

HB 902

HD2, SD1



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Comments for the
Senate Committee on Ways and Means
Friday, April 1, 2011 at 9:00 a.m.

By

Virginia S. Hinshaw, Chancellor

And

Jerris Hedges, MD, MS, MMM, Dean

John A. Burns School of Medicine

University of Hawai'i at Mānoa

HB 902 HD2 SD1 RELATING TO THE UNIVERSITY OF HAWAII

Chair Ige and Members of the Senate Ways and Means Committee, thank you for this opportunity to provide comments in support of the intent of this bill to alleviate the shortage of physicians in Hawai'i, especially those in our rural communities, including the neighbor islands.

HB 902 HD2 SD 1 has been amended to be similar to SB 596, a bill which has already been reviewed by this committee and for which we have already provided testimony.

We continue to support the concept of creating a loan repayment program to encourage new physicians to consider service in underserved areas of the state.

Given the importance of addressing the workforce shortage and the reality of rising tuition costs, such programs are needed to complement our other efforts to expand the physician workforce. Future bills should also seek to address educational support for Nurse Practitioners as well.

We believe support for administration of any such program (to include loan officer staff, administrator, collections personnel, overhead, etc) must be provided along with actual funds for the loans. The School's overall budget has taken a \$6 million reduction during the recession so initiating new programs is truly challenging, especially in light of budgetary uncertainties.

Of critical importance in this legislative session is the support requested for the Hilo Medical Center to initiate plans for the Family practice residency in Hilo. This project is at a critical point where funding for the program leader and residents is essential to complete a project that many, both public and private, have already invested in.

Specific testimony on the financial requirements of this program have been submitted for SB 596. We ask that you support this bill in the same fashion that you did SB 596.

In summary, we support the measure provided that the measure does not replace or adversely impact priorities as indicated in the University's Board of Regents Approved Executive Biennium Budget.

Mahalo.

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 902, H.D. 2, S.D. 1

April 1, 2011

RELATING TO THE UNIVERSITY OF HAWAII

House Bill No. 902, H.D. 2, S.D. 1, establishes a Hawaii Health Corps Program, under the University of Hawaii John A. Burns School of Medicine, to provide a Hawaii Rural Health Care Provider Loan Repayment Program for licensed physicians, physician assistants, and nurse practitioners who agree to practice for five consecutive years in these shortage areas of the State. In addition, the bill creates a Hawaii Health Corps revolving fund that would generate revenues through legislative appropriations, grants, gifts, loan payments, proceeds from operations, and interest. House Bill No. 902, H.D. 2, S.D. 1, appropriates unspecified sums of general funds each year for the Hawaii Health Corps Program, Hilo Medical Center's Rural Interdisciplinary Residency Program, accreditation efforts, increasing family medicine and nursing residency slots, and incentive stipends for family medicine residents at the Hilo Medical Center.

The department recognizes the benefit of user fees to offset operational expenses and costs. However, as a matter of general policy, the Department of Budget and Finance expects the creation of any revolving fund would 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. 2, S.D. 1, it is difficult to determine the means of financing of the new fund, or whether it will be self-sustaining.

TO : COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair

FROM: Eldon L. Wegner, Ph.D.
POLICY ADVISORY BOARD FOR ELDER AFFAIRS (PABEA)

HEARING: 9:00 am Friday April 1, 2011
Conference Room 211, Hawaii State Capitol

SUBJECT: HB 902 HD2 SD 1 Relating to the University of Hawaii

POSITION: The Policy Advisory Board for Elder Affairs supports HB 902 HD2 SD 1 which establishes loan repayment and incentives for physicians, physician assistants, and nurse practitioners to serve in rural and medically underserved areas. The measure creates several financing mechanisms to accomplish this objective.

RATIONALE:

The Policy Board for Elder Affairs has a statutory obligation to advocate on behalf of the senior citizens of Hawaii. While we advise the Executive Office on Aging, we do not speak on behalf of the Executive Office of Aging.

A shortage of health care professionals (physicians, physician assistants and nurse practitioners) poses a serious barrier to access to health care for rural communities and rural areas, especially on the Neighbor Islands. We know that the shortage of health care providers is a major concern of elders living in these area.

- A loan forgiveness program has been used in many places as an effective tool for recruitment and retention of health professionals to underserved areas. We therefore support passage of this bill which would establish such a program through creating the Hawaii Rural Health Care Loan Repayment Program through the John A. Burns School

of Medicine and the Departments of Nursing and Nursing Hygiene at the University of Hawaii.

- The bill also provides support for the Hilo Medical Center's Rural and Interdisciplinary Residency program and has other measures which strengthen the provision of primary health care.

Thank you for allowing me to testify on this bill.



HAWAII MEDICAL ASSOCIATION

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

Friday, April 1, 2011; 9:00 a.m. Conference Room 211

To: COMMITTEE ON WAYS AND MEANS
Senator David Ige, Chair
Senator Michelle Kidani, ViceChair

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 HD 2 SD 1 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.



SENATE COMMITTEE ON WAYS AND MEANS
Senator David Ige, Chair

Conference Room 211
April 1, 2011 at 9:00 a.m.

Supporting HB 902 HD 2 SD 1.

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 provide comments in support of HB 902 HD 2 SD 1, which, among other things, establishes the Hawaii Health Corps program to provide loan repayments on behalf of eligible physicians, physician assistants and nurse practitioners, with priority given to those who work in rural areas. Although other portions of the bill may be worthwhile, our testimony focuses only on the portion of the bill concerning loan repayments.

Statewide, based on study by Dr. Kelley Withy, the demands 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 and encourage them to locate on the Neighbor Islands.

Federal funds are available, but not accessed, to help fund loan repayments in this bill, which currently appropriates only State funds. The federal Public Health Service Act authorizes the U.S. Department of Health and Human Services to make grants available to states to increase the availability of primary health care in health professional shortage areas.

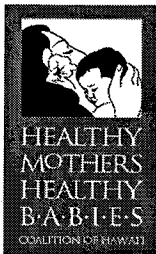
The State Loan Repayment Program (Number 93.165) provides 1-to-1 federal matching funds to states that operate programs for the repayment of educational loans of health professionals in return for their practice in shortage areas. The primary care specialties approvable for physicians include family medicine, internal medicine (including geriatricians, pediatrics,

obstetrics/gynecology), and general psychiatry. Other health professionals are also approvable, including nurse practitioners, physician assistants, and general practice dentists.

Currently, 17 states have taken advantage of these federal matching funds. Twenty other states, recognizing the virtue of physician loan repayment, have adopted programs funded exclusively with state moneys.

The bill could be amended to take advantage of federal matching funds, and the appropriation of State funds could be made contingent on the draw down of federal funds. The federal grant program provides an opportunity to strengthen Hawaii's health care infrastructure while supporting our economy with an infusion of federal funds.

The Healthcare Association supports loan repayments that encourage physicians to practice in rural areas, whether the program is funded solely with State funds or with a combination of State and federal funds.



DATE: March 30, 2011

TO: Committee on Ways and Means
Sen. David Ige, Chair
Sen. Michelle Kidani, Vice Chair

FROM: Jackie Berry, Executive Director

HEARING: Friday, April 1, 2011 at 9:00 p.m.

RE: **HB 902, HD2, SD1 - Relating to the University of Hawaii**

Testimony in Support

Chair Ige, Vice Chair Kidani and members of the Committee on Ways and Means:

HMHB is a statewide coalition of public and private agencies and individuals committed to the improvement of maternal and infant health status in Hawaii through education, coordination and advocacy. **HMHB is testifying today in support of HB 902, HD2, SD1 Relating to the University of Hawaii.**

As we all know, physician shortages on the neighbor islands and in the rural areas of Oah'u is a serious problem. Whenever we talk with women about their health care, access to quality health care is raised as one of the major problems facing them. HMHB believes that the establishment of a Hawaii health corps program to provide loan repayments on behalf of eligible physicians, physician assistants, and nurse practitioners in any county having a shortage of these professionals, with a priority given to those practicing in rural areas is an important step toward attracting practioners in areas of need.

We urge you to **support** this bill.

Mahalo for your consideration of this measure and our testimony.

From: Hardy Spoehr [HSpoehr@papaolalokahi.org]
Sent: Thursday, March 31, 2011 7:15 AM
To: WAM Testimony
Subject: Testimony: HB 902, HD2, SD!

Testimony: HB 902, HD2, SD1, Relating to the University of Hawai'i

Friday, April 1, 2011
9:00 am
Conference Room 211
State Capitol

Papa Ola Lokahi strongly supports this legislation. This legislation will enable many of our newly trained health care professionals to serve in underserved areas. We strongly recommend that this Hawaii health corps also needs to include other health care providers including, but not limited to dentists, psychologists, social workers, and pharmacists. Provision needs to be made now to include these professions in the near future. Thank you for the opportunity to support this legislation.

Hardy Spoehr, Executive Director
Papa Ola Lokahi (Native Hawaiian health Board)
894 Queen Street
Honolulu, HI 96813
808-597-6550

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 31, 2011 12:13 AM
To: WAM Testimony
Cc: jm2day@yahoo.com
Subject: Testimony for HB902 on 4/1/2011 9:00:00 AM

Testimony for WAM 4/1/2011 9:00:00 AM HB902

Conference room: 211
Testifier position: support
Testifier will be present: Yes
Submitted by: Jolene Molinaro
Organization: Individual
Address:
Phone:
E-mail: jm2day@yahoo.com
Submitted on: 3/31/2011

Comments:

I strongly support HB 902 for the Hawaii health corps program to provide loan repayments on behalf of eligible physicians, physician assistants, and nurse practitioners in any county having a shortage of physicians, physician assistants, and nurse practitioners, with priority given to those serving in rural areas. This is an important step in ensuring that health care workers will choose to serve the communities who need them.