



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Written Testimony Presented Before the  
House Committee on Finance  
Friday, April 1, 2011 at 4:00 pm  
By

Virginia S. Hinshaw, Chancellor  
And  
Jerris Hedges, MD, MS, MMM, Dean  
John A. Burns School of Medicine  
University of Hawai'i at Mānoa

### **SB 240, SD2, HD1 – RELATING TO PHYSICIAN WORKFORCE ASSESSMENT** *Testimony in Support with Suggested Amendments*

Aloha Chair Oshiro, Vice-Chair Lee and members of the Committee. My name is Jerris Hedges and I serve as the Dean of the University of Hawai'i at Mānoa, John A. Burns School of Medicine (JABSOM). Thank you for this opportunity to provide testimony in **support** of SB 240, SD2, HD1 which would eliminate the sunset date of June 30, 2012 for the Physician Workforce Assessment of \$60 (\$30 per year) which is assessed on all new and renewal (biennial) medical and osteopathic licenses issued in Hawai'i. The fee is used to support the ongoing assessment and planning related to the physician workforce in Hawai'i, the ultimate goal of which is to address the shortage of physicians.

#### **PROPOSED AMENDMENTS (See Attachment for Specific Language):**

We respectfully request that the sunset date of July 1, 2015 which was inserted into the measure be deleted.

Currently, the funds collected under Act 18 are transferred to JABSOM. Because of a cap of \$150,000 specified by Act 18, JABSOM cannot expend the excess, which has been about \$95,000 per year. As the measure has been amended to include additional tasks, lifting the cap is necessary to enable JABSOM to carry out the expanded scope of work.

We further respectfully request that this cap be lifted and JABSOM be authorized to apply the excess funds to assess the need for physicians in rural and medically underserved areas within the State.

We also request that the measure be effective as of July 1, 2011.

Anecdotal reports of physician shortages in Hawai'i have long circulated. Through the implementation of Act 18, SLH 2009, the physician workforce has been carefully studied resulting in the documented finding that we now face a significant shortfall of practicing

physicians. The study found a current shortage of 600 physicians (more than 20% of our total supply) and an impending shortage of 1,600 physicians by 2020. Hawai'i needs over 200 additional adult primary care providers and is particularly short of Neurosurgeons, Cardiologists, Infectious Disease Specialists, and General Surgeons. The shortages are driven by population growth and aging, combined with the loss of over 40% of our practicing physicians to retirement.

Based on the findings of the study, physician shortages of the magnitude described will directly impact the health and well-being of virtually all residents of Hawai'i. Residents throughout the state are already beginning to experience problems accessing physician services. If the trends in shortages identified in the study continue, it will only become more difficult for our residents to receive the medical services they need.

In order to mitigate the shortage problem, ten interventions have been prioritized by Hawai'i healthcare experts and stakeholders as part of the workforce assessment process. The interventions include investing in pipeline activities that get more local students into healthcare careers, expanding medical training to address geographic mal-distribution and specialty needs, enhancing incentives for physicians to practice on the neighbor islands, involving communities in the recruitment and retention of physicians, creating a more favorable physician practice environment through tort reform, administrative simplification, reimbursement changes and moving the model of care toward a team-based "patient-centered medical home" integrated delivery system that will allow a much smaller physician workforce to care for a larger and older Hawai'i populace. The extent of changes needed is very challenging and can only be achieved if all sectors of society (physicians, healthcare administrators and personnel, government, insurers, educators, business and the community) work together to create changes that increase the supply of practicing physicians and decrease the demand for healthcare services in Hawai'i.

Study of the shortage and development of potential interventions have been limited by the current cap of \$150,000 on the fund. However, the data obtained are invaluable to targeting shortage areas within the medical profession and identifying geographic locations where the shortage of physicians is most pronounced. Further ongoing research as would be possible through extension of Act 18 is vital to addressing these physician shortages and implementing the intervention strategies.

We urge this Committee to pass SB 240, SD2, HD1 with our suggested amendments.

Thank you for this opportunity to testify.

## PROPOSED AMENDMENTS

SECTION 1. Section 304A-2171, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) Moneys in the special fund shall be used to support the John A. Burns school of medicine's activities related to physician workforce assessment and planning within Hawaii; provided that of the physician workforce assessment fees transferred and deposited into the special fund pursuant to section 453-8.8, per cent of the total amount of assessment fees deposited shall be used to convene a working group to examine:

- (1) Addressing communication of federal health care reform and implementation of the federal Affordable Care Act;
- (2) Supporting and develop the medical home model; and
- (3) Supporting increases in physician reimbursements[+

~~provided further that expenditures from the special fund shall be limited to no more than \$150,000 annually]. This shall include but not be limited to maintaining accurate physician workforce assessment information and providing or updating personal and professional information, that shall be maintained in a secure database. The John A. Burns school of medicine may disclose information specific to any physician only with the express written consent of that physician."~~

SECTION 2. Section 453-8.8, Hawaii Revised Statutes, is amended to read as follows:

"[+]§453-8.8[+] **Physician workforce assessment fee;**

**license; physician workforce information.** When a license is renewed, each physician or surgeon and each osteopathic physician or surgeon shall be assessed a fee of \$60 that shall be transferred and deposited into the John A. Burns school of medicine special fund established under section 304A-2171 to support ongoing assessment and planning of the physician workforce in Hawaii[-], including convening a working group to examine:

- (1) Addressing communication of federal health care reform and implementation of the federal Affordable Care Act;
- (2) Supporting and developing the medical home model; and
- (3) Supporting increases in physician reimbursements.

Payment of the physician workforce assessment fee shall be required for license renewal."

SECTION 3. Act 18, Special Session Laws of Hawaii 2009, is amended as follows:

1. By amending section 5 to read:

"SECTION 5. The John A. Burns school of medicine shall submit a report of findings and recommendations detailing its assessment of the physician workforce to the legislature, the state health planning and development agency, and the Hawaii medical board no later than twenty days prior to the convening of the regular session of 2011 and each ~~odd-numbered~~ year thereafter. The report to the Hawaii medical board shall also

include information on the expenditure of fees collected pursuant to section [~~453-7~~] 453-8.8, Hawaii Revised Statutes, to produce a physician workforce plan for Hawaii."

**2. DELETE IN ITS ENTIRETY.**

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 20~~50~~11.

**PRESENTATION OF THE  
HAWAII MEDICAL BOARD**

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011

Friday, April 1, 2011  
4:00 p.m.

**TESTIMONY ON SENATE BILL NO. 240, S.D.2, H.D.1, RELATING TO PHYSICIAN  
WORKFORCE ASSESSMENT.**

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Danny M. Takanishi, M.D. and I am the Chairperson and a physician member of the Hawaii Medical Board ("Board"). The purpose of this bill is to extend the Physician Workforce Assessment Fee to July 1, 2015; require a portion of the assessment fees to be deposited into the John A. Burns School of Medicine ("JABSOM") Special Fund to support health care reform, the medical home model, and physician reimbursements; and require JABSOM to prepare an annual report regarding physician workforce. The effective date of this bill is July 1, 2050.

The Board opposes this bill and instead, respectfully requests that amendments be made to it.

A similar bill, H.B. No. 1203, H.D.2, relating to physician workforce assessment, was heard by this Committee on March 1, 2011. The purpose of

that bill was to support the ongoing assessment and planning of the physician workforce in Hawaii by:

1. making the Physician Workforce Assessment Fee permanent by repealing the sunset date of Act 18, Special Session Laws of Hawaii 2009; and
2. requiring any excess funds from the JABSOM Special Fund to be used for certain reimbursement and educational purposes.

This Committee amended that bill by changing its effective date to July 1, 2030, to encourage further discussion.

On March 17, 2011, the Senate Committee on Commerce and Consumer Protection ("CPN") heard that bill. At the hearing, Chair Baker asked that JABSOM and the Board collaborate on amending language to include issues raised by the Board.

Subsequently, on March 18, our agreed upon proposal was submitted to and accepted by CPN. As a result, H.B. 1203, H.D. 2, was passed out as an S.D.1, which amended the measure by:

1. adding a provision to remove the expenditure cap from the John A. Burns School of Medicine Special Fund;
2. specifying that the assessment and planning of the physician workforce in Hawaii shall be conducted by the John A. Burns School of Medicine in collaboration with residency programs in this State and the Hawaii Medical Board;

3. specifying the issues to be addressed in the physician workforce planning and assessment funded by the physician workforce assessment fee;
4. directing the John A. Burns School of Medicine to submit annual reports to the Legislature on its physician workforce assessment and planning activities including findings, recommendations, and expenditures; and
5. making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Subsequently, on March 30, 2011, H.B. No. 1203, H.D.2, S.D.1, was heard by the Senate Committee on Ways and Means and passed out unamended.

We respectfully request that the amendments made to the House bill be made to S.B. No. 240, S.D. 2, H.D.1 as well. Thank you for the opportunity to provide comments on this measure.





**HAWAII MEDICAL ASSOCIATION**

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**Friday, April 1, 2011**

**4:00 P.M.**

**Conference Room 308**

To: COMMITTEE ON FINANCE  
Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair

From: Hawaii Medical Association  
Dr. Morris Mitsunaga, MD, President  
Linda Rasmussen, MD, Legislative Co-Chair  
Dr. Joseph Zobian, MD, Legislative Co-Chair  
Dr. Christopher Flanders, DO, Executive Director  
Lauren Zirbel, Community and Government Relations

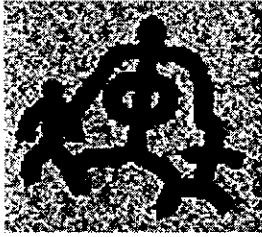
Re: SB 240, SD 2 HD 1 RELATING TO PHYSICIAN WORKFORCE ASSESSMENT

The HMA supports this bill as well as opening and reassessing the fee for alternative funding sources and amounts on June 30, 2015.

Thank you for the opportunity to testify.

**OFFICERS**

**PRESIDENT - MORRIS MITSUNAGA, MD PRESIDENT-ELECT - ROGER KIMURA, MD  
SECRETARY - THOMAS KOSASA, MD IMMEDIATE PAST PRESIDENT - DR. ROBERT C. MARVIT, MD TREASURER  
- STEPHEN KEMBLE, MD EXECUTIVE DIRECTOR - CHRISTOPHER FLANDERS, DO**



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2011

4/1/2011

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Diana Shaw, PhD, MPH  
MBA, FACMPE

Aaron Ueno

Hawaii State Legislature, House Committee on Finance

RE: Hawaii State Rural Health Association In support of SB 240

The Hawaii State Rural Health Association would like to express our strongest support for SB 240. We have conducted published research on the rural health care needs across the State and found that while all communities are unique, there are some themes that are common throughout the state. Needs that are commonly identified in our rural and underserved communities include:

1. Financial assistance (insurance coverage, medication, free services)
2. Expanding services that are available to rural communities (including telehealth services)
3. Improving access to available services (Long term care, primary care, specialty care, mental health care, substance abuse treatment, health care training and other services)
4. Decreasing drug use
5. Increasing health education and training opportunities for community members
5. Increasing the number of health care providers working in rural areas
6. Increasing cultural sensitivity of providers

The most recent assessment of physicians in the State of Hawaii shows that we have 600 providers less than we need to meet the demand estimated by population mix. Furthermore, this deficit may grow to 1,600 providers by 2020 if no action is taken. The Hawaii State Rural Health Association supports legislation that will increase services to rural communities, including legislation that supports expanding the health workforce, developing assistance programs for rural areas, and expanding the facilities available to rural citizens. We expect this to be done in culturally appropriate ways with significant grass roots community involvement at all steps of the process. The Physician Workforce Assessment incorporates these principles into community level activities for meeting the health workforce needs of the state and the Hawaii State Rural Health Association strongly supports its continuation.

Sincerely,

Kelley Withy, MD, PhD  
President, Hawaii State Rural Health Association

Hawaii State Legislature House Finance Committee  
S.B. 240 RELATING TO PHYSICIAN WORKFORCE ASSESSMENT

Testimony of Kelley Withy, MD, PhD

April 1, 2011

As a physician, an educator, a workforce researcher and a patient, I am writing to offer my strongest support for SB 240. The State of Hawaii has the equivalent of 2,860 full time physicians caring for the civilian population. We need 3,500 (determined by the organization that analyzes physician demand for the US government). Thus, we have 600 fewer physicians than are needed. This is compounded by the fact that we are significantly short of nurse practitioners and physician assistants. If we do not take action now, by 2020 we may be 1,600 physicians short of what is needed and we will ALL find it very difficult to receive appropriate medical care.

In order to mitigate the shortage problem, ten interventions have been prioritized by Hawaii healthcare experts and stakeholders at the Hawaii Physician Workforce Summit organized by the physician workforce research team on June 29, 2010. These solutions include investing in pipeline activities that get more local students into healthcare careers, expanding medical training particularly in areas and specialties of need, improving incentives for physicians to practice on the neighbor islands, involving communities in the recruitment and retention of physicians, creating a more favorable physician practice environment (tort reform and reimbursement reform) and changing the model of care toward a team-based "patient-centered medical home" that, in time, can become an integrated delivery system using electronic health records that will increase physician productivity, improve quality and patient safety, lower cost, and produce greater patient and provider satisfaction.

The Physician Workforce Assessment team, of which I am a member, has created a database of all practicing non-military physicians working in Hawaii and can now track changes in the physician workforce. In addition, we established a summary or resources for students interested in careers in medicine; are partnering with Department of Labor and Industrial Relations to strengthen pipeline training; created a working group of physicians and trial attorneys to address medical malpractice reform; are working with insurance companies to develop a partnership for administrative simplification; are supporting a conference to alert communities to resources to help them recruit and retain providers (4/5/2011 Hawaii State Rural Health Association Annual Conference); are partnering to support increased rural training opportunities for health professions students and residents; are researching patient centered medical home practice in Hawaii and planning a conference on this topic for late 2011; are contacting Hawaii born physicians working on the mainland to see what would interest them in jobs in Hawaii; and, of course, continue to track the changes Hawaii physician workforce.

I believe that the physician workforce assessment project is essential to the State of Hawaii and recommend its continuation. Thank you for allowing me to provide testimony.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, March 31, 2011 1:54 PM  
**To:** FINTestimony  
**Cc:** RWSurber@aol.com  
**Subject:** Testimony for SB240 on 4/1/2011 4:00:00 PM

Testimony for FIN 4/1/2011 4:00:00 PM SB240

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Robert Surber  
Organization: Individual  
Address:  
Phone:  
E-mail: [RWSurber@aol.com](mailto:RWSurber@aol.com)  
Submitted on: 3/31/2011

**Comments:**

Aloha Honorable Finance Committee Members,

I am writing in support of SB240. This bill will provide necessary steps to address the healthcare crisis on the Big Island. The Hawai'i Herald Tribune's lead article on Wednesday of this week described a national study that reported that Hawai'i County residents are the unhealthiest in the state. One of the many causes of this situation is a shortage of physicians and other healthcare providers. A December 2010 report to the Hawai'i State Legislature by John A. Burns School of Medicine, entitled Hawai'i Physician Workforce, demonstrated that this shortage will increase unless immediate action is taken. Support for the development of Medical Home models of care and incentives to recruit and retain physicians are two important strategies for address our healthcare needs.

Therefore, I encourage you to vote yes on SB240 because it provides tangible solutions to our healthcare crisis on the Big Island. I understand that the challenging fiscal environment the state government is facing. I believe that this bill represents a small investment that will have significant long-term benefits for the health for our community, and for the delivery of cost-effective healthcare in Hawai'i County.

Mahalo,

Robert Surber  
Kea'au, Hawai'i  
808.982.7530