

SB1170

TESTIMONY BY KALBERT K. YOUNG
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON EDUCATION
ON
SENATE BILL NO. 1170

February 4, 2011

RELATING TO THE UNIVERSITY OF HAWAII

Senate Bill No. 1170 establishes a Hawaii Medical Doctor Loan Program that would provide financial support to students who complete a State-approved medical school program at the University of Hawaii and graduates of a medical school who have received medical training from a Hawaii-based medical program. These students and graduates would agree to practice in rural areas of the State. The program would be financed by the Hawaii Medical Doctor Loan Program revolving fund created by this bill. Senate Bill No. 1170 appropriates unspecified sums from the general fund each year of the biennium for deposit into the revolving fund.

As a matter of general policy, the Department of Budget and Finance does not support the creation of a revolving fund which does not meet the requirements of Section 37-52.4 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.

In regards to Senate Bill No. 1170, it is difficult to determine whether the fund will be self-sustaining.



SENATE COMMITTEE ON EDUCATION
Senator Jill N. Tokuda, Chair

Conference Room 225
Feb. 04, 2011 at 2:00 p.m.

Supporting SB 1170.

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in support of SB 1170, which establishes the Hawaii medical doctor loan repayment program.

Statewide, based on study by Dr. Kelley Withy, the demand for physicians far outstrip the supply, with Hawaii currently being underserved by at least 450 physicians, two-thirds of whom are needed on the Neighbor Islands. Complicating matters is that of the approximately 2,800 physicians currently practicing, nearly 40 percent will reach the retirement age of 65 within the next 10 years.

Physicians leaving practice, combined with the graying of the Hawaii population, means that Hawaii will need 1,000 new physicians by the year 2030 in order to maintain current service levels. The issue of access will be even more critical with the implementation of federal health care reform and the creation of Health Insurance Exchanges in 2014, which will result in more people obtaining insurance coverage and an increase in the demand for medical services.

Despite the fact that Hawaii has one of the highest costs of living in the nation, physician reimbursements are only the twenty-second highest, based on Medicare fees. A loan repayment program would create an incentive for Hawaii's medical school graduates to set up practice in Hawaii.

For the foregoing reasons, the Healthcare Association supports SB 1170.