

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON
HOUSE BILL NO. 902, H.D. 1

February 15, 2011

RELATING TO THE UNIVERSITY OF HAWAII

House Bill No. 902, H.D. 1, 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. House Bill No. 902, H.D. 1, 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 House Bill No. 902, H.D. 1, it is difficult to determine whether the fund will be self-sustaining.



HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814
Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

Tuesday February 15, 2011; 2:00 p.m. Conference Room 309

To: COMMITTEE ON HIGHER EDUCATION
Rep. Scott Y. Nishimoto, Chair
Rep. Mark M. Nakashima, 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: HB 902 Relating to the University of Hawaii

In Support.

Chairs & Committee Members:

Inadequate access to health care on the neighbor islands has become a vitally important issue. Too many people die, or suffer poor outcomes, because there are inadequate numbers of practicing physicians. The life span of a Big Island resident is currently 2 years shorter than those in other parts of the state.

Hawaii Medical Association supports this measure, which will:

- Assure that more of our JABSOM graduates will be able to remain in Hawaii;
- Increase the opportunity for professional employment and/or entrepreneurial opportunities in our rural communities;
- Address our access to medical care crisis with long range planning.

The HMA strongly supports this effort to provide incentives for physicians to service underserved areas and to keep more physicians in Hawaii.

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

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

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 but for high risk specialties can be around \$70,000);
- Overhead includes increasing office staffing, office rent and other business expenses;
- Income is based on capped and often inadequate payment for services from private and public health plans; and
- For new physicians, typical student loan debt around \$160,000.

Thank you for the opportunity to provide this testimony.