



Leaders Find Solution to GMH Debt Crisis

A release from the Governor's Office • Contact Janna Fernandez at 788-7926 or Janna.Fernandez@Guam.gov

Medical care is more expensive, more people are seeking medical care at GMH, and they don't have the ability to pay. GMH needs to focus on medical care, not on its debt. GMH needs the cash flow to concentrate on patient care. I'll be pledging \$2 million annually in Compact Impact funds to GMH for the next 10 years. That will cover the debt service needed to finance part of GMH's debt." – *Governor Eddie Baza Calvo*

Funding Source Will Cover about \$13M in GMH Debt

Governor Calvo and Sen. Rodriguez collaborated to solve about two-thirds of Guam Memorial Hospital's crippling debt. Sen. Rodriguez, along with Sens. Aline Yamashita, Tony Ada, and Rory Respicio, this afternoon introduced Bill No. 132-32 to allow the Governor to pledge Compact Impact funds as the repayment source of a previously-authorized loan GMH can take out. By allowing the use of Compact Impact funds, the Governor can pledge the funds and secure about \$13 million to pay GMH's debt.

The Crippling Effect of the Debt

GMH's debt is crippling its ability to operate. The Governor and the authors of the bill are concerned the hospital is unable to concentrate on patient care while it is so focused on cash management. The leaders also understand the major cause of the debt is unavoidable: more patients are seeking more expensive medical care they simply cannot afford to pay.

Ability to Finance Debt Was Previously Authorized, but Not Fully Used

The Thirtieth Guam Legislature previously authorized a \$25 million loan for GMH to pay its debts through P.L. 30-200; however, GMH only was able to finance about \$12 million in 2011. This means about \$13 million in financing authority remains. The use of Compact Impact funds, which is at the discretion of the Governor, as the repayment source is ideal and attractive to lenders. Sen. Rodriguez approached the Governor with this idea and the Governor agreed. P.L. 30-200 allowed repayment of the loan only from specific sources. Bill No. 132-32 amends P.L. 30-200 to allow Compact Impact funds as a repayment source.

\$2M Pledged Annually for Next 10 Years

Under this plan, the Governor will pledge \$2 million of the annual request of Compact Impact funds, pending federal approval, for the next 10 years as the repayment source for the loan.

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