

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HEALTH
ON
HOUSE BILL NO. 958

February 4, 2011

RELATING TO HAWAII HEALTH CORPS

House Bill No. 958 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. The bill appropriates \$10,000,000 in general funds each year of the biennium to carry out the Hawaii Health Corps Program. In addition, the bill creates a Hawaii Health Corps fund that would generate revenues through legislative appropriations, grants, gifts, loan payments, proceeds from operations, and interest. House Bill No. 958 appropriates unspecified sums of general funds each year for Hilo Medical Center's Rural Interdisciplinary Residency Program, graduate medical education and family medicine residencies, and incentive stipends for family medicine residents at the Hilo Medical Center.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-52.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits

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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. 958, it is difficult to determine the means of financing of the new fund, or whether it will be self-sustaining.

LATE TESTIMONY



HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
Feb. 4, 2011 at 9:00 a.m.

Supporting HB 958.

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 HB 958, which establishes the Hawaii Health Corps program to provide loan repayments on behalf of eligible physicians, physician assistants and nurse practitioners. Our testimony focuses only on the portion of the bill concerning physician loan repayments.

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 and encourage them to locate on the Neighbor Islands.

For the foregoing reasons, the Healthcare Association supports HB 958.



Hawai'i Primary Care Association

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LATE TESTIMONY

House Committee on Health

The Hon. Ryan I. Yamane, Chair

The Hon. Dee Morikawa, Vice Chair

Testimony in Support of House Bill 958

RELATING TO HAWAII HEALTH CORPS

Submitted by Beth Giesting, Chief Executive Officer

February 4, 2011 9:00 a.m. Agenda, Room 329

The Hawai'i Primary Care Association asks for your support for this measure, which would address the shortage of primary care clinicians in rural Hawai'i and other underserved areas. We believe that both the state-based loan repayment program and the rural family practice residency will provide much-needed incentives to help primary care clinicians choose to practice where they are most needed, including neighbor islands and other rural areas.

Thank you for this opportunity to testify in support of this measure.

LATE TESTIMONY

morikawa2 - Grant

From: Danielle Bass on behalf of Rep. Ryan Yamane
Sent: Thursday, February 03, 2011 4:19 PM
To: HLTtestimony
Subject: FW: Supporting HB 958: Hawaii Health Corps

-----Original Message-----

From: Site Administrator [mailto:webmaster@hah.org] On Behalf Of Toby Clairmont
Sent: Thursday, February 03, 2011 4:15 PM
To: Rep. Ryan Yamane
Subject: Supporting HB 958: Hawaii Health Corps

Feb 3, 2011

Representative Ryan Yamane
State Capitol, Room 419
415 South Beretania Street
Honolulu, HI 96813

Dear Representative Yamane,

Thank you for this opportunity to share my thoughts in support of HB 958, which establishes the Hawaii Health Corps program to provide loan repayments on behalf of eligible physicians, physician assistants and nurse practitioners. My thoughts focuses only on the portion of the bill concerning physician loan repayments.

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 and encourage them to locate on the Neighbor Islands.

For the foregoing reasons, I support HB 958.

Sincerely,

Mr. Toby Clairmont
94-566 Holoaniku St
Mililani, HI 96789-1732
(808) 864-7723

From: Brad Kinoshita [brad-k@prodigy.net]
Sent: Thursday, February 03, 2011 3:23 PM
To: HLTtestimony
Subject: HB 958 Relating to Hawaii Health Corps.
Attachments: Brad Kinoshita.vcf

Dear Representatives Yamane & Morikawa,

Thank you for the opportunity to provide testimony in support of HB 958. The East Hawaii region of Hawaii Health Systems Corporation fully supports the intent of this bill, which will enable the Big Island and other rural communities throughout the state of Hawaii an improved access to quality health care.

The Hilo Medical Center Foundation, would like to urge you to amend this bill to direct the appropriations to support accreditation and expansion efforts for the residency program in Hilo. Specifically, a budgetary line item commitment for the Hilo residency program is suggested. The Hilo residency program is the first to expand to the outer islands. An appropriation for the Hilo program is a commitment to provide access to healthcare on the Big Island and provides hope for future programs to be established on the neighbor islands.

Also, significant funding from TriWest for the Hilo program is dependent on a financial commitment by the state. In order for TriWest's funds to be released last year, then Lt. Governor James "Duke" Aiona, Jr. presented \$140,000 to the Hilo program in July 2010 to cover the FY 2010 and 2011 biennium. An appropriation for this year's biennium for our Hilo program would avoid any repeat of jeopardizing TriWest funding once again.

Since April 1, 2009 when the Hawaii Island Family Health Center was established to house the Hilo residency program, much progress has been made to prepare the program for accreditation. The clinic has flourished and continues to fill the need for primary healthcare for many families. Hilo Medical Center is fully committed and looks forward to the day this program reaches fruition. I urge you to support this bill by fulfilling our request to specify appropriations for the Hilo residency program. Thank you.

Sincerely,

Bradley T. Kinoshita
410 Kilauea Avenue
Hilo, HI 96720



UNIVERSITY OF HAWAII SYSTEM Legislative Testimony

Written Testimony Presented Before the
House Committee on Health
February 4, 2011, 9:00 a.m.

by

Virginia S. Hinshaw, Chancellor
and

Mary G. Boland, DrPH, RN, FAAN
Dean and Professor

School of Nursing and Dental Hygiene
And

Jerris R. Hedges, MMM, MD
Dean and Professor

John A. Burns School of Medicine
University of Hawaii at Mānoa

HB 958 RELATING TO HAWAII HEALTH CORPS

Chair Yamane, Vice Chair Morikawa, and members of the House Committee on Health, thank you for this opportunity to provide testimony in support of this bill, HB 958, which establishes the Hawai'i Health Corps ("HHC") 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 ("NPs"), with priority given to rural areas.

UH Mānoa Nursing and Medicine support the provision for loan repayments and for appropriations to support accreditation efforts and expand residency programs. However, we would like to suggest that HB 958 be amended to include the following:

- 1) UH Mānoa Nursing be included as a co-leader with University of Hawai'i John A. Burns School of Medicine ("JABSOM") in the establishment of the HHC program;
- 2) Define "residency" to include physician and NP residency programs;
- 3) Include NPs in the provision of a yearly incentive stipend.

Attached are our proposed changes for your consideration as a House Draft 1.

We appreciate your continuing support of healthcare in Hawai'i. Thank you for the opportunity to testify.

THE HOUSE

H.B. NO. 958
Proposed
H.D. 1

TWENTY-SIXTH LEGISLATURE,
2011
STATE OF HAWAII

A BILL FOR AN ACT

RELATING TO HAWAII HEALTH CORPS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that many residents of Hawaii are increasingly unable to obtain timely and appropriate health care due to shortages of primary health care providers in the State, including physicians, physician assistants, and nurse practitioners. These shortages threaten the health of Hawaii's residents and affect state health care costs. Primarily affecting the rural areas of the State, these shortages have pushed the federal government to designate a number of areas in the State, particularly rural areas, as medically underserved areas, health professional shortage areas, or as having medically underserved populations.

The legislature further finds that counties in the United States with robust primary health care systems have lower costs and improved patient outcomes. Recognizing this relationship,

many states have implemented budget line item support for the primary care pipeline.

Family physicians and nurse practitioners are well suited to rural practice due to their broad scope of clinical skills across the life cycle, encompassing the inpatient, outpatient, nursing home, and home setting. In addition to providing acute, chronic, and preventive care, many family physicians and nurse practitioners provide maternity care, family planning, and mental health services. With this scope of practice, family physicians and nurse practitioners are well equipped to work in teams with other health professionals to develop fully functioning patient-centered medical homes.

The University of Hawaii John A. Burns school of medicine, in association with Wahiawa general hospital, conducts a fully accredited three-year family medicine residency program. This program has contributed over sixty family physicians who currently work throughout the State of Hawaii.

Since 2006, a second rural residency program model has been under development with the John A. Burns school of medicine and the Hilo medical center. This will be the first residency program established on a neighbor island. The Hilo Family Health Center, the main site for this model rural interdisciplinary training model includes advanced practice nursing, pharmacy, psychiatry, and other areas of practice. It

is anticipated that this rural primary care training model can be replicated on other islands.

The legislature further finds that the increasingly high cost of a physician's and nurse practitioner's professional education requires physicians and nurse practitioners to seek out the higher incomes that allow them to repay their student loans. However, physician and nurse practitioner salaries in rural shortage areas are often lower than those in non-shortage areas.

Loan repayment programs have been successfully used in Hawaii to increase the number of educators serving in hard-to-fill teaching positions, and can also be used to encourage and enable physicians, physician assistants, and nurse practitioners to provide care in shortage areas of the State.

The purpose of this Act is to:

- (1) Establish the Hawaii health corps, under the University of Hawaii John A. Burns school of medicine, to provide loan repayment for physicians, physician assistants, and nurse practitioners who agree to work in a county having a shortage of physicians, physician assistants, and nurse practitioners, with priority given to a rural area of that particular county; and
- (2) Appropriate funds to increase access by medically underserved populations to culturally appropriate

primary health care services by supporting the development of the rural health workforce as follows:

- (A) For the Hilo medical center, by implementing and sustaining the rural interdisciplinary residency program; and
- (B) For the John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene for:
 - (i) Continued participation as the Accreditation Council for Graduate Medical Education- sponsoring institution and the Commission on Collegiate Nursing Education accreditation;
 - (ii) Required faculty leadership in accreditation, implementation, and graduate medical education oversight;
 - (iii) An increased number of family medicine and nurse practitioner residency slots, establishment of rotations on other islands including Maui, Molokai, and Kauai; and
 - (iv) A yearly incentive stipend for each resident in a family practice medical and nursing residency at the Hilo medical center.

SECTION 2. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

"CHAPTER

HAWAII HEALTH CORPS

§ -1 **Definitions.** As used in this chapter, unless the context requires otherwise:

"Loan repayment" or "repayment of loan" means the payment of up to twenty per cent of a Hawaii health corps program participant's health care training costs, including but not limited to, tuition not exceeding \$35,000 per year for a maximum of five years of repayment.

"Nurse practitioner" means a person licensed as an advanced practice registered nurse under chapter 457.

"Physician" means a person licensed to practice medicine and surgery, as required by section 453-2.

"Physician assistant" means a person licensed to practice medicine under the supervision of a physician or osteopathic physician, as required by section 453-5.3.

"Residency" means a physician or nurse practitioner participating in an accredited program of post graduate study.

§ -2 **Hawaii health corps program established.** The Hawaii health corps program is established to encourage physicians, physicians assistants, and nurse practitioners to

serve in counties having a shortage of physicians, physician assistants, and nurse practitioners, with priority given to a rural area county. The Hawaii health corps program shall be administered by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene. In administering the program, the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene shall:

- (1) Adopt rules and develop guidelines to administer the program;
- (2) Identify and designate areas of the counties where there is a shortage of physicians, physician assistants, and nurse practitioners;
- (3) Establish criteria for the selection by the University of Hawaii John A. Burns school of medicine of physicians, physician assistants, and nurse practitioners to participate in the Hawaii rural health care provider loan repayment program;
- (4) Define and determine compliance with the service commitments of the Hawaii rural health care provider loan repayment program;
- (5) Collect and manage reimbursements from participants who do not meet their service commitments under the

Hawaii rural health care provider loan repayment program;

- (6) Publicize the program, particularly to maximize participation by individuals who live in areas of a county where there is a shortage of physicians, physician assistants, and nurse practitioners;
- (7) Solicit and accept grants and donations from public and private sources for the Hawaii rural health care provider loan repayment program, including maximizing the use of federal matching funds; and
- (8) Establish criteria and procedures for calling Hawaii health corps program participants into service during a civil defense or other emergency.

§ -3 **Hawaii rural health care provider loan repayment program.** (a) There is created within the Hawaii health corps program, the Hawaii rural health care provider loan repayment program to be administered by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene in partnership with a lending financial institution whose operations are principally conducted in Hawaii. The Hawaii rural health care provider loan repayment program shall provide loan repayments to eligible physicians, physician assistants, and nurse practitioners who make the service commitment under subsection (b). The

University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene shall make loan repayments directly to the financial institution under subsection (b) to offset the loan repayment for which the Hawaii rural health care provider loan repayment program recipient would otherwise be liable. Loan repayments shall commence upon the commencement of loan repayments by the Hawaii rural health care provider loan repayment program recipient to the lending financial institution. The University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene shall prioritize loan repayments in accordance with the greatest specialty shortages for the particular county.

(b) The Hawaii rural health care provider loan repayment program shall provide loan repayments on behalf of licensed physicians, physician assistants, and nurse practitioners who agree to serve for five consecutive years as a physician, physician assistant, or nurse practitioner in a county having a shortage of physicians, physician assistants, and nurse practitioners, with priority given to a rural area of that particular county; provided that eligible physicians, physician assistants, or nurse practitioners, as applicable, shall have graduated from a duly accredited medical school or nursing school within the United States; provided further that

preference shall be given to graduates of the University of Hawaii John A. Burns school of medicine or the University of Hawaii school of nursing and dental hygiene, as applicable.

(c) Eligible participants in the Hawaii rural health care provider loan program shall be determined by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene on a competitive basis and in accordance with subsection (b).

(d) If a Hawaii rural health care provider loan repayment program participant fails to satisfy the recipient's service commitment under subsection (b), the Hawaii rural health care provider loan repayment program participant shall be liable for the repayment of the outstanding balance of the loan to the lending financial institution under subsection (b). In addition, the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene may seek reimbursement for any loan repayment made by the University of Hawaii John A. Burns school of medicine or the University of Hawaii Manoa school of nursing and dental hygiene on behalf of the Hawaii rural health care provider loan repayment program participant.

(e) In accordance with chapter 103D, the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene may enter into

written contracts with collection agencies to collect delinquent reimbursements of loan repayments. All payments collected, exclusive of a collection agency's commissions, shall revert and be credited to the Hawaii health corps fund. A collection agency that enters into a written contract with the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene to collect delinquent reimbursements of loan repayments pursuant to this section may collect a commission from the debtor in accordance with the terms of, and up to the amounts authorized in, the written contract.

§ -4 **Hawaii health corps first responder service obligation.** In the event of a civil defense or other emergency, proclaimed under chapter 127 or 128, physicians, physician assistants, and nurse practitioners participating in the Hawaii health corps program may be ordered into service by the governor as first responders to serve in areas of the State and in a capacity determined by the director of health.

§ -5 **Rules.** The University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene shall adopt rules to administer this chapter. The rules shall be adopted pursuant to chapter 91, but shall be exempt from public notice and public hearing requirements.

§ -6 Hawaii health corps fund. (a) There is established in the treasury of the State the Hawaii health corps fund, to be administered by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene. Any funds appropriated by the legislature for the Hawaii rural health care provider loan repayment program, as well as gifts, donations, and grants from public agencies and private persons, reimbursements of loan repayments, proceeds of the operations of the program, and interest earned or accrued on moneys deposited in the fund shall become a part of the fund.

(b) The University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene may expend moneys from the fund for the purposes of this chapter."

SECTION 3. The University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene shall implement the Hawaii health corps program no later than June 30, 2012.

The deans of the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene shall report to the legislature on the status of the Hawaii health corps program no later than twenty days

prior to the convening of each regular session of the legislature, beginning with the regular session of 2012.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$10,000,000 or so much thereof as may be necessary for fiscal year 2011-2012 and the same sum or so much thereof as may be necessary for fiscal year 2012-2013 for the implementation and administration of the Hawaii health corps program.

The sums appropriated shall be expended by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene for the purposes of this Act.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2011-2012 and the same sum or so much thereof as may be necessary for fiscal year 2012-2013 to implement and sustain the Hilo medical center's rural interdisciplinary residency program.

The sums appropriated shall be expended by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene for the purposes of this Act.

SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so

much thereof as may be necessary for fiscal year 2011-2012 and the same sum or so much thereof as may be necessary for fiscal year 2012-2013 for expenditures as follows:

- (1) To enable the John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene to continue to participate as the Accreditation Council for Graduate Medical Education sponsoring institution and in the accreditation process of the Commission on Collegiate Nursing Education;
- (2) For required faculty leadership in accreditation, implementation, and graduate medical and nursing education oversight; and
- (3) To increase the number of family medicine and nursing residency slots, and establish rotations on other islands, including Maui, Molokai, and Kauai.

The sums appropriated shall be expended by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene for the purposes of this Act.

SECTION 7. There is appropriated out of the general revenues of the State of Hawaii the sum of. \$ or so much thereof as may be necessary for fiscal year 2011-2012 and the same sum or so much thereof as may be necessary for fiscal

year 2012-2013 for to provide yearly incentive stipend in an amount to be determined by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene to each medical and nursing resident in a family medicine and nursing residency at the Hilo medical center.

The sums appropriated shall be expended by the University of Hawaii John A. Burns school of medicine and the University of Hawaii Manoa school of nursing and dental hygiene for the purposes of this Act.

SECTION 8. This Act shall take effect on July 1, 2011.

INTRODUCED BY: _____

Report Title:

Hawaii Health Corps; Appropriation

Description:

Establishes 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 in rural areas. Provides for loan repayments by the University of Hawaii John A. Burns school of medicine. Makes appropriations to support accreditation efforts and support and expand residency programs, particularly in family medicine.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.