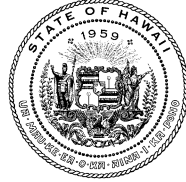


DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
Phone: (808) 587-1540 / Fax: (808) 587-1560
Email: Tax.Directors.Office@hawaii.gov

RONA M. SUZUKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable John M. Mizuno, Chair;
The Honorable Bertrand Kobayashi, Vice Chair;
and Members of the House Committee on Health

From: Rona M. Suzuki, Director
Department of Taxation

Re: H.B. 138, H.D. 2 (Proposed), Relating to Health

Date: Tuesday, February 4, 2020

Time: 10:30 A.M.

Place: Conference Room 329, State Capitol

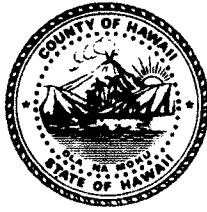
The Department of Taxation (Department) appreciates the intent of H.B. 138, Proposed H.D. 2, and offers the following comments.

H.B. 138, Proposed H.D. 2, adds a new section to chapter 237, Hawaii Revised Statutes (HRS), exempting “all of the gross proceeds arising from medical services provided by physicians” from the general excise tax (GET). The measure states that “‘medical services’ provided by physicians includes those services provided within hospitals, medical clinics, and private medical practices that are performed by licensed practitioners that are rendered under chapter 453.” H.B. 138, Proposed H.D. 2 applies to taxable years beginning after December 31, 2020.

The Department is able to administer the bill as written, but respectfully requests that any changes to the GET be made effective for gross receipts received on or after January 1, 2021. Applying this new exemption by the date that gross receipts are received instead of by taxable year will level the playing field so the exemption will apply to all affected taxpayers regardless of the tax year that they follow.

Thank you for the opportunity to provide comments.

Harry Kim
Mayor



Roy Takemoto
Managing Director

Barbara J. Kossov
Deputy Managing Director

County of Hawai'i Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553
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(808) 323-4444 • Fax (808) 323-4440

January 31, 2020

Representative John M. Mizuno, Chair
Representative Bertrand Kobayashi, Vice Chair
Committee on Health
Hawaii State Legislature

Dear Chair Mizuno, Vice Chair Kobayashi, and Committee Members:

RE: HB 138, HD1, Proposed HD2, Relating to Health

Thank you for this opportunity to testify on a bill dealing with a crucial issue facing our State.

"Making Hawai'i a nice place to live" is simple to say, and almost too obvious a goal to highlight, but nevertheless that phrase sums up the most important task facing our elected community leaders. For this reason alone, I want to thank and praise any effort to deal with one of the most critical issues that we must confront, and that is the crisis in our healthcare system caused by our physician shortage.

We are justly proud of the Hawaii Prepaid Healthcare Act, but how valuable is insurance if you cannot find a provider? How can we expect our people, especially our aging population, to live comfortably, if they believe that quality healthcare is only available if they have the time and ability to travel to the mainland? How can we attract more providers when they realize that they will be expected to work extraordinary hours because there is not a reasonable number of other providers to share the burden?

And the ramifications are important, too. To what extent do we limit our primary economic driver, tourism, when visitors are warned "Don't get sick in Hawai'i"?

I am not smart enough to know how to entirely solve our physician shortage problem. However, I am told, and do believe, that eliminating the General Excise Tax on healthcare services would be a very positive step in improving the economics for

healthcare providers, thereby encouraging existing providers to stay in practice and enticing new providers to join us.

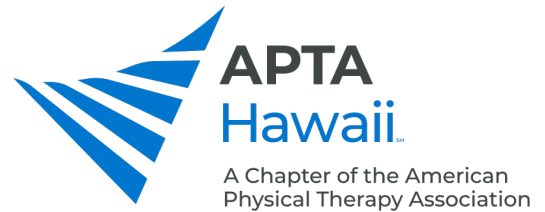
In closing, let me note that I try to use the word "provider" because, in truth, our healthcare crisis goes beyond our physician shortage. For that reason, I want to note that a bill like SB 254 would provide a general excise tax exemption for medical services provided by physicians and advanced practice registered nurses acting in the capacity of primary care provider. It seems to me that broadening the exemption to APRNs is a sensible way to go, if the State is able to absorb the initial additional loss of revenue ("initial" because most or all of the loss would be offset as the higher earnings of the APRNs are spent and circulate through the community, generating new tax revenue).

Thank you again for addressing our healthcare dilemma. Please act favorably on HB 138, Proposed HD2.

Respectfully Submitted,


Harry Kim
MAYOR

HB138hd2 Proposed
Relating to Health
House HLT Hearing
Tuesday, Feb. 4, 2020 – 10:30am



Position: Support

Chair Mizuno, Vice Chair Kobayashi and Members of the HLT Committee:

I am Gregg Pacilio, PT and Board President of APTA-Hawaii, the American Physical Therapy Association-Hawaii, formerly known as the Hawaii Chapter of the American Physical Therapy Association (HAPTA). We are a non-profit professional organization serving more than 340-member Physical Therapists and Physical Therapist Assistants. We are movement specialists and are part of the spectrum of care for Hawaii, and provide rehabilitative services for infants and children, youth, adults and the elderly. Rehabilitative services are a vital part of restoring optimum functioning from neuromusculoskeletal injuries and impairments.

APTA-HI is in support of HB138hd2Proposed which would remove the general excise tax from all gross proceeds of medical services by physicians in all practice settings.

The current physician shortage is well documented, as recent as in the Grassroots Institute of Hawaii's, "How the State GET Affects Healthcare Costs in Hawaii". This is particularly acute in rural areas, more so on the Neighbor Islands.

Enactment of HB138hd2Proposed may provide an incentive for physicians to remain in Hawaii and provide access to health care for many people in Hawaii.

Your support of HB138hd2Proposed is appreciated. Please feel free to contact Patti-Taira Tokuuke at 808-895-1259, APTA-HI's Reimbursement Co-Chair if there are any questions. Thank you for the opportunity to present testimony.

HB-138-HD-1

Submitted on: 2/2/2020 6:20:11 PM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Ching, MD, MPH	American Academy of Pediatrics, Hawaii Chapter	Support	No

Comments:

Re: HB 138 HD 2

Position: Support

The American Academy of Pediatrics, Hawai'i Chapter offers its support for HB 138 HD2, relating to general excise tax exemption for gross proceeds arising from medical services provided by physicians.

The goal of this bill is to improve access to healthcare for Hawai'i's families by reducing our state's physician workforce shortage. Primary care providers and specialists today practice on ever narrow margins. Changes to the way our state's major health insurer pays for care have resulted in decreased revenue for many of our member physicians.

In addition, the federal Centers for Medicare & Medicaid Services do not allow providers to pass on the general excise tax to patients like many other businesses in Hawai'i. The general excise tax effectively creates a disincentive for providers to care for Medicare patients.

Our Chapter would appreciate your support to pass this bill from your committee. Please do not hesitate to contact me if there are any questions.

Respectfully,

Michael S.L. Ching, MD, MPH, FAAP

HB-138-HD-1

Submitted on: 2/2/2020 11:08:41 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Lauris Wade MD	Hawaii Radiologic Society & Hawaii Physician Shortage Crisis Task Force	Support	No

Comments:

HRS and HPSCTF support the spirit of HB138 HD1.

HRS and HPSCTF strongly support HB138 HD2 providing a general excise tax exemption for medical services.

There are currently 5 Senate and 3 House Bills circulating the Legislature, each of which would provide a General Excise Tax exemption on physician medical services. The importance of these measures to the wellbeing of Hawai'i Healthcare and Patient Care Access cannot be understated. A full 18 of 30 Senators are GET Bill Introducers.

President John F. Kennedy once wrote, "The great enemy of the truth is very often not the lie, deliberate, contrived and dishonest, but the myth, persistent, persuasive and unrealistic." House Bill 138 HD2, and its brethren, address the myth that all is well in Hawai'i Health Care.

In 2008, anecdotal reports of a doctor shortage on the Big Island had been circulating for a few years. At the behest of local government, Dr. Kelly Withy of the John A Burns School of Medicine studied the local work supply and pegged the physician shortage at 15%. In 2010, the study was repeated statewide and found a shortage of 20%. Dr. Withy declared that the situation was quote "likely to worsen if mitigating steps were not taken immediately." Since that time, the Hawai'i Physician Workforce Assessment Project has been performed annually and the State has funded a number of projects intended to mitigate the Physician Workforce Shortage.

Despite the measures, the statewide shortage has increased to 820 Doctors. Neighbor Island shortages are most severe and measure 32% in Kauai County, 36% in Maui County and a full 44% in Hawaii County. Since 2008, the Big Island Physician shortage has tripled.

Patient health care access is threatened.

Nearly 1/3 of Big Island Physicians are age 65 or older. Hawai'i has the second oldest physicians in the nation. A large number of these older physicians will soon retire. The Hawai'i State Cost of Living Index is the highest in the nation. The General Excise Tax as applied to Medical Services results in Medicare Reimbursement which is the worst in the nation. Adjusted for cost of living, HI physician wages are the third worst in the country and that is only because they work so hard. As such Hawai'i medical practices are having difficulties surviving, much less recruiting and retaining new physicians.

A quote of President Kennedy is once again apt. "There are risks and costs to action. But they are far less than the long range risks of comfortable inaction."



HAWAII MEDICAL ASSOCIATION

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

HOUSE COMMITTEE ON HEALTH

Rep. John Mizuno, Chair

Rep. Bertrand Kobayashi, Vice Chair

Date: February 4, 2020

Time: 10:30 a.m.

Place: Conference Room 329

From: Hawaii Medical Association

Michael Champion, MD, President

Christopher Flanders, DO, Executive Director

Re: HB138 HD2 - Relating to Health

Position: SUPPORT

The Hawaii Medical Association supports the exemption of medical services from the General Excise Tax. Given the current extreme physician shortage, collection of the GET from physicians is compounding an already tenuous financial position medical practices hold in Hawaii. This is the only state in the nation that taxes medical care in this way. In that roughly 65% of gross revenue collections go to paying overhead, the 4.5% GET accounts for an additional 13% on a physician net practice revenue. This can essentially eliminate the ability to maintain a viable practice, particularly in rural areas with a high proportion of Medicare and Medicaid, the GET costs of which cannot be passed on to patients.

Continued discussions between physician candidates, recruiters and the HMA reveal that the two biggest obstacles to practice in Hawaii are the high cost of living and conducting business and the low payment for service rates, of which the GET is a part. In that Hawaii is the only state that taxes medical care gross revenue, the GET renders Hawaii non-competitive in the physician market. This disparity should not be allowed to continue.

Thank you for allowing the Hawaii Medical Association to testify on this issue.

HMA OFFICERS

President – Michael Champion, MD President-Elect – Angela Pratt, MD Secretary – Thomas Kosasa, MD
Immediate Past President – Jerry Van Meter, MD Treasurer – Elizabeth A. Ignacio, MD
Executive Director – Christopher Flanders, DO

HB-138-HD-1

Submitted on: 2/2/2020 9:32:45 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sally J McTigue, MSN, APRN-RX	HAPN	Support	No

Comments:

I am writing to request board member consideration for the addition of bill language to include all kprofessional level healthcare providers. The current language includes only physicians. I humbly submit for the addition of the entire professional healthcare billing entity to include, but not limited to, APRN's, CRNA's, Chiropractors, PA's and the like be added to the language of ammendment HB138 HD2.

Healthcare tax adds additional burden to an already cumbersome and costly service for both patient and provider. Hawaiian residents struggle with the day to day expense of living in our state. Additional out of pocket expense for patients negatively impacts their choices to seek care when needed and participate in their own health and wellness plan. This impacts the health of the state as a whole and should be avoided at all costs.

Addition of this language has the potential to increase provider availability through reduced overhead liability and the cost of doing business in Hawaii as well as increase patient participation and compliance with healthcare plans.

Thank you for your consideration.

Regards,

Sally J. McTigue, MSN, APRN

HB-138-HD-1

Submitted on: 2/2/2020 11:26:33 PM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Meng-Ling Erik Kuo	Wellness Partners Hawaii Inc.	Support	No

Comments:

Wellness Partners Hawaii supports this bill to provide financial relief to medical practices throughout Hawaii. We respectfully request an amendment to this bill to include advanced practice registered nurses (APRN) as more APRNs open their own practices throughout the state to meet the growing health needs of their communities.

Erik Kuo

Vice President of Wellness Partners Hawaii Inc.



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Joe Carter, Coca-Cola Bottling of Hawaii, *Chair*
Charlie Gustafson, Tamura Super Market, *Vice Chair*
Eddie Asato, The Pint Size Corp., *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schlif, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Beau Oshiro, C&S Wholesale Grocers, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*

TO:
Committee on Health
Rep. John M. Mizuno, Chair
Rep. Bertrand Kobayashi, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 4, 2020
TIME: 10:30am
PLACE: Conference Room 329

RE: HB138 Relating to Health

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Ensuring that consumers have access to nutritional information about their food is an issue that has already being addressed at the national level. Additional mandates at the state level are redundant and burdensome to businesses, and implementing this type of unnecessary change is costly and can force food businesses to raise prices for consumers.

The FDA's Nutrition Labeling of Standard Menu Items in Restaurants and Similar Retail Food Establishments was implemented in May 2018 start.

One of the main reasons that the implementation of the Federal menu labeling rules was delayed in the past was that the rules were written without sufficient input from the food industry. The original version of the menu labeling rules contained requirements that were unclear and some that were simply impractical to implement. Similarly, this state bill has been created without input from the businesses that it will impact.

Food businesses in our state are already providing consumers with nutrition information according the FDA Menu Labeling Guidelines. Creating an additional state mandate with different requirements about the same information does not help consumers make better food choices, and will simply be an unnecessary expense for food businesses. We strongly encourage you to vote no on this measure.

Thank you for the opportunity to testify.



February 3, 2020

**To: House of Representatives
Thirtieth Legislature, 2020
State of Hawaii**

From: East Hawaii Independent Physicians Association Board of Directors

Subject: Support for HB138 HD2

We represent 50 independent physicians on Hawai'i Island delivering care to over 50,000 unique patient lives. The increasing GET and County surcharges are stripping away the small profit margins for our private medical practices. This has contributed to our severe doctor shortage compounded by the fact that Hawai'i has the lowest percentage of providers accepting Medicare in all 50 states. Hawai'i has a larger percentage of providers in private practices in the nation, and it is important that the private practice of Medicine remain sustainable for our 'ohana. Almost all of our member physicians on Hawai'i Island are small, independent private clinics. Our community risks losing these physicians as their operations become financially unsustainable. Our membership listed below urges you to pass HB138 HD2 into law.

**Carlos Abeyta MD
Melanie Arakaki MD
Gabriele Barthlen MD
Daniel Belcher MD
Brenda Camacho MD
Pradeepta Chowdhury MD
Darrett Choy MD
Shallon Craddock MD
Joseph D'Angelo MD
John Dawson MD
Ty de Silva MD
Alan De Silva MD
Lynda Dolan MD
Daniel Driscoll MD
Matthew Dykema DO
Buddy Festerling MD**

**Sheareen Gedayloo MD
Jon Gerdson MD
Carlos Gonzales MD
Lynda Hirakami APRN
David Jung MD
Erin Kalua MD
Olivia Kaponu MD
Young-Rhan Kim MD
Roy Koga MD
Kevin Kurohara MD
Richard Lee-Ching MD
Don Matsuura MD
Peter Matsuura MD
Wanda Meurs MD
Michael Miyashiro MD
Aaron Morita MD**

**David Nakamura MD
Eugene Ng MD
Thu Nguyen MD
Kara Okahara MD
Douglas Olsen MD
Maria-Stella Perlas MD
Heajung Ruesing MD
Michael Russo MD
Syuck Ki Saito MD
GinaMarie Salcedo MD
Craig Shikuma MD
Santad Sira MD
Sydney Tatsuno MD
Brian Wilson MD
Gaku Yamaguchi MD
Douglas Yamashita MD**

CC: Susan Mochizuki, Executive Director

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Representative John M. Mizuno, Chair of
the House Committee on Health and Human Services

From: Hawaii Association of Professional Nurses (HAPN)
Subject: HB138 HD1 – Relating to Health

Hearing: February 4, 2020, 10:30a.m. House Conference room 329, State Capitol

Aloha Representative Mizuno, Chair; Representative Kobayashi, Vice Chair; Committee Members Representative Au Belatti, Representative Nakamura, Representative Buenaventura, Representative Say, Representative Tokioka, and Representative Ward

Thank you for the opportunity to submit testimony regarding HB138 HD1. HAPN is in **support with amendments** of removing financial barriers to care through eliminating taxes imposed on hospitals, medical clinics, and private medical practices that are performed by licensed practitioners. **We respectfully request that APRNs be included in this bill through amendment.** APRNs have been working diligently to meet the healthcare needs in our communities through providing safe, cost effective, and excellent care through opening our own practices throughout Hawaii. **Already, our reimbursement from third party payors is reduced anywhere from 15-25% or more as compared to our physician counterparts while we complete the exact same service. Removing taxes imposed will provide some relief.**

HAPN has worked to be the voice of APRNs across our state, spearheading the move to full practice authority, a responsibility trusted in us by the patients we work with every day. We have worked to improve the physical and mental health of our communities. As our ability to provide close care with our patients progressed, we also opened up our own clinics to provide the care our patients deserve. The cost of doing business in Hawaii is high, the cost of living is very high, and insurance reimbursement for APRNs in Hawaii is low.

APRNs have played an important role in the healthcare of our communities and we will continue to be by our patients' side as they make many different healthcare decisions throughout their lives. Doing business in Hawaii has continued to levy its challenges as the cost of care continues to increase and the reimbursement from third party payors for these services continue to make it difficult to make ends meet. We, among many of our APRN colleagues, are entrepreneurs and have opened clinics in our communities to meet the growing physical and mental healthcare needs.

Thank you for the opportunity to share the perspective of HAPN with your committee. Thank you for your enduring support of APRNs in the Aloha State.

Respectfully,
John Paul Moses, APRN
HAPN President

Dr. Bradley Kuo, APRN
HAPN Legislative Committee, Chair
HAPN Immediate Past President

HB-138-HD-1

Submitted on: 2/2/2020 8:44:01 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nora E. Wolf	Individual	Support	No

Comments:

Dear Committee members,

I am writing to request that committee members consider the inclusion of APRNs and PAs, along with physicians, in the language of ammendment HB138 HD2, relating to Healthcare. Taxing healthcare puts an additional burden on the high-costs of care for patients, and only increases patients' out-of-pocket costs as insurance does not reimburse for taxes charged to patients. This is an important ammendment for residents of Hawai'i, and all healthcare providers should be included in order to ensure the ammendment accomplishes its goal of reduced personal healthcare costs for all residents of Hawai'i.

Thank you for your consideration.

RELATING TO HEALTH. Proposed HD2: Provides a general excise tax exemption for medical services performed by physicians after December 31, 2020.

HB-138-HD-1

Submitted on: 2/2/2020 10:54:14 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Grosskreutz, M.D.	Individual	Support	Yes

Comments:

Hawaii has a statewide critical shortage of physicians, estimated at 820 currently. The Big Island has a 44% shortage of 231 doctors. We estimate this shortage worsening to 440 doctors by 2040, as Hawaii County's population is projected to increase to 310,000. Currently many local students leave Hawaii for medical school or residency, never to return. Therefore new solutions must be considered to solve our healthcare access crisis.

Currently due to the high costs of providing medical services, low levels of reimbursements and high levels of taxation, starting a private practice in Hawaii is unattractive to many new doctors. Many medical practices operate on razor thin margins, especially for treating Medicare and Medicaid patients. The 4.7% GET and County surcharges on gross practice revenues often strip away any profit margin, and place many private practice budgets in the red. This results in doctors leaving Hawaii and closing their practice. Hawaii's hospitals and hospital employed physicians are already exempt from the GET. Taxing our struggling hospitals, with their narrow profit margins with the GET would place nearly every Hawaii hospital in the red and resulting in closure or reduction of services. Already several major hospital systems are losing tens of millions of dollars annually. If taxing hospital employed doctors is recognized as being highly detrimental to healthcare access, how can taxing private practice providers make any sense?!

No other U.S. state taxes healthcare benefits to this extent or degree. Hawaii's unique GET tax is a regressive tax, often paid by sick and injured patients struggling with finances and unable to work. When this tax is absorbed by doctors and other providers, it frequently is a practice killer.

it is likely that by making private practice of medicine in Hawaii increasingly unsustainable, the GET actually lowers the overall amount of tax revenue that would be raised if Hawaii could successfully recruit the 820 needed physicians.

According to a AMA study, each physician's medical practice results in over 3 million in increased economic activity, provides an estimated 17 jobs in the community and increases state and local tax revenues by \$126,000.

Doctors trained in the U.S. typically have educational debt in the hundreds of thousands of dollars. I would love for my daughter and son-in-law, both in residency training on the mainland, to practice in Hawaii. But with \$400,000 of debt between them, they would have to choose between buying a home or paying their loans in Hawaii, with our local levels of reimbursement. But we must recruit new doctors to avoid a worsening access to healthcare crisis. Hawaii has the second oldest physician workforce in the U.S.. On Hawaii Island, a third of practicing doctors are age 65 or older, and often forgoing retirement, as there are no new providers to care for their patients.

The result is a severe crisis with access to healthcare on Hawaii Island, with many patients without a primary care provider going to the hospital ER for even routine healthcare. Our healthcare delivery is already severely strained. The addition of any healthcare crisis, such as coping with an epidemic would likely exceed our current resources.

The timeframe to address these challenges is now, this session. Thank you to our Big Island Representatives and Senators, and Mayor Kim for their strong support to address this crisis! Mahalo Nui Loa as well to Senator Baker and Representative Mizuno for introducing bills on GET exemption.

HB-138-HD-1

Submitted on: 2/2/2020 11:07:34 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Edward Gutteling, M.D.	Individual	Support	No

Comments:

Dear Rep. Mizuno

RE: HB138 HD2

§237- Exemption for medical services by physicians

As you know, we have a severe critical doctor shortage in Hawaii, especially on the Big Island, worse and getting more worser daily.

The numbers don't lie, the docs are leaving. 152 left last year, and that doesn't count those retiring, quitting and dying off.

Why don't Docs want to practice here any more?

Very simple: they get worked way too hard, get paid way too little.

There is little the government can do about the work-too-hard part, but the paid-too-little part, you folks totally can.

The GET tax is NOT passed on to the patients for any Federal insurance program: Medicare, Medicaid, TriCare prime. It is basically an additional 4.7% hit on top of the already way to low (by national standards) that the docs get.

Quite frankly, Hawaii should not be taxing heath care at all, as when it does get passed on to the patient, they're being taxed for being sick. It's not a good look for our aloha state.

I urge your support passage of this bill HB138 HD2, which addresses this issue directly.

Please see below my recent article in Civil Beat that is my cry from the heart.

Aloha

Edward Gutteling, M.D.

Hilo

https://www.civilbeat.org/2020/01/the-severe-doctor-shortage-on-the-big-island/?utm_source=Civil+Beat+Master+List&utm_campaign=f2104f72b7-EMAIL_CAMPAIGN_2020_01_21_06_15&utm_medium=email&utm_term=0_51c2dd3cf3-f2104f72b7-401895713&mc_cid=f2104f72b7&mc_eid=

The Severe Doctor Shortage On The Big Island

The Big Island is experiencing a critical physician shortage currently at 44% and getting worse.

Doctors Agonistes: Paradise Lost

Edward Gutteling, M.D.

21 January, 2020

My friend Frank died Friday night.

Our Big Island doctor shortage is now 231. Dr. Frank Hammer came here straight from the army, 1976. Two years ago, age 70, anesthesiologist Dr Hammer got the power lifting championship Masters Division World Record dead lift and 2nd in bench-press. He said "I was thinking I'd just grab the bar and push my f*&king feet through the floor!". And man-o-man, did he ever.

His heart attack started during a surgicenter case. "I didn't feel quite well" he told me later.

OBGYN surgeon Dr Fred Nitta (no spring chicken himself) told him to get subbed out. "No way!" Frank said, finishing the operation before Dr Nitta could get an EKG on him. "No Frank, you're not driving yourself to the ER". He went by ambulance, bypassed the ER and straight into the Hilo Med Center cardiac cath lab. They saved his life that day. "Maybe I'll quit hospital call, staying up all night, when they let me back next month" he said. "Good idea, Frank. Rest up, see you then" I said. But it wasn't enough. A week later he was gone.

A few years ago, after 40 years in Hilo, my friend Djon died. The Queens Med Center program director said Dr. Djon Lim was "the best cardiologist the Fellowship program ever had". He was from Medan, Sumatra, just down the road from Banda Ache where my grandmother was born.

He and my Dad, his patient, chatted about old Indonesia days, very cool.

I remember once him crawling off his sick bed in the dead of a Sunday night, coming in coughing, looking like crap to help my ER fracture patient. Then one day Djon said "Ed, I can't continue losing money every year. I'm closing my practice, changing to hospital employee". Even a fully-booked world-class cardiologist couldn't make money practicing in Hilo.

They've been through about 6+ cardiologists since then, they come and go, none in private practice.

My friend Ben quit last year. Dr Ben Ono was my personal doc, the only fellowship trained pulmonologist on the Big Island. Superb. Busy. He said insurance company constraints, "payment transformation program", forced computerized scrutiny, extra requirements all resulted in losing money. He wanted to keep going, tried, but he quit.

After two of his kids were born here, my neighbor, anesthesiologist Dr Steve Lazaro took his family and moved away. "It's never going to change, and it's getting worse." Anesthesia Dr Danny Chaung left last year too, with wife and newborn kid. The Hilo Surgicenter started cutting back on my OR time, short on anesthesia docs. Now it completely shuts an OR some days.

The Hilo Endoscopy Center went from 3 to 1 ½ gastroenterologists, soon 1, and has been unable to recruit anyone in 6 years of trying.

No one wants to come here.

Why is that? Very simple: our docs get worked way too hard, get paid way too little. As in any abusive relationship, eventually one leaves.

Medicare pays Hawaii docs near the bottom of the scale despite our highest cost of living in the nation. Alaska docs get 50% more, even New York and California get more. Then Hawaii State takes GET 4.2 % of that, which we are forbidden to charge the patients. So Hawaii docs actually get paid net the *lowest* rates in the nation. Ditto for Medicaid, Quest. No other state taxes medical care. None. The counties voted an extra .5% to pay for the Honolulu train-to-nowhere, so a 4.7% hit coming atcha, docs!

CMS(Centers for Medicare & Medicaid Services), began penalizing us an additional 4% "negative adjustment" for not meeting "Meaningful Use Stage II" electronic health record requirements. (More like "Meaningful Abuse") In 2 years this becomes a 9% hit. Many practices, including urgent care, can in no way meet those extra requirements without losing money.

They're already penalizing 8 of our hospitals 0.3% for having too many re-admissions, due to collapse of primary care provider back-up in the community.

The Big Island is experiencing a critical physician shortage currently at 44%, worsening with demand climbing and our docs leaving, getting old, quitting, retiring and dying.

Docs are channeling their inner Rambo: “I love my country! I just want it to love us back.”

[Last year 152 docs left Hawaii.](#)

Dr. Gutteling is team orthopedic surgeon for the UH-Hilo Vulcan Athletes, one of the last endangered free-range orthopedic surgeons on the Big Island..

HB-138-HD-1

Submitted on: 1/31/2020 8:00:12 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Galen Chock	Individual	Support	No

Comments:

HB-138-HD-1

Submitted on: 1/31/2020 5:46:12 PM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan P. Armstrong	Individual	Support	No

Comments:

Aloha Chair Mizuno, Vice Chair Kobayashi, and Honored Representatives serving on the Health Committee,

I proudly testify in support of House Bill 138 House Draft 1.

When we expand the range of accurate and relevant consumer information available with regards to our food, the public can benefit tremendously. Ever since Upton Sinclair's polemic complaint about the food industry in his 1906 novel *The Jungle*, there has been a recognition that we must improve the knowledge of what we eat and what is supplied for we the consumer.

This modest measure seeks to place a regulation on the owners of multiple (15 or more) restaurants, to provide accurate calorie information for the consumer. This measure is in keeping with political reform nationwide, and in other developed nations, as the problems of obesity and other chronic disease are a rising liability against our lifespans, our pocketbooks, and our government revenues. Furthermore, the measure carefully qualifies under what conditions the information is appropriately displayed for the consumer, and how the numbers are quantified.

In short, please pass HB138 HD1.

Mahalo nui loa,
Dylan P. Armstrong
Individual Capacity

HB-138-HD-1

Submitted on: 2/2/2020 1:36:01 PM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stacy Kracher	Individual	Support	No

Comments:

I support HB138 with amendments

HB-138-HD-1

Submitted on: 2/2/2020 6:01:05 PM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynda A Hiramami	Individual	Support	No

Comments:

HB-138-HD-1

Submitted on: 2/2/2020 7:50:41 PM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kristyn Nishimoto	Individual	Support	No

Comments:

HB-138-HD-1

Submitted on: 2/2/2020 8:48:09 PM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Erin Capps	Individual	Support	No

Comments:

I am writing in strong support of this measure. Hawaii has a severe shortage of doctors in our state. A quarter of our practicing physicians are age 65 or older and about half are over age 50. As a member of a private physician practice in Hawaii, I understand the unique challenges in recruiting and retaining physicians to serve our communities and patients. Unfortunately, we are losing our physicians to other states, due to the high cost of operating a practice and high cost of living in Hawaii, combined with higher tax burden and lower reimbursement than other states across the nation. I urge you to consider this measure, as a strong step in addressing the current and future doctor shortfall in our state. An exemption from the GET tax is necessary to make medical practices fiscally viable in the state of Hawaii.

Erin Capps MD

Testimony Presented Before the
House Committees for Health and Lower & Higher Education
Hearing Date: Tuesday, February 4, 2020

HB 138 – Relating to Health

Chairs Woodson and Mizuno, Vice Chairs Hashem and Kobayashi, and
Members of the committees:

I am writing in **strong support** of HB138.

Hawaii has a shortage of over 800 physicians, but only 243 job openings for physicians. That means we need over 400 physicians to open practices in Hawaii. However, the number one barrier to practicing in Hawaii is the low reimbursement paired with high cost of living.

For private practice physicians and other healthcare professionals, this is made worse by the fact that the GET tax is charged TWICE for every patient they see with Medicare and Medicaid/MedQuest. Not only do the physicians pay it on their rent, staff, equipment, and everything they purchase to make their practice work. But they are not allowed to charge the patients for the tax on the services that they provide to the patient. Therefore, the physician has to absorb that 4.7% for providing service to that patient in addition to the initial 4.7% on materials purchased. This is a double tax on health care professionals! Hospitals and hospital clinics are exempt from this tax, so it seems that independent practices should be also.

I ask that you exempt physicians and other healthcare professionals who help meet the need for services in Hawaii from this double tax.

Thank you for the opportunity to provide testimony.

Kelley Withy, MD, PhD

HB-138-HD-1

Submitted on: 2/3/2020 8:21:57 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dawn Ferguson	Individual	Support	No

Comments:

HB-138-HD-1

Submitted on: 2/3/2020 9:25:17 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen Smith	Individual	Comments	No

Comments:

I am a physician practicing in a neighbor-island underserved area (Hilo). There is a significant shortage of health care providers in this and other neighbor island areas, and many of those providers towing the line are at or beyond retirement age. Recruitment of younger providers to carry the torch of providing health care in the future is a challenge for many reasons. One of these reasons is that the cost of practicing here is higher, and the compensations tend to be lower. On top of the is the Hawaii GET on health care transactions.

Hawaii is the ONLY state in the USA that currently has a General Excise Tax on physicians. This is an unfair burden, and one that either falls on the already burdened providers, or is passed on indirectly to the patients.

I support abolishing the GET on health care providers in the state of Hawaii. I think this is a step in the direction that will help in physician recruitment to Hawaii, and will lead to better health care opportunities for patients, and ultimately better outcomes.

There are many bills currently up for consideration regarding this health care GET matter. I have concerns that HB138 may be too broad in its application, and other bills may address this matter of health care delivery more directly. Regardless, I really feel that the legislature should abolish GET on health care providers. Thank you for your consideration.

Respectfully,

Stephen M. Smith, MD

HB-138-HD-1

Submitted on: 2/3/2020 10:49:06 AM

Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
ELIZABETH ANN IGNACIO	Individual	Support	No

Comments:

February 3, 2020

To: The Honorable John M. Mizuno, Chair;

The Honorable Betrand Kobayashi, Vice Chair;

Members of the House Committee on Health

From: Edwin Muranaka, M.D.

Re: H.B. 138 HD2 Relating to Health

We have been extremely fortunate to have elected leaders who carry on a strong record and tradition of supporting our residents and our communities to make Hawaii the paradise it is. Unfortunately, the reality of a “paradise tax” does exist and its toll is a burden to many, if not most of our residents. According to The State of Hawaii Data Book 2018, Table 13.39 Personal consumption expenditures per capita for the US average, the cost per capita in personal consumption in Hawaii was \$46,071 in 2017, 12.7% more than the US average of \$40,878. With the introduction of SB 2413, you again seek to restore more balance in the fairness, necessity, and responsibility of our taxes.

Representative Takamine and his colleagues had the insight and courage to assure Hawaii’s workers of affordable health care through the Hawaii Prepaid Health Care Act of 1974, HRS 393. They wrote, “It is the purpose of this chapter in view of the spiraling cost of comprehensive medical care to provide this type of protection for the employees in this State. “ The cost of health care for our residents continues to rise faster than cost of living with increasing deductibles and non-eligible charges. In addition, the state excise tax has increased from 4.1666 to 4.712 on Oahu, Kauai, and Hawaii, becoming even more repressive due to its global applications to most families, and with an unlikely hope that it will decrease in 2030. According to the State of Hawaii Data Book 2018, Table 13.38 Personal Consumption Expenditures per capita by Major Type of Product, in 2017 Hawaii household paid \$6,905 for health care out of \$46,071 and \$4,081 for food & beverages purchased for off-premises consumption. Only housing and utilities, \$9,847, cost more.

There are concerns that the tax revenue implications might be substantial. Similar concerns were probably argued when the varied exemptions to HRS 237 were passed. For example, S237-24 Additional amounts not taxable: Operator of a hotel or time share, exchange, financial institutions, operator of orchard properties, nursing facility, management company in the business of selling interstate or foreign common carrier telecommunications services, prescription drugs, prosthetic device, professional employer organization, community organizations, loading or unloading of cargo, fraternal benefit societies, business leagues,

hospitals, boards of trade, trust companies, financial corporations acting as interbank brokers, certain petroleum refiners, insurance companies, certified or approved housing projects, call centers, aircraft service and maintenance facility, and others. The revenue implications have been resolved before, and I am certain are in capable hands of being resolved now.

There is a need to exempt health care services from the general excise tax. There is a fairness based upon the precedents established in the general excise tax exemptions already given. There is a responsibility to residents who bear the entire tax burden of the state.

Thank you for allowing this opportunity to offer testimony regarding H.B. 138 HD2.

Respectfully,

Edwin Muranaka

LATE

HB-138-HD-1

Submitted on: 2/3/2020 11:13:56 PM
Testimony for HLT on 2/4/2020 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Mitchell	Individual	Support	Yes

Comments: