

SB 2589

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON HEALTH
ON
SENATE BILL NO. 2589

February 4, 2008

RELATING TO PHYSICIANS

Senate Bill No. 2589 establishes a rural medical practice loan program and special fund for licensed physicians who participate in the Family Practice Residency program, and subsequently practice medicine in rural areas of the State. The program would be financed by the Rural Medical Practice Loan Repayment Program special fund created by this bill. The fund would generate revenues through legislative appropriations, donations, and gifts. Senate Bill No. 2589 appropriates an unspecified sum of general funds for deposit into the special fund to carry out the program.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.

LATE TESTIMONY



February 4, 2008

To: Sen. David Ige, Chair
Sen. Carol Fukunaga, Vice Chair
Senate Health Committee

From: Cynthia Goto, M.D., President
Linda Rasmussen, M.D., Legislative Co-Chair
Philip Hellreich, M.D., Legislative Co-Chair
Paula Arcena, Executive Director
Dick Botti, Government Liaison

PLEASE DELIVER

SEN HTH Committee

Monday
2-4-08
1:15pm
Room 016

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RE: SB2589 Relating to Physicians (Establishes a rural medical practice loan repayment program for licensed physicians who participate in the family practice residency program and who, upon completion of the program, commit to practice medicine for five years in rural areas on the neighbor islands. Appropriates funds.)

The Hawaii Medical Association (HMA) supports HB2589.

The HMA appreciates the effort to enable physicians to service rural and underserved areas.

We would like to request an amendment to the bill that expands the program to all specialties.

Currently, the bill is limited to family practice physicians. We request the bill be amended to benefit all physicians, regardless of specialty. Specialists such as Obstetrician/Gynecologists, Orthopedic Surgeons, Neurosurgeons, Anesthesiologists, and others are necessary to meet the medical needs of Hawaii's residents.

In our discussions with primary care physicians, they are frequently frustrated with the shortage of specialists. Without specialists they have no one to refer patients for needed specialty care.

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;

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- 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.) and punitive damages (intended to punish the defendant) has served as a powerful physician recruiting and retention measure for other states.

Formerly in crisis, the state of Texas has successfully overcome its patient access to care crisis after it passed medical liability reform in 2003. Improvements include:

- Licensing 3324 new doctors in 2007, including a net gain of 186 obstetricians
- Bringing specialty care to underserved areas, including the addition of 189 physicians in Rio Grande Valley and other rural areas
- Stabilized and reduced medical malpractice insurance premiums
- Four new admitted, rate-regulated malpractice insurance carriers (Advocate MD of the Southwest, Medical Liability Insurance Company of America, Medicus Insurance Company and the Physicians Insurance Company).

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 SB2589 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.