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February 1, 2008

To: Rep. Josh Green, M.D., Chair
Rep. John Mizuno, Vice Chair
House Committee on Health

From: Cynthia Goto, M.D., President
Linda Rasmussen, M.D., Legislative Co-Chair
Philip Hellreich, M.D., Legislative Co-Chair
Paula Arcena, Executive Director
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RE: HB2393 Relating to the University of Hawaii (Establishes loan repayment program for University of Hawaii medical school graduates working in rural areas of the State.)

The Hawaii Medical Association (HMA) supports HB2393.

The HMA appreciates the effort to provide incentives for physicians to service underserved areas.

Hawaii is currently experiencing a patient access to medical care crisis due to an inadequate supply of physicians statewide.

Economic incentives that reduce the financial burden of a medical practice can serve as meaningful incentive to practice in rural areas.

Financial burdens include:

- Overhead that can be as high as 75% of gross income;
- Overhead includes, high medical malpractice insurance premiums (premiums vary by medical specialty);
- Overhead includes increasing manpower, office rent and other business expenses;
- Income is based on inadequate payment for services from private and public health plans; and
- For new physicians, typical student loan debt of \$150,000.

In addition, we would like the committee to note that it will take many different kinds of incentives to make Hawaii competitive with other jurisdiction. The physician shortage is national and is expected to last for the next several decades. Medical liability reform, which establishes reasonable limits on non-economic damages (ie. pain and suffering, loss of consortium, loss of enjoyment of life) and puts no limits on economic damages (ie. past and future medical expenses, cost of living expenses, lost wages, etc.) has served as a powerful

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Testimony

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Health Committee
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Friday
8am
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physician recruiting and retention measure for other states. Texas, in particular, has compelling data showing vast improvements in patient access to care since passing medical liability reform in 2003. Given Hawaii's remote location, high cost of living and other disadvantages, medical liability reform would help Hawaii to compete with other jurisdictions.

We encourage the committee to consider medical liability reform, in addition to HB2393, as a meaningful way to recruit and retain the physician workforce and meet Hawaii's need for physicians.

Thank you for the opportunity to testify on this matter.