

PETER L. FRITZ

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THE SENATE THE TWENTY-NINTH LEGISLATURE REGULAR SESSION OF 2017

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

Testimony on S.B. 222

Hearing: January 27, 2017

Relating To The General Excise Tax

Chair Baker, Vice Chair Nishihara and members of the Committee. My name is Peter Fritz. I am an individual with a hearing disability and a tax attorney. I am testifying today in **strong support** of S.B. 222.

This bill would amend Hawaii's General Excise Tax law ("GET") to exempt gross receipts from the sale of mobility enhancing equipment, durable medical equipment and hearing aids.

Presently, a seller often visibly passes on the GET to the consumer which increases the cost of the item. By exempting these items, this bill will benefit Hawaii's kupuna who may have a fixed income and the disabled. Most states provide exemptions (see attachment) for medical equipment, hearing aids and mobility enhancing equipment which may be necessities for daily living.

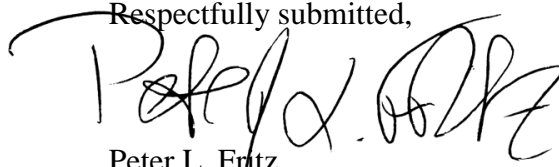
This bill adds a definition for mobility enhancing equipment. including repair and replacement parts, that is primarily and customarily used to provide or increase the ability to move from one place to another and is not generally used by persons with normal mobility. Some examples of mobility enhancing equipment are wheelchairs, canes, crutches, chair lifts, shower stools, and walkers.

This bill adds a definition durable medical equipment, including the repair of such equipment. Durable medical equipment is equipment that can stand repeated use; is primarily use to serve a medical purpose; is generally not useful to a person in the absence of an illness or injury and is not worn on the body. Examples of durable medical equipment alternating pressure pads, bed pans, compression sleeves, speech aids and chair lifts.

For many people, these items are necessities for daily living. Because many states current exempt these items from taxation, considerable guidance is available to the Department of Taxation to help administer the changes that will be made by this bill.

I respectfully ask for your support of this bill.

Respectfully submitted,



Peter L. Fritz

The following states generally exempt medical devices from tax when they are sold on a written order (prescription) provided by an individual who is required to hold, and actively holds, a state license (physician, therapist, etc.):

Arizona, Arkansas, California, Colorado, District of Columbia, Florida, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, North Carolina, Oklahoma, South Carolina, South Dakota, Texas, Utah, West Virginia.

Specific state treatments of medical devices are provided below:

- **Alabama:** medical devices are subject to tax unless the item is used for the treatment of illness or injury or to replace all or part of a limb or internal body part, purchased by or on behalf of an individual pursuant to a valid prescription, and covered by and billed to Medicare, Medicaid, or a health benefit plan. The exemption includes, but is not limited to, any of the following: durable medical equipment, including repair parts and the disposable or single patient use supplies required for the use of the equipment; medical oxygen and related equipment and supplies; prosthetic and orthotic devices; and medical supplies, as defined and covered under the Medicare program, including, but not limited to, items such as catheters, catheter supplies, ostomy bags and supplies related to ostomy care, specialized wound care products, and similar items that are covered by and billed to Medicare, Medicaid, or a health benefit plan.
- **Connecticut:** medical devices are generally exempt with or without a prescription.
- **Georgia:** exemptions apply to the sale or use of any durable medical equipment or prosthetic device sold or used pursuant to a prescription, and to the sale or use of all mobility enhancing equipment prescribed by a physician.
- **Illinois:** medical devices are taxed at a 1% reduced rate.
- **Maine:** medical devices are generally exempt with or without a prescription.
- **Minnesota:** durable medical equipment is generally subject to tax unless it's sold for home use or is paid for or reimbursed by Medicare or Medicaid, regardless of whether sold for home use.
- **Mississippi:** exemptions allowed for: home medical equipment/supplies, prosthetics, orthotics, hearing aids, hearing devices, prescription eyeglasses, oxygen and oxygen equipment if prescribed and paid for under Medicare/Medicaid; durable medical equipment and home medical supplies if prescribed.
- **Missouri:** medical devices are generally exempt with or without a prescription.
- **Nebraska:** for mobility enhancing equipment, a prescription is required. For durable medical equipment, home medical supplies, oxygen equipment, and prosthetic devices, a prescription is required and they must be of the type eligible for coverage under the medical assistance program established pursuant to the Medical Assistance Act.
- **Nevada:** medical devices are generally exempt with or without a prescription.
- **New Jersey:** medical devices are generally exempt with or without a prescription.
- **New Mexico:** medical devices are exempt only if delivered by a licensed practitioner incidental to the provision of a service and the value of the device is included in the cost of the service.
- **New York:** medical devices are generally exempt with or without a prescription.

- **North Dakota:** medical devices are generally exempt with or without a prescription.
- **Ohio:** prescription is required for exemption unless the item is medical oxygen and medical oxygen-dispensing equipment, not sold for home use, and is purchased by hospitals, nursing homes, or other medical facilities.
- **Pennsylvania:** medical devices are generally exempt with or without a prescription.
- **Rhode Island:** medical devices are generally exempt with or without a prescription.
- **South Carolina:** medical devices are generally subject to tax unless the item is paid directly by funds of South Carolina or the United States under the Medicaid or Medicare programs, state or federal law or regulation authorizing the payment prohibits payment of the sales or use tax, and the equipment is sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in the state.
- **Tennessee:** medical devices are generally exempt with or without a prescription.
- **Vermont:** medical devices are generally exempt with or without a prescription.
- **Virginia:** medical devices are generally exempt with or without a prescription.
- **Washington:** medical devices are generally subject to tax unless they are ostomic items, prosthetic devices that are prescribed, furnished or fitted by a person licensed to do so, or medically prescribed oxygen components or systems.
- **Wisconsin:** medical devices are generally exempt with or without a prescription.
- **Wyoming:** medical devices are generally exempt with or without a prescription.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exempt mobility enhancing and durable medical equipment

BILL NUMBER: SB 222

INTRODUCED BY: BAKER, S. Chang, Gabbard, Ruderman

EXECUTIVE SUMMARY: Expands the current exemption for prescription drugs and prosthetic devices to include more items specific to health care. The expanded list of items appears to be consistent with the policy justification for the original exemption. In addition, some of the changes in this bill would rectify an anomaly that exists under current law.

BRIEF SUMMARY: Modifies the current exemption for prescription drugs and prosthetic devices in HRS §237-24.3(6), so as to exempt gross proceeds from the sales of the following for human use: (A) Prescription drugs sold pursuant to a doctor's prescription; (B) Diabetic supplies; (C) Prosthetic devices; (D) Medical oxygen; (E) Human blood and its derivatives; (F) Durable medical equipment for home use; (G) Mobility enhancing equipment sold by prescription; and (H) Repair and replacement parts for any of the foregoing exempt devices and equipment.

Defines “durable medical equipment” as equipment, including repair and replacement parts, but not including mobility enhancing equipment, that: (A) Can withstand repeated use; (B) Is primarily and customarily used to serve a medical purpose; (C) Is generally not useful to a person in the absence of illness or injury; and (D) Is not worn in or on the body. Examples of “durable medical equipment” are bath and shower chairs, bed pans, and raised toilet seats;

Defines “mobility enhancing equipment” as equipment, including repair and replacement parts, other than durable medical equipment, that: (A) Is primarily and customarily used to provide or increase the ability to move from one place to another and which is appropriate for use either at home or in a motor vehicle; (B) Is not generally used by persons with normal mobility; and (C) Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

Redefines “prosthetic device” as a replacement, corrective, or supportive device including repair and replacement parts for same worn on or in the body in order to: (A) Artificially replace a missing portion of the body; (B) Prevent or correct a physical deformity or malfunction; or (C) Support a weak or deformed portion of the body; provided that “prosthetic device” shall not mean any ophthalmic, dental, or ocular device or appliance, instrument, apparatus, or contrivance. Examples of prosthetic devices are heart valves, hearing aids, pacemakers, and artificial limbs.

EFFECTIVE DATE: Taxable years beginning after December 31, 2017.

STAFF COMMENTS: Under the Hawaii GET law as it now exists, prescription drugs and prosthetic devices (including replacement parts) are exempt when received by a hospital, medical clinic, health care facility, pharmacy, or licensed health care practitioner for selling the drugs or devices to an individual. The Department of Taxation has carefully interpreted this exemption in Tax Information Release 86-4.

Under TIR 86-4, the following medical devices do not qualify for exemption: bandages, thermometers, hypodermic needles, diaphragm syringes, gauze, orthopedic support, inhalation extender devices, food products/supplements, dietary supplements, prophylactics, contact lens preparations, wheelchairs, crutches, canes, quad canes, and walkers. The expanded definitions in the bill would make a good portion of the above exempt, and appear to be consistent with the policy justification for the original exemption.

The bill states that it is intended to benefit individuals with disabilities and kupuna on limited income by exempting necessary medical devices and the repair of those devices from GET. There is nothing in the bill that limits the exemption to these classes of individuals, so lawmakers should realize that anyone needing these items and devices could benefit from the exemption.

In addition, it may be misleading to state that “repair of” the devices is exempt. Only the replacement parts are exempt; the repair service or labor is still taxable.

The bill proposes to expand the exemption without regard to who is selling the articles. This may help to correct an anomaly that now exists in the law. Compare the following situations:

1. Drug manufacturer M sells a drug to retail pharmacy R who sells it to patient P. The sale from R to P is exempt and the sale from M to R is a wholesale sale taxed at 0.5%. Total tax: 0.5%.
2. Drug manufacturer M sells a drug to GET-exempt hospital H who sells it to patient P. The sale from H to P is exempt because H is a tax-exempt organization. The sale from M to H does not qualify as a wholesale sale because an exempt organization is not a “licensed seller” and the exemption doesn’t apply because the sale is not to a patient. The sale is a retail sale taxed at 4%. Total tax: 4%.

Businesses providing similar, if not identical, goods or services should be treated equally as the tax is on the business and not on the customer. The law now discriminates against tax-exempt hospitals, infirmaries, and sanitarium (HRS §237-23(a)(6)).

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Commerce and Consumer Protection
The Honorable Rosalyn Baker, Chair
The Honorable Clarence K. Nishihara, Vice Chair

January 27, 2017
9:30 am
Conference Room 229

Re: SB 225 Relating to Health Coverage for Brain Injuries

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on this bill mandating insurance coverage for various services to treat survivors of traumatic brain injuries.

Kaiser Permanente Hawaii would like to offer comments to amend this bill.

This issue of mandating insurance coverage for cognitive rehabilitation for survivors of traumatic brain injuries has a long standing history before the Hawaii legislature. In 2004, the Hawaii legislature requested an audit assessment that resulted in *inconclusive* findings by the auditor based on the following determinations:

- “Current literature indicates scientific studies are on-going, and existing studies have not definitely determined the efficacy of cognitive rehabilitation for traumatic brain injuries. Much of the research has been largely anecdotal. Definitive scientific studies are still in their infancy, and part of the problem with existing studies is the lack of a standard definition for cognitive rehabilitation.”
- “In addition to the lack of more conclusive studies, conflicting survey results from consumers and insurance companies led us to conclude that the social and financial impact of health insurance coverage for cognitive rehabilitation for traumatic brain injury cannot be determined at this time. “
- “An example of a conflicting response is in the area of the level of public demand for the treatment or service. For the most part, consumers indicated a moderate to significant demand for services, while insurers indicated little to no demand.”

The complete Legislative Reference Bureau report and its findings may be viewed at <http://files.hawaii.gov/auditor/Reports/2004/04-11.pdf>

I. **Kaiser Requests Amendments to the Overly Broad Refernces to “Acquired Brain Injury” and “Therapy and Services”.**

A. **“Acquired Brain Injury”**

On Page 2, Lines 11-12, health insurers “shall provide the following therapy and services, as a result of and related to an *acquired brain injury* . . .” However, as recognized in the auditor’s report, an “acquired brain injury” is an overly broad reference to *all brain injuries* occurring later in life (versus at birth), of which traumatic brain injury is a subcategory. Some examples of “acquired brain injury” are brain tumors and head concussions. Thus, we request that the general reference to “acquired brain injury” be replaced with the more specific “traumatic brain injury”.

B. **“Therapy and Services”**

On Page 2, Lines 15-21, and Page 3, Line 1, health insurers are required to cover subcategories (1) through (6) as “*therapy and services*” relating to “an acquired brain injury.” However, these “therapy and services”, i.e., cognitive communication therapy, neurocognitive therapy and rehabilitation, etc., are not defined. Without standard definitions for these “services”, it is difficult for health insurers to gather data to determine if they are already covered by the insurer. For health insurers, the primary method to identify diagnosis and treatments for claims purposes is to analyze treatment codes. These procedural codes offer concise descriptions of each diagnosis or type of treatment with an attached identification number. However, overly broad references to treatments such as “neurocognitive therapy and rehabilitation” and “neurobehavioral treatment” are too general to be associated with particular treatment codes, and therefore, cannot be properly identified. To avoid this confusion, we recommend that the overly broad cognitive therapy treatments identified in subcategories (1) through (6) be deleted and instead, apply the standard definition of “cognitive rehabilitation therapy” to capture all the types of cognitive therapies.

Additionally, the auditor recognized that the gathering of data (to determine if different types of services are included as “cognitive rehabilitation therapy”) was problematic because the services offered by insurers are often integrated with other therapies, such as occupational and physical therapy. Similarly, Kaiser Permanente provides certain cognitive treatment, i.e. helping a patient to improve memory skills, problem solving strategies, visual tracking/processing, compensatory techniques, etc., which is integrated with other therapies, such as occupational, speech, and physical therapy as part of its rehabilitation services. As part of its rehabilitation services, Kaiser Permanente also offers separate community integration as part of functional activity training in the clinic by working with patients to simulate situations that may occur in the community, i.e., shopping, social interactions, using a computer, etc.

II. Kaiser Requests the Addition of the “Medically Necessary” Standard.

On Page 3, Lines 2-3, health insurers are also required to cover as “therapy and services:” “Any *necessary* post-acute transition services or community reintegration services.” In the best interest of the patient, all “therapy and services,” including any necessary post-acute transition care, should be based on what is medically necessary according to the treating physician. This medically necessary standard has been well recognized as the generally accepted standard for medical care. Clearly, only the treating physician, and not the patient or patient’s representative, is best qualified to determine the appropriate treatment, including the length of treatment, based on improvement outcomes and any appreciable gains in the patient’s progress.

In the alternative, Kaiser requests an updated legislative audit, pursuant to Sections 23-51 and 23-52 of the Hawaii Revised Statutes, to re-assess the financial and social impact of this mandate, with the newly added definition of “cognitive rehabilitation therapy,” given that the original audit report was inconclusive.

Thank you for the opportunity to comment.

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

BRIDGET HOLTHUS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

January 27, 2017

TO: The Honorable Senator Rosalyn H. Baker, Chair
Senate Committee on Commerce, Consumer Protection & Health

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 225 – RELATING TO HEALTH COVERAGE FOR BRAIN INJURIES**

Hearing: January 27, 2017, 9:30 a.m.
Conference Room 229, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) provides comments on this measure.

PURPOSE: The purpose of the bill is to require certain insurance contracts and plans to provide coverage beginning 1/1/2017 for treatment of brain injuries, including cognitive and neurocognitive therapy, neurobehavioral and neuropsychological testing or treatment, and necessary post-acute transition services or community reintegration activities for a period of at least twenty years from the date the injury occurred and up to a lifetime cap per person of \$300,000.

DHS recognizes the importance of cognitive behavior therapy and currently provides most of the listed services to Medicaid recipients who meet criteria. Recipients will receive cognitive behavioral services as long as it is determined to be medically necessary and the recipients are eligible for coverage under Medicaid. Medicaid also covers all medically necessary care for children, including treatment for traumatic brain injury under the Early Periodic Screening, Diagnosis and Treatment (EPSDT) requirements. The listed services that are currently covered are: Cognitive Rehabilitation Therapy; Cognitive Communication Therapy;

Neurobehavioral, neurophysiological, psychophysiological testing or treatment; and Neurofeedback therapy.

Neurocognitive Therapy and Rehabilitation, Remediation and Post-acute transition Services or community reintegration services listed are not detailed enough to determine if the scope of services would be considered a subset of the broad category of Cognitive rehabilitation therapy or not. If not, the service would not be covered by Medicaid for adults. If the health plans contracted with the DHS would be required to provide the services as a result of this bill, the services would have to be state-only funded until Medicaid could seek and obtain approval from the federal regulatory agency, Centers for Medicare and Medicaid Services (CMS). DHS would require an additional state fund appropriation for the total amount to cover the services pending approval by CMS.

To provide clarity, and because the majority of the services are already covered, the DHS respectfully recommends the measure specify that the Medicaid program is excluded from this bill's requirement if that is the intent of the Legislature.

While Medicaid already provides the majority of the named services, we note that the start date of the services 1/1/2017, and suggest that the date be changed to a date in the future to avoid the unknown fiscal and other consequences of a retroactive date.

Thank you for the opportunity to testify on this bill.



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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www.hawaii.gov/dcca

TO THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Friday, January 27, 2017
9:30 am

**TESTIMONY ON SENATE BILL NO. 225 – RELATING TO HEALTH COVERAGE
FOR BRAIN INJURIES.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on this bill, which is a companion to H.B. 392, but submits the following comments.

The purpose of this bill is to add a mandated health insurance benefit for treatment of brain injuries, including cognitive and neurocognitive therapy, neurobehavioral and neuropsychological testing or treatment, and necessary post-acute transition services or community reintegration activities for a period of at least twenty years from the date the injury occurred and up to a lifetime cap per person of \$300,000.

The addition of a new mandated coverage may trigger section 1311(d)(3) of the federal Patient Protection and Affordable Care Act (“PPACA”), which requires states to defray the additional cost of any benefits in excess of the essential health benefits of the State’s qualified health plan under PPACA.

Senate Bill No. 225
DCCA Testimony of Gordon Ito
Page 2

Additionally, any proposed mandated health insurance coverage requires the passage of a concurrent resolution requesting the State Auditor to prepare and submit a report assessing the social and financial impacts of the proposed mandate, pursuant to Hawaii Revised Statutes section 23-51. Therefore, we respectfully request that section 6 of this bill be amended so that the State Auditor, and not the Department, is tasked with reporting the economic impact of the expanded coverage on affected insurers.

We thank the Committee for the opportunity to present testimony on this matter.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2017 1:42 PM
To: CPH Testimony
Cc: louis@hawaiidisabilityrights.org
Subject: Submitted testimony for SB225 on Jan 27, 2017 09:30AM

SB225

Submitted on: 1/25/2017

Testimony for CPH on Jan 27, 2017 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Louis Erteschik	Hawaii Disability Rights Center	Support	Yes

Comments: We have been involved with this issue for more than a decade. During that time the prevalence of brain injuries has increased exponentially. Everyone has heard the expression that traumatic brain injury is the signature wound of the wars around the world. Our understanding is that while receiving immediate acute hospital care has not been a particular issue, what has been lacking has been coverage for rehabilitation care and further treatment such as cognitive therapy. Having reviewed prior testimony on similar measures over the years, it seems unclear as to exactly what is covered or not covered either by private insurers or by Medicaid. We also are aware of a prior Report from the Legislative Auditor which expressed that there was not a clear definition of what constitutes cognitive rehabilitation therapy. We would like to see the Committee advance this measure and encourage further stakeholder discussion in the hope that the parties can either achieve consensus or at least come to a baseline understanding of specifically what gaps currently exist in the service delivery and coverage system so that the legislature can then assess the rationale for any gaps in coverage and make a comprehensive policy decision as to what further steps are needed.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**TO THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH**

**TWENTY-NINTH LEGISLATURE
Regular Session of 2017**

Friday, January 27, 2017
9:30 am

**TESTIMONY ON SENATE BILL NO. 225 – RELATING TO HEALTH COVERAGE
FOR BRAIN INJURIES.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on this bill, which is a companion to H.B. 392, but submits the following comments.

The purpose of this bill is to add a mandated health insurance benefit for treatment of brain injuries, including cognitive and neurocognitive therapy, neurobehavioral and neuropsychological testing or treatment, and necessary post-acute transition services or community reintegration activities for a period of at least twenty years from the date the injury occurred and up to a lifetime cap per person of \$300,000.

The addition of a new mandated coverage may trigger section 1311(d)(3) of the federal Patient Protection and Affordable Care Act (“PPACA”), which requires states to defray the additional cost of any benefits in excess of the essential health benefits of the State’s qualified health plan under PPACA.

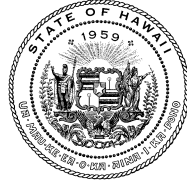
Senate Bill No. 225
DCCA Testimony of Gordon Ito
Page 2

Additionally, any proposed mandated health insurance coverage requires the passage of a concurrent resolution requesting the State Auditor to prepare and submit a report assessing the social and financial impacts of the proposed mandate, pursuant to Hawaii Revised Statutes section 23-51. Therefore, we respectfully request that section 6 of this bill be amended so that the State Auditor, and not the Department, is tasked with reporting the economic impact of the expanded coverage on affected insurers.

We thank the Committee for the opportunity to present testimony on this matter.

DAVID Y. IGE
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DEPARTMENT OF TAXATION

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FAX NO: (808) 587-1560

To: The Honorable Rosalyn H. Baker, Chair
and Members of the Senate Committee on Commerce, Consumer Protection, and Health

Date: Friday, January 27, 2017
Time: 9:30 A.M.
Place: Conference Room 229, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 222, Relating to the General Excise Tax

The Department of Taxation (Department) appreciates the intent of the measure to reduce the cost of specified medical supplies and devices by exempting the same from the general excise tax. The Department takes no position on this measure and defers to the Department of Health on the merits of this bill. The Department raises the following concerns on S.B. 222 for your consideration.

S.B. 222 provide an exemption from the general excise tax for amounts received from the sale or repair of mobility enhancement and durable medical equipment, and expands the definition of "prosthetic devices" to include devices that are worn on the body. The changes are intended to benefit individuals with disabilities, the elderly, and those on limited income. The measure is effective upon approval and applies to taxable years beginning after December 31, 2017.

The Department first notes that although section 1 of the measure states that its purpose "...is to provide an exemption for amounts received from the sale of mobility enhancement and durable medical equipment, and to expand the definition of "prosthetic devices" to include devices that are worn on the body", the measure goes far beyond that. The measure also exempts from general excise tax amounts received for diabetic supplies, medical oxygen, and human blood and its derivatives. Currently, there is no exemption for these items.

Because the Department has no expertise in medical devices, the Department suggests that "durable medical equipment" be defined as it is by Medicare, which requires that the equipment be:

- Durable (can withstand repeated use);
- Used for a medical reason;

- Not usually useful to someone who isn't sick or injured;
- Used in your home; and
- Has an expected lifetime of at least 3 years.

Examples of durable medical equipment under Medicare includes (but is not limited to):

Air-fluidized beds and other support surfaces
Blood sugar monitors
Blood sugar (glucose) test strips
Canes (except white canes for the blind aren't covered)
Commode chairs
Continuous passive motion (CPM) machine
Crutches
Hospital beds
Infusion pumps and supplies (when necessary to administer certain drugs)
Nebulizers and nebulizer medications
Oxygen equipment and accessories
Patient lifts
Sleep apnea and Continuous Positive Airway Pressure (CPAP) devices and accessories
Suction pumps
Traction equipment
Walkers

If the Committee wishes to adopt the Medicare definition the Department suggests the following language:

"Durable medical equipment" means the same as in section 414.202 of title 42 of the code of federal regulations and includes repair and replacement parts. Durable medical equipment also includes bath and shower chairs, bed pans, and raised toilet seats, but does not include mobility enhancing equipment.

Provided that "durable medical equipment" is clarified, this measure will not have a substantial administrative impact and the Department will be able to implement the changes by the effective date.

Thank you for the opportunity to provide comments.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2017 3:10 PM
To: CPH Testimony
Cc: lkakatsu@hawaii.rr.com
Subject: Submitted testimony for SB222 on Jan 27, 2017 09:30AM

SB222

Submitted on: 1/25/2017

Testimony for CPH on Jan 27, 2017 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Murakami-Akatsuka	Individual	Support	No

Comments: I am a member of the Disability and Communication Access Board (DCAB) and submitting my testimony as a private citizen. I strongly support SB 222 passage to exempt gross receipts from the sale of mobility enhancing equipment and durable medical equipment from the general excise tax. I currently use the walker and cane due to a hip disability and spinal stenosis in my daily life for home and work activities. These equipment help my mobility as well as for fall prevention. As I age, there will be more mobility enhancing equipment that I will need to purchase to sustain my quality of life. For many others who have disabling conditions like myself as well as our elders, the purchase of mobility enhancing equipment and durable medical equipment are costly. The bill to exempt these types of equipment from general excise tax will benefit all Hawaii residents. I would strongly urge its passage this session. Thank you for the opportunity to testify.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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SB222

Measure Title: RELATING TO THE GENERAL EXCISE TAX.

Report Title: General Excise Tax; Medical Devices; Exemption

Description: Exempts gross receipts from the sale of mobility enhancing equipment and durable medical equipment from the general excise tax. Amends the definition of "prosthetic device" to include devices worn on the body. Exempts gross receipts from the repair of prosthetic devices from the general excise tax.

Companion:

Package: None

Current Referral: CPH, WAM

Introducer(s): BAKER, S. Chang, Gabbard, Ruderman