

Honolulu, Hawaii

Feb 6, 2008

RE: H.B. No. 2519
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 2519
entitled:

"A BILL FOR AN ACT RELATING TO HEALTH CARE,"

begs leave to report as follows:

The purpose of this bill is to address the critical shortage
of health care professionals Hawaii is experiencing by providing
incentives for physicians and dentists to work in health
professional shortage areas (HPSA) of the state. Among other
things, this bill:

- (1) Establishes the Hawaii Rural Physician Loan Program
(Student Loan Program) for students at the University of
Hawaii John A. Burns School of Medicine (JABSOM) who
agree to participate in the Hawaii Health Corps Program
(HHCP) and work at least five years as a physician in
HPSAs of the state and as first responders during civil
defense and other emergencies;
- (2) Establishes the Hawaii Health Corps Stipend Program that
provides stipends for physicians and dentists who agree
to provide services in HPSAs of the state and as first
responders during civil defense and other emergencies;
- (3) Establishes the Hawaii Health Corps Fund; and



- (4) Increases access to quality health care in HPSAs by making the Enterprise Zone tax credits and exemptions and other business incentives available to physicians and dentists who establish or maintain practices in areas designated as Enterprise Zones.

The State Council on Developmental Disabilities, Mayor of the County of Hawaii, Kaiser Permanente, Hawaii Association of Health Plans, Hawaii Medical Service Association, Hawaii Primary Care Association, Hawaii Medical Association, Healthcare Association of Hawaii, Hawaii Psychiatric Medical Association, and Consumer Lawyers of Hawaii supported this bill. The Hawaii Health Systems Corporation and a concerned individual supported the intent of this measure. The Department of Health (DOH), Department of Business, Economic Development, and Tourism, Department of Budget and Finance, and Department of Taxation submitted comments.

Your Committee finds that according to a report issued in 2007 by the United Health Foundation, Hawaii ranks seventh in the nation for the number of its primary care physicians per capita. However, the fact remains that for many areas of the state, access to health care is a difficult challenge. Taking creative steps to attract health care providers to serve in Hawaii's underserved areas is vital to keeping our residents healthy, but we must also ensure retention of these professionals with lasting solutions. Part of the answer to the state's health care professional shortage lies in providing the necessary resources to carry out the programs created. As such, DOH has presented your Committee with concerns that planning, designing, implementing, and managing the programs outlined in this bill would require the establishment of an entirely new division or office within the department with new staff positions and an as yet undetermined budget, a daunting task with so many competing priorities in a time of needed budget restraint.

Your Committee recommends that DOH examine the United States (U.S.) Department of Health and Human Services' State Loan Repayment Program (SLRP) as a possible source of funding for HHCP. SLRP is a federal-state partnership created to assist states in addressing the health professional shortages that cause disparities in access to health care. The Bureau of Health Professions seeks grant applications from states that can demonstrate local support for implementing a SLRP.



Your Committee has amended this bill by, among other things:

- (1) Replacing the Student Loan Program with the Hawaii Rural Health Care Loan Repayment Program (Repayment Program) to assist qualifying physicians and dentists to repay loans. Among other things, the Repayment Program:
 - (A) Requires physicians who graduated from JABSOM to commit to three years of service in an HPSA and physicians and dentists who graduated from an eligible education and training program within the U.S. to commit to five years of service in an HPSA to be eligible for loan repayments;
 - (B) Is limited to no more than 100 participants at any time with not more than 15 percent dentist participants;
 - (C) Provides loan repayments not exceeding \$30,000 per year for a maximum of five years or 20 percent of qualifying educational loans of a physician or dentist, whichever is less;
 - (D) Gives preference to JABSOM graduates or participants who resided in an HPSA; and
 - (E) Is required to be implemented by DOH no later than June 30, 2009;
- (2) Including any county with a population of less than 500,000 residents as an HPSA;
- (3) Repealing provisions directing DOH in coordination with JABSOM, in administering the Student Loan Program to:
 - (A) Identify and designate HSPAs;
 - (B) Establish criteria for the selection and select eligible students to participate in the loan forgiveness portion of the program;
 - (C) Define and determine compliance with the program enrollment requirement, licensure requirement, and service obligations; and



- (D) Collect and manage repayments from loan recipients who do not meet their enrollment requirement, licensure requirement, or service obligations under the program;
- (4) Specifying that only health care providers in Enterprise Zones that also fall in HPSAs of the state are eligible to be designated a qualified business;
- (5) Reducing the appropriated amount to \$300,000 for the creation of the HHCP;
- (6) Making DOH the expending agency for the funds appropriated for the creation of the HHCP; and
- (7) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2519, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2519, H.D. 1, and be referred to the Committee on Higher Education.

Respectfully submitted on
behalf of the members of the
Committee on Health,



JOSEUA B. GREEN, M.D., Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

Record of Votes of the Committee on Health

Bill/Resolution No.: HB 2519		Committee Referral: HLT, HED, FIN		Date: 2-1-08
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. GREEN, Josh, M.D. (C)	✓			
2. MIZUNO, John (VC)	✓			
3. AWANA, Karen Leinani	✓			
4. BELATTI, Della Au				✓
5. BERTRAM, Joe, III	✓			
6. CABANILLA, Rida T.R.	✓			
7. RHOADS, Karl	✓			
8. SHIMABUKURO, Maile S. L.	✓			
9. TOKIOKA, James Kunane	✓			
10. WARD, Gene, Ph.D.				✓
TOTAL (10)	8			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <i>John M. ...</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				