the loans will be repaid, SPRBS help private entities build facilities that ultimately will be used to service the public.

Because of this, we commend HICHC for their commitment to expanding services on Hawaii Island, and urge your favorable consideration of this measure.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.

To: The Honorable Joy A. San Buenaventura, Chair
The Honorable Henry J.C. Aquino, Vice Chair
Senate Committee on Health and Human Services

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Public Policy Manager
Sarielyn Curtis, External Affairs Specialist

Hearing: Monday, March 10, 2025, 1:00 p.m., Conference Room 225

RE: **HB 341 HD1 Relating to the Issuance of Special Purpose Revenue Bonds to Assist Hawai'i Island Community Health Center**

AlohaCare appreciates the opportunity to provide testimony in **support of HB341 HD1**, which authorizes the issuance of special purpose revenue bonds to assist Hawai'i Island Community Health Center (HICHC) to purchase or lease land on the island of Hawai'i and develop primary care health care facilities.

Founded in 1994 by Hawai'i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 70,000 Medicaid and dual-eligible health plan members on all islands. Approximately 37 percent of our members are keiki. We are Hawai'i's only health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality, whole-person care for all.

AlohaCare is committed to improving access to care, and this measure would support efforts to address long-standing disparities in access to care on Hawai'i Island. According to the 2022 and 2024 Hawai'i Physician Workforce Assessments, Hawai'i has a shortage of almost 800 doctors. Second to O'ahu, Hawai'i has the second largest physician shortage falling short of the demand by over 200 doctors. The Assessment further indicates that based on today's needs, Hawai'i Island is in need of at least an additional 20 primary care providers, not taking into account our state's aging population with the number of residents over the age of 80 expected to increase significantly in the next decade. Workforce shortages are also seen across the spectrum of healthcare workers. This shortage means that in certain areas, residents are unable to obtain timely and appropriate healthcare.

This bill would be a proactive measure to improve access to care and address the growing shortage of healthcare providers on the neighbor islands—in this case Hawai'i Island. This financing mechanism would enable HICHC to open new facilities



and expand existing facilities on Big Island, adding 32 new primary care exam rooms and serving an additional 15,000 patients annually.

HICHHC is a non-profit, federally quality health center; a critical safety-net provider. As a safety-net health plan, AlohaCare is very appreciative of the critical services our fellow safety-net partners provide for the health and well-being of our community. AlohaCare is grateful for the high-quality, comprehensive care that HICHHC provides to our members on Big Island. HICHHC currently serves about 6,500 of our members annually, which is approximately half of our membership on Big Island. We support this measure as a critical and effective way to strengthen the healthcare safety net, expand provider capacity, and improve access to care for the residents of Hawai'i Island, especially in underserved urban and rural communities.

We are grateful to this Committee for considering this measure. Mahalo for this opportunity to testify in **support** of **HB341 HD1**.