



DAVID Y. IGE
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JOSH GREEN
LT. GOVERNOR

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

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance
Tuesday, February 26, 2019
11:00 a.m.
State Capitol, Conference Room 308**

**On the following measure:
H.B. 1464, H.D. 2, RELATING TO HEALTH**

Chair Luke and Members of the Committee:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to require the Insurance Commissioner to perform a study on capitated payment rates in Hawaii that compares the payment model in Hawaii with the payment models in other states and examines several variables, including: the quality and accessibility of healthcare for patients; the quality and accessibility of primary care physician services; the costs to operate independent healthcare provider businesses, clinics, and hospitals; and the sufficiency of provider reimbursement levels to ensure the viability of a provider's business.

The Department is concerned the study proposed in this measure would require accessing the data of all parties named in the bill, as the Insurance Division has no regulatory authority over healthcare providers, such as independent providers, clinics,

and hospitals. Additionally, the study, impact analysis, and modeling are beyond the scope of staff expertise and would require hiring outside experts or consultants at an estimated cost of \$250,000 or more.

Thank you for the opportunity to testify on this bill.



February 24, 2019

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
House Committee on Finance

Re: HB 1464 HD2 – Relating to Health

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1464, HD2, which requires the Insurance Commissioner to perform a study on capitated payment rates in Hawaii that compares the payment model in Hawaii with the payment models in other states. It also appropriates funds for the study.

HMSA would like to express concerns and offers comments on this measure. Under HMSA's merit-based incentive payment model, providers are afforded a global payment with additional rewards for helping their patients prevent serious illness and proactively helping those with chronic health conditions. This model helps gauge member access to and satisfaction with their primary care providers (PCPs) and offers a system to measure the quality of care provided. Doctors are compensated whether they see the patient or not and are free to do what they really want to do — help people improve their health and advance the wellbeing of the community.

These changes are not being done in a void. The Medicare program similarly has moved away from the Sustainable Growth Rate model for provider reimbursement and replaced it with a quality payment program under the Medicare Access and CHIP Reauthorization Act (MACRA) which, like HMSA's program, is built around merit-based incentive payment models.

Since implementing payment transformation, we have been working to improve the process for our providers and members. We appreciate the intent to understand this new and evolving model of healthcare; however, we do not believe that conducting a study and developing a report of findings and recommendations should be the responsibility of the Insurance Commissioner.

Thank you for the opportunity to testify on this measure.

Sincerely,

Pono Chong
Vice President, Government Relations



Hawai'i Psychological Association

For a Healthy Hawai'i

P.O. Box 833
Honolulu, HI 96808

www.hawaiipsychology.org

Phone: (808) 521-8995

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J. K. Cullen, Vice Chair

Testimony in Support of HB1464 HD2

February 26, 2019, 11:00 am, House Conference Room 308

The Hawai'i Psychological Association (HPA) supports HB1464 HD2, which would require the insurance commissioner to perform a study on capitated insurance rates, comparing Hawai'i's current practices with those of other states.

Hawai'i is currently experiencing a shortage of primary care physicians, especially on the neighbor islands. This shortage is expected to double in the coming decade. The shortage has been attributed in large part to inadequate reimbursement to physicians for patient care under capitated health insurance plans.

HB1464 HD2 is an important step toward ensuring access to health care for Hawai'i.

We respectfully urge you to support HB1464 HD2.

Respectfully submitted,

Julie Takishima-Lacasa, PhD
Chair, HPA Legislative Action Committee



Re: HB 1464

In SUPPORT with reservations on date of 2050

February 24, 2019

Honorable Legislators,

I am writing in support of HB 1464 to investigate insurance payments to physicians. I will not bore you with the details of Hawaii's physician shortage, of which you receive a report from Dr. Withy annually. You are acutely aware of the exodus of physicians from our state, the aging of our physicians that do remain and the inability of our communities to access medical care.

I would like to provide you with some information you may not have:

HMSA's capitated payment transformation is **one of only two** approved level 5 payment models approved for participation in Medicare's CPC+

This indicates that there is indeed more study need to validate the payment model as accurate High quality, comprehensive primary care requires a **PMPM of \$45-\$64**

TWICE the rate of reimbursement from HMSA

These studies were published in 2018

I do not have the job description personally provided to Mr. Hayashida and Mr. Ito upon their assumption of the role of insurance commissioner. But I'll take a moment to review the job details as I have been able to find online: The Hawaii Insurance Division "**oversees the Hawaii insurance industry**; issues licenses, examines the fiscal condition of Hawaii-based companies, **reviews rate** and policy filings, investigates insurance related complaints."

It seems to me that the economic savings provided by keeping physician in Hawaii (see page 5) will more than cover the cost of this report, which is well within his jurisdiction.

If any one of us had the answer to fair and reasonable reimbursement, I believe this would not be such a nationally debated issue. The solution isn't easy. However, continuing to follow a path that has been already **proven its malfunction**, for the purpose of "continued study" is nothing short of harmful to our communities, our families and our state.

HB 1464 should be enacted with investigation results provided by session start 2020 in order to implement change for the safety our Hawaii.

To your health,

Michelle A. Mitchell, M.D.

Quality patient care FACTS:

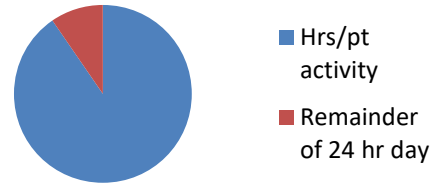
Estimated average patient panel size: **2500**

Origin – *speculation* by authors of an article in Family Practice Management, 2000 (i.e. never substantiated)

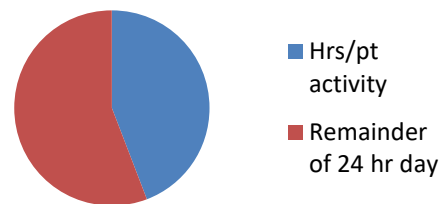
To provide all recommended acute, chronic and preventive care for 2500 patients: **21.7 hours/day**

Origin: Prevention of Chronic Disease 2009; American Journal of Public Health 2003; Annals of Family Medicine 2005.

Time to provide all acute, chronic, preventive care



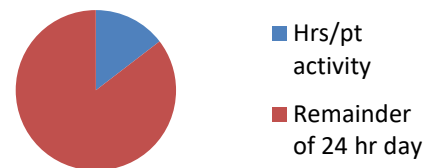
Time to provide chronic care to uncontrolled...



To provide only chronic care management to the top 10 chronic conditions for 2500 patients, if *not* controlled: **10.6 hours/day**

Origin: Annals of Family Medicine, 2005

Time to provide chronic care to well controlled patients



To provide only chronic care management to the top 10 chronic conditions for 2500 patients, if controlled: **3.5 hours/day**

Origin: Annals of Family Medicine, 2005

Estimated number of patients that a single physician can successfully manage with quality care: 983

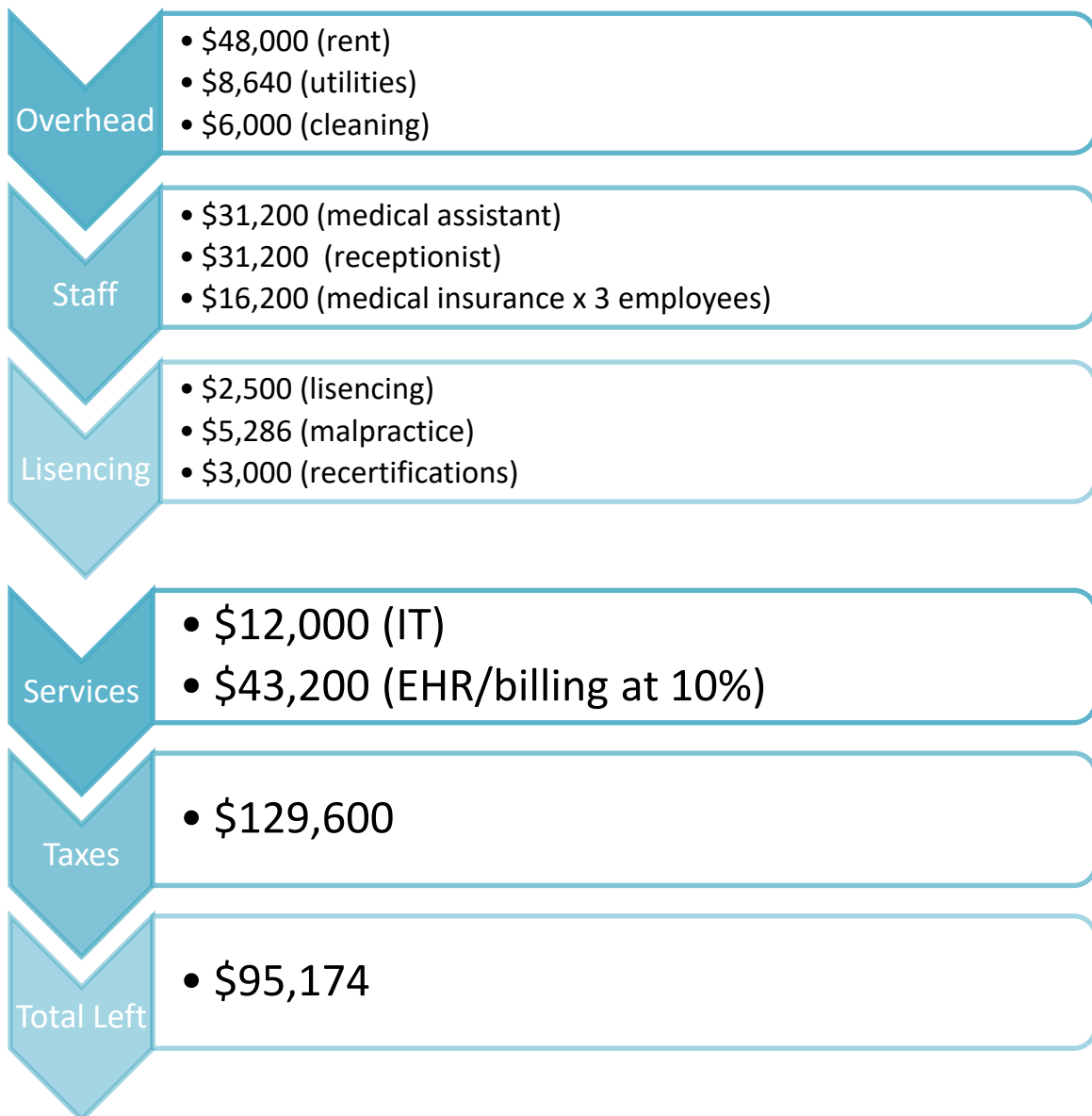
Origin: Annals of Family Medicine, 2012

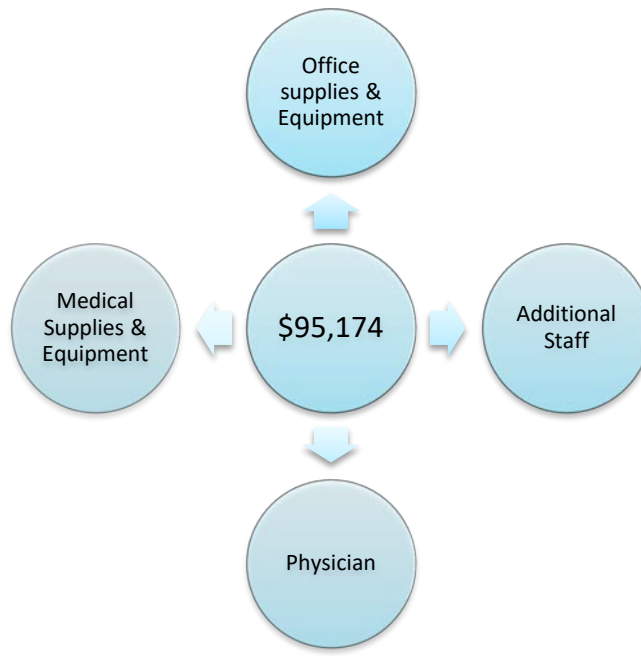
HMSA Payment Transformation Income



*PMPM = per member per month

Cost to Run a Medical Practice





\$95,174 seems like an acceptable annual salary. But...

We know that 1500 patients is 50% MORE than a single physician can manage with high quality care. So a single physician will need to work at least 50% more time to provide high quality care.

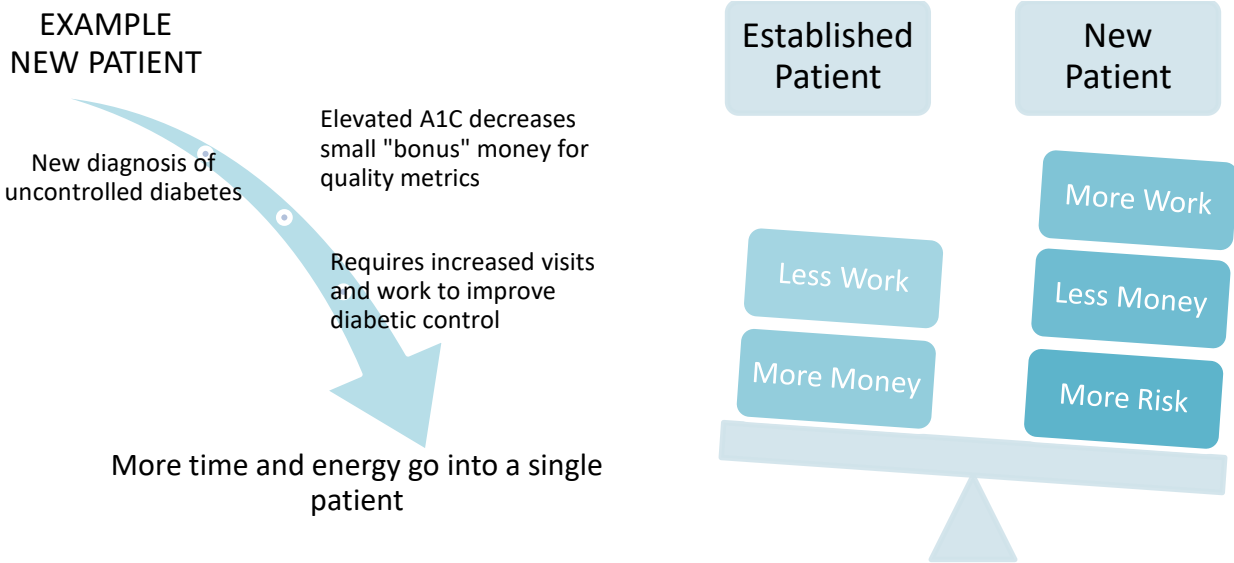
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*60 hrs/week, 48 weeks/year

Out of this **\\$33.05/hr**, the physician still has to pay for supplies and incidentals for the office.

Post high school education for 11 years, required to be on call after hours and we are responsible for people's most valuable asset - their life. Yet we are paid the same as an ultrasound tech, a registered nurse, a dental hygienist or an insurance underwriter.

How does HMSA's Payment Transformation penalize doctors for taking new patients?



Downsides to Payment Transformation:

Huge upfront costs to practices

Huge costs to practices taking new patients

High risk – if patient leave practice (cancels insurance, leaves island, etc)

Only way to increase revenue is to increase number of patients (even if that compromises care)

Rewards physicians for doing less for patients

No incentive to do in-office testing (ECG, urine, strep, etc)

No incentive to offer acute appointments, instead patients are referred to urgent care

No incentive to manage patients in primary care, instead patients are over-referred to overloaded specialists

Incentivizes physicians to avoid patients who need highly complex care because of disproportionate time required for management

Quality incentivizes physician to discharge noncompliant patients

Excessive administrative requirements

Economic impact of physicians (2015):

Median total output (state level): \$18.9 Billion
Mean total output (state level): \$32.8 Billion
Total output (national level): \$2.3 Trillion
Mean total output (individual physician): **\$3,166,901**

Median jobs supported (state level): 115,752
Mean jobs supported (state level): 182,370
Total jobs supported (national level): 12,575,602
Mean total jobs supported (individual physician): **17.07**

Median wages & benefits (state level): \$8.9 Billion
Mean wages & benefits (state level): \$16.7 Billion
Total wages & benefits (national level): \$1,044.9 Billion
Mean total wages & benefits (individual physician): **\$1,417,958**

Median state & local taxes (state level): \$646.5 Million
Mean state & local taxes (state level): \$1,310.8 Million
Total state & local taxes (national level): \$92.9 Billion
Mean state & local taxes (individual physician): **\$126,129**

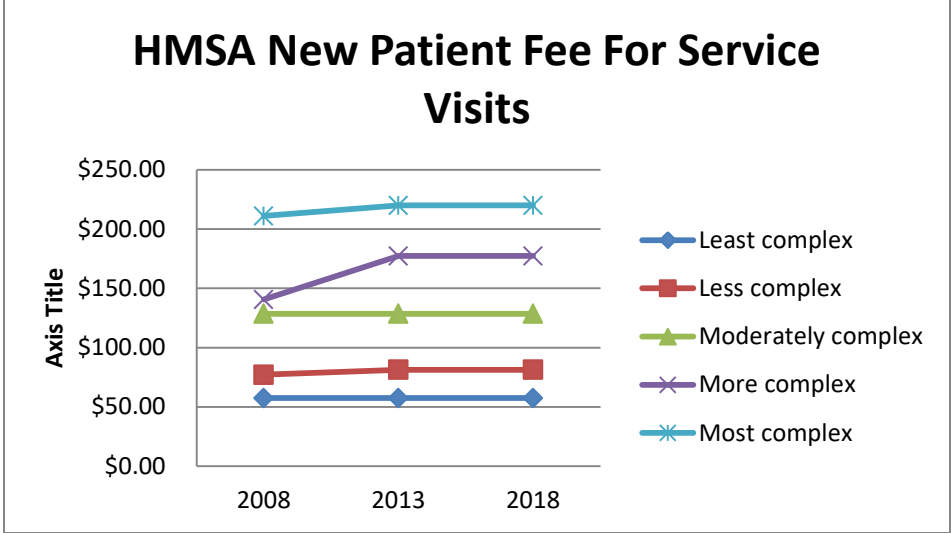


Hawaii's exodus of physicians is costing the state
hundreds of jobs
thousands of hours in lost work due to illness
millions of dollars in tax revenues

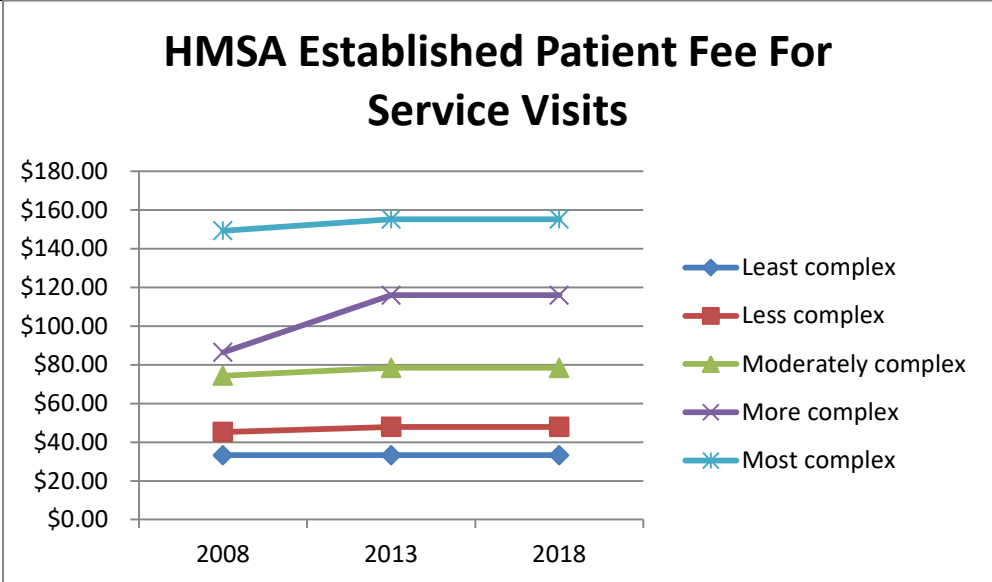
How many Hawaii **lives will be lost** before you stand up to private insurances
refusing to pay physicians a fair and reasonable wage?

HMSA Commercial Fee for Service rates have increased 0-15% over the last 10 years. Minimum wage has increased 39% in that same time.

New Patient	2008	2013	2018
Least complex	\$57.38	\$57.38	\$57.38
	\$77.17	\$81.26	\$81.26
	\$128.59	\$128.59	\$128.59
	\$140.58	\$177.28	\$177.28
Most complex	\$211.05	\$219.95	\$219.95

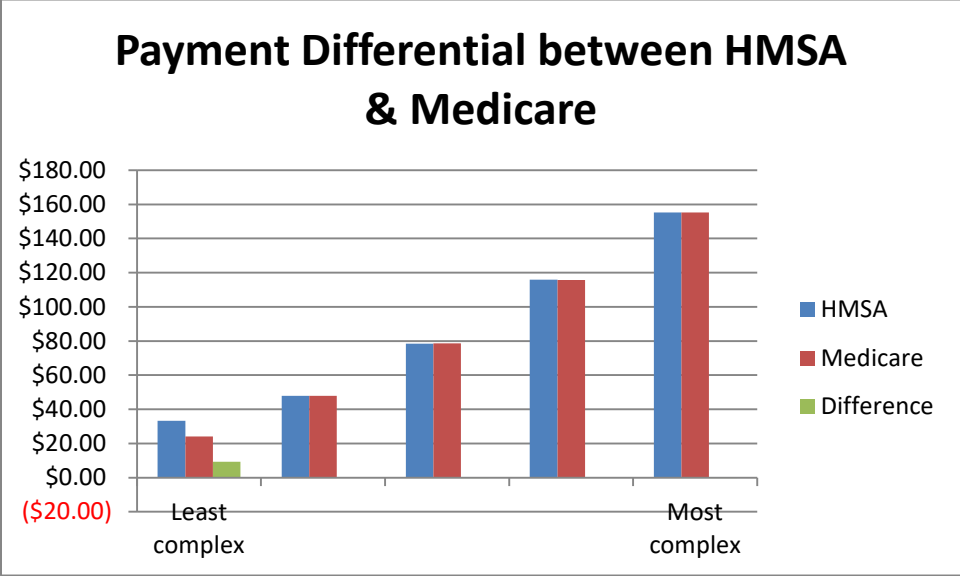


Established Patient	2008	2013	2018
Least complex	\$33.25	\$33.25	\$33.25
	\$45.29	\$47.91	\$47.91
	\$74.35	\$78.43	\$78.43
	\$86.44	\$115.92	\$115.92
Most complex	\$149.27	\$155.18	\$155.18



HMSA claims they pay at or above Medicare Fee for Service rates, so they needn't increase these rates. Many mainland physicians will not accept Medicare because of low reimbursements.

Established Patient	HMSA	Medicare	Difference
Least complex	\$33.25	\$24.03	\$9.22
	\$47.91	\$47.89	\$0.02
	\$78.43	\$78.58	-\$0.15
	\$115.92	\$115.67	\$0.25
Most complex	\$155.18	\$155.26	-\$0.08





HAWAII MEDICAL ASSOCIATION

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To:
HOUSE COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Ty Cullen, Vice Chair

Date: February 26, 2019
Time: 11.00 a.m.
Place: Room 308
From: Hawaii Medical Association
Jerry Van Meter, MD, President
Christopher Flanders, DO, Executive Director

Re: HB 1464 HD 2 – Relating to Health
Position: SUPPORT

On behalf of Hawaii's physician and student members, the HMA is in support of HB 1464 HD 2 dealing with studying models of payment to providers of health care.

As the state of Hawaii looks to improve the delivery of health care services, while containing costs, we must remain mindful and vigilant of the effects programs may have on the system overall. Hawaii has demonstrated to the nation that improving access to health care can reduce costs and improve overall health for a population. As we implement changes in delivery, the effects of these changes need to be monitored to ensure balance between cost and access is maintained.

House Bill 1464 calls for such action – to study the effects of a large-scale change in provider payment. One such program has been in wide effect for two years, and data should be available. Is a program that significantly alters the way payment is delivered to health care providers ensuring that the cost-access balance is maintained?

The Physician Workforce Assessment done by the John A Burns School of Medicine is reporting, for the first time, a decrease in the overall number of physicians providing care in Hawaii. The Hawaii Medical Association is receiving reports by physicians that they are struggling to meet their costs of providing care under this new payment plan. An analysis is not available as to whether there is a cause-effect relationship between the decrease in providers and this payment plan, nor whether this plan has demonstrated benefit to the state's population. This is important to the state overall, but also as an employer providing health care benefits to its workers.

The Hawaii Medical Association supports the passage of HB 1464 HD 2 that would conduct such a study. Thank you for allowing testimony on this issue.

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Immediate Past President – William Wong, Jr., MD Treasurer – Elizabeth A. Ignacio, MD
Executive Director – Christopher Flanders, DO

American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™



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February 24, 2019

To: House Committee on Finance, Rep. Sylvia Luke, Chair, Rep. Ty J.K. Cullen, Vice Chair

From: American Academy of Pediatrics, Hawaii Chapter

Re: Support for HB1464 HD2, Relating to Health

Dear Representative Luke, Representative Cullen, and members of the committee:

The American Academy of Pediatrics, Hawaii Chapter **supports** HB1464 HD1, Relating to Health.

As healthcare professionals, we fully support the vision of a society where healthcare is delivered in an equitable, effective, and efficient manner. However, evidence from a longitudinal survey of our members using a validated burnout inventory suggests that community-based primary care pediatricians in Hawaii are experiencing emotional and physical exhaustion.

This appears to be due to stresses caused in large part by the capitation program of a single health insurance company in Hawaii. More research into the impact of this program's stresses on the wellness of Hawaii's physician workforce is vitally important.

We have concerns that these stresses, if left unchecked, will degrade the future practice of pediatrics and adversely affect the health care of our pediatric population.

We respectfully request that your committee pass this legislation to help our state understand better how our public health is affected by capitation. Thank you for this opportunity to provide testimony on this bill.

HB-1464-HD-2

Submitted on: 2/25/2019 7:30:16 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Derek Ching	Children's Doctors LLC	Support	No

Comments:

My name is Derek Ching. I have been in a private Pediatric practice for the past 11+ years. I feel that it would be important to study capitation in Hawaii. This has been a model for internal medicine, but has not been proven in Pediatrics. So far, I have seen some downsides to capitation in pediatrics. The most important is access to care for the medically fragile children. There are many Pediatricians who are hesitant to take on more challenging cases while also taking on more liability. I have also seen that a lot more time/resources are being spent on administrative tasks as opposed to improving patient care. Along with this, this model does not incentivize innovation, adoption of new technologies, procedures, screening tools that are constantly being added to the pediatric arena. This is vital to keep Pediatricians/physicians up to date and on par with the rest of the world. Finally, I think that this model is making it difficult for many in private practice. Many physicians are hesitant to establish roots in Hawaii and many local physicians are choosing to move away to avoid this model. This will undoubtedly contribute to the growing problem of physician shortage in Hawaii. This bill is to study the impact on capitation on our Physicians which is a vital tool/information in moving forward. Thank you for the time.

HB-1464-HD-2

Submitted on: 2/24/2019 9:53:50 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kashe Dykema	Joyful Living, LLC	Support	No

Comments:

In 2009 there wasn't a change from 2008 on Fee for Service. So from 2008 till 2012, there was no change. I only looked back that far because that's been 10 years. The cost of living went up, inflation happened, yet there was no change in the fees for the providers services so 2012. It's 2019 and the fees haven't changed but everything else has. We just took over a practice almost two years ago and we are struggling to stay alive. We took a huge pay cut going from employee to practice owner because we we're going to have our own practice and with the hopes that the provider would be paid fairly, and we'd be able to take care of patients. We know of multiple providers or practices that had to close their doors or change their payment protocols, i.e. not accept HMSA or other insurance because insurance wasn't paying. How are Hawaii's doctor's supposed to take care of Hawaii's patients if they are concerned about the financial aspect of keeping employees, keeping the lights on, or concerned about how their families are going to eat as it gets closer to the end of each month before payday? This is not ok. Hawaii has a shortage of Doctors, and Hawaii Island has an even larger shortage. It's hard to keep Doctor's here when the reimbursement from insurance is lower than anywhere else in the nation and the need for providers is high. In the next few years there's going to be a lot of providers retiring. Where are the providers going to come from? What about the young providers and making sure they can still stick around to take care of Hawaii's patients? We need to keep provider's here and we need to take care of them properly. I am a wife, a young mother, the Practice Manager, the office manager, etc titles. These are very real concerns and I hope you will see what has been happening to the providers throughout Hawaii and help make things right.

HB-1464-HD-2

Submitted on: 2/24/2019 10:14:36 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kenneth Kau MD	Individual	Support	No

Comments:

I support the bill as we know the toll the capitated system HMSA has taken on the primary care community with very little improvement in savings, and detrimental effects on healthcare. A study should be initiated now with a prompt reporting of results before we lose even more primary care personnel in our state.

HB-1464-HD-2

Submitted on: 2/25/2019 9:56:16 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Malia Rasa	Individual	Support	No

Comments:

I am writing in support of HB1464. Capitated payment has had a large impact on pediatric practice in Hawaii. It puts a greater administrative burden on the private practitioner by requiring exhaustive time spent on a computer program called Coreo in order to ensure that the patients assigned to a you as a provider are correct, thereby ensuring that you are receiving the appropriate PMPM (per patient per month) payments. The program Coreo is extremely error prone, which doubles the work when the staff needs to correct and then RE-correct any issues noted. This takes much needed patient care time away from the patients and shunts the time to working on a computer system for insurance purposes. As a new physician, the capitated payment was a huge deterrant to starting in private practice here, and with a current physician shortage, we should be encouraging instead of DIScouraging new physicians to stay (or come) and practice in Hawaii. Please consider passing this bill to study these alternative payment methods. Thank you.

HB-1464-HD-2

Submitted on: 2/24/2019 2:40:14 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

HB-1464-HD-2

Submitted on: 2/24/2019 10:16:50 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
jaclyn chong	Individual	Support	No

Comments:

I support an investigation to insurance payments for private physicians. Our primary care physician works diligently, professionally and with all her expertise to care for our family. She provides a very valuable service and deserves to be paid more than current rate. Her private practices makes a valuable difference in our lives and we are forever grateful.

HB-1464-HD-2

Submitted on: 2/24/2019 11:16:33 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nash Witten	Individual	Support	No

Comments:

As a second year primary care resident physician, I am in support of this bill; however, waiting until 2050 to have the insurance commissioner review the HMSA Payment Transformation is not realistic. By 2050 I will be 61 years old, nearing the 30 year mark as a practicing primary care physician in Hawai'i. To pass a bill today, with the plan to enact the review in 30 years, nearly an entire physician's career, does not make sense in the timeline of a physician's career. Therefore, I support this bill if the review will be enacted sooner, rather than later.

HB-1464-HD-2

Submitted on: 2/25/2019 7:40:16 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

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

Comments:

Many pediatricians are being adversely affected by HMSA's Payment Transformation program which includes a per member per month fixed payment ("capitated") to primary care physicians and significant administrative burdens. The program appears mal-aligned with the professional values of pediatricians who desire to implement best pediatric care practices. The public and legislators should be concerned that if unmitigated, the undue stresses caused by the program will over time cause harm to the pediatric community and the delivery of health care to infants, children, adolescents and young adults. Galen Chock MD, primary care pediatrician

HB-1464-HD-2

Submitted on: 2/25/2019 7:44:39 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Keola Ka'uhane	Individual	Support	No

Comments:

I would like to show my support for our precious family physicians. Please support this bill so that they may be able to keep their doors open. We already have a large shortage of physicians in Hawaii. If this bill does not pass the future for family medicine will be on a downward spiral and our bright keiki will choose other career paths than medicine. Mahalo.

HB-1464-HD-2

Submitted on: 2/25/2019 8:29:54 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sharday De Motta	Individual	Support	No

Comments:

HB-1464-HD-2

Submitted on: 2/25/2019 8:44:40 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melanie Moanikeala Payanal	Individual	Support	No

Comments:

February 25, 2019

The Honorable Roy M. Takumi, Chair The Honorable Linda Ichiyama, Vice Chair House Committee on Consumer Protection & Commerce

Re: Support for HB1464 HD1, Relating to Health

Dear Chair Takumi, Vice Chair Ichiyama, and Members of the Committee:

Thank you for the opportunity to provide testimony on HB1464 HD1. I am in strong **SUPPORT** of this bill.

I am a Native Hawaiian, private practice Family Medicine Physician in Aiea and an active member of the Hawai'i Chapter of the American Academy of Family Physicians. I am a graduate of Kamehameha Schools, the University of Hawai'i at Mānoa, John A. Burns School of Medicine and past chief resident for the Family Medicine Residency Program here at the Hawai'i Residency Program. If you are looking for the prototype of a what a physician in Hawai'i should look like, look no further.

I have had the privilege of opening my private practice straight out of residency in 2015 and am proud to say that I am giving back to my community that desperately needs my help. Unfortunately, I am here to report that I am on the verge of closing my doors after 3-1/2 great years, as I can NO LONGER financially survive in this Capitated Model of Health Care.

In my private practice, I care for approximately 1200 patients of various economic and social classes. I am proud to say that I am one of only a small handful of Physicians in Hawai'i who still engages in home visits, and I take my own calls 24-hours, 7-days a week. I love and appreciate my patients greatly. I treat them as if they were my own family members and would sacrifice everything to stay here to continue caring for each one of them. Closing my doors will not only hurt my current patients, but the entire community who will lose yet another Primary Care Physician to higher pay on the mainland.

Within the last three years, I have exhausted all of my savings, cashed in my Life Insurance Policies, my tiny 401K, and have sold my car, just so that I can continue to keep my doors open. If you think I have only one job, think again! In addition to my solo private practice, at any moment in time I will maintain 2-3 additional jobs to keep my private practice afloat.

Passing HB 1464 will allow a transparent investigation into the current Physician payment model that is driving solo Physicians out of private practice. If we continue our current path, we will see a critical shortage in Primary Care and what will become healthcare for all will become healthcare ONLY for those you can afford Concierge Medicine. Healthcare cost will increase across the board as more patients access Emergency Rooms for non-urgent matters when we no longer have Primary Care Physicians.

I am humbly asking for your support for our Primary Care Physicians who are in desperate need of your help. I thank you for your time and consideration and look forward to the change ahead!

Sincerely,

Melanie MoanikeĀala Payanal, M.D.

President and Owner

Diplomat, American Board of Family Medicine

Ke Ola Pono Ohana Family Medicine Clinic, LLC

99-128 Aiea Heights Drive, Suite 505

Aiea, Hawaii 96701

P: (808) 763-8368 F: (808) 829-3742

HB-1464-HD-2

Submitted on: 2/25/2019 8:53:18 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Keana Tomori	Individual	Support	No

Comments:

HB-1464-HD-2

Submitted on: 2/25/2019 8:54:08 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Princess Dianne Domingo	Individual	Support	No

Comments:

HB-1464-HD-2

Submitted on: 2/25/2019 9:04:04 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Trina Gastilo	Individual	Support	No

Comments:

HB-1464-HD-2

Submitted on: 2/25/2019 9:05:09 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gail	Individual	Support	No

Comments:

I would support the Hawaii Insurance Commissioner studying the impact of capitated payment to physicians in Hawaii. There is a shortage of physicians already, so capitated payments make Hawaii less appealing to potential new physicians who plan to move here. As a pediatrician, I can tell you that the way HMSA is paying physicians is not fair. They do not provide back payment for their errors. They show that claims were paid even if that member's per-member-per-month payment has not been paid. Also, HMSA is paying less than 1/4 of what we were paid for one well child visit. Therefore, it would take 4 more months to get paid the same amount for one visit, but the child needs to come in at least 4 times for the first 6 months. So why did physicians agree to this payment plan? Because HMSA allowed only 2 weeks to review the contract. I could not get a lawyer to see it in that timeframe. Also, if we decided to get paid fee for service, it would be at rates from 10 years ago, which would not cover the current costs of vaccines or visits that are needed to cover the overhead of a private physician office. I strongly encourage the insurance commissioner to look at these unfair practices.

HB-1464-HD-2

Submitted on: 2/25/2019 9:36:53 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

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

Comments:

Aloha.

I am in support of HB1464 HD2 with an amendment for a review to take place ASAP and not by 2050. I am from Hilo and we are losing doctors and health care providers continuously; those doctors are not able to find replacements for their medical practice leaving the burden to increase for the few providers practicing. Some doctors are changing their medical practice and putting the responsibility of getting reimbursement from the medical insurance company back on the patient. The accessibility of FQHC is the safety net care although reports from patients are that patients have to wait 3-4 hours and up to 6 hours in order to be seen by a health care provider the day of their appointment. This is very hard on families. When families have to choose health care needs over community these families are moving to the mainland where access is easier. The negative losses to our community in this manner are becoming irreparable.

For our government to choose to continue to delay the necessity of adequate medical care for our population is not correct. Thank you for your consideration in supporting HB1464 with the amendment to review the process ASAP and not by 2050.

warmest aloha, Dr. Stacy Haumea DBH, MPH, RD, CDE, LD

HB-1464-HD-2

Submitted on: 2/25/2019 9:37:14 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Shelby Kailiuli	Individual	Support	No

Comments:

HB-1464-HD-2

Submitted on: 2/25/2019 9:58:17 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Misty L Tanonaka	Individual	Support	No

Comments:

I work at a physician office and I see the unfairness in the reimbursements that on physicians on islands receive. We also have difficulty to keep physicians on island.

HB-1464-HD-2

Submitted on: 2/25/2019 10:00:14 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lorene Ng	Individual	Support	No

Comments:

Dear Chair Takumi and members of the Consumer Protection & Commerce Committee,

Thank you for the opportunity to provide testimony on HB1464 HD2. I am in SUPPORT of HB 1464 HD2,

I am a pediatrician in private practice in Honolulu for 17 years and I am a Board Member of the American Academy of Pediatrics, Hawaii Chapter.

It is vital to study the models of health care payment to providers in the State of Hawaii. Many providers have participated in new payment programs that strive to improve the delivery of health care while managing costs. As a result of these new payment models, the overall administrative burden to physicians has increased causing physicians to focus on checklists and paperwork while delivering quality patient care, managing clinic costs, and monitoring health system costs. This added load has affected provider wellness and contributes to physician burnout.

We need to ensure a balance between all of these measures and to ensure that healthcare is delivered in an equitable, effective, and efficient manner. Please support and pass HB1464 HD2 to have these alternative payment models studied.

Sincerely,

Lorene Ng, MD

HB-1464-HD-2

Submitted on: 2/25/2019 10:00:41 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Arthur K Blackburn	Individual	Support	No

Comments:

February 25, 2019

Honorable Representatives, Senators and Governor Ige,

I am writing in support of HB 1464. I ask that an immediate investigation of HMSA insurance payments to primary care physicians (PCPs) be undertaken.

If you've been paying attention at all, then you already know that Hawaii's physician shortage has reached crisis proportions, and this is especially true in the front lines of patient health care—that of the plight of primary care physicians.

I reside in the Puna district of the Big Island, which by geographic position alone places my access to quality primary health care at the very bottom statewide. And if one is fortunate enough to be seen by a PCP at all, then any referrals to other services or specialists becomes laughable, with the exception that it is no laughing matter.

I have resided on the big Island for 4 ½ years. In that time, I have been shuffled from one PCP to another. At the Bay clinics of Keaau and Pahoa, 2 of my PCPS retired, and 2 more moved away, due ostensibly to financial difficulties. My last Bay Clinic PCP only showed up on Fridays, so it took months to schedule an appointment. I finally switched to Kaiser Permanente in Hilo, although that made for an additional 30 minute drive each way, but still encountered the same situation: 3 different PCPs came and went during an 18-month period. They simply can't afford to stay here, and it's not because of the high cost of living. I now see a private PCP in Hilo that is so overburdened he failed to update my current medications, and neglected to go over my last lab results (high Potassium, low Iron, borderline diabetes).

I would add that none the 8 PCPs I have had here ever detected my afib. Thankfully, my partner (also a doctor) noticed it last spring, and thanks to her, I now have life-saving pacemaker.

Referrals to specialist are invariably off island or on the Kona side. I have made 3 trips to Honolulu to see specialists and have driven across the Island to Kona more times that I can recall because such services are unavailable to us here in East Hawaii. Third-

world health care in the world's wealthiest country!!! Appalling, and a statewide embarrassment.

There are admittedly many issues at play here: Cost of living, lifestyle, recruitment and retention of PCPs for example, but we must start by finding a way to fairly and immediately compensate those few remaining PCPs still here in East Hawaii to avoid the medical catastrophe that will surely ensue by their imminent departure.

These remaining PCPs are heavily overburdened, overworked, and vastly underpaid. They want to serve their community and provide for their patients, but this rigged insurance system is crushing them all, and us with it.

We are rapidly approaching the point where the vast majority of East Hawaii residents will still have adequate health insurance in some form, but no primary care physicians left to see! I have read recently that PCPs receive a paltry 8% of the insurance dollars dolled out by HMSA for physician services. I also understand that HMSA received record profits in the last quarter.

Where is the disconnect??? Investing in quality primary health care would save HMSA millions of dollars by early diagnosis and patient treatment before conditions become acute. Can't they see that by investing in fair and reasonable reimbursement for our PCPs, they are saving themselves a great deal of money in the long run, and more importantly, extending and saving patients lives?

When the PCPs are gone, or there are so few left that they are virtually unavailable, all that will remain will be visits to overcrowded Urgent Care and emergency room facilities. And for far too MANY, their conditions will have worsened by that then to the point that it will be too late for some.

Yes, PCPs are being forced out of business, people are dying, and HMSA is raking in record profits.

HB 1464 should be enacted with investigation results provided to session start 2020 in order to implement change for the safety of all residents across Hawaii. It's probably too little too late, but as our elected legislators, it's the very least you can do!

Sincerely,

Arthur K Blackburn
Keaau HI

HB-1464-HD-2

Submitted on: 2/25/2019 10:02:38 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
TuyNgoc Nguyen	Individual	Support	No

Comments:

As a family medicine physician, I beg you to review the insurance reimbursement system. I am a new practitioner, recently completed residency in Hilo, and am struggling along with other providers on this island to find financially sustainable avenues of work.

HB-1464-HD-2

Submitted on: 2/25/2019 10:09:35 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laura A Milar	Individual	Support	No

Comments:

I work in the healthcare field and have noted that we are losing our primary care providers. The office I work in has seen an influx of new patients and our census grew from 2,000 patients to 3,000 patients in the last 2 years. This is because there are no providers that are taking on new patients, retiring, doing concierge or working in clinics. It is not cost effective if the doctor is taking on new complicated patients...at the current payments given by the insurance companies. It is unreasonable to expect our doctors who are still in practice to supply the communities health care needs at a loss. My office is struggling to provide patient care and pay our staff with the reimbursements as they are. It needs to change right now...not in the future or more patients will be without a medical home and will be utilizing Urgent Care and Emergency Departments for their medical care. Which in turn will cost even more.

HB-1464-HD-2

Submitted on: 2/25/2019 10:39:15 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

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

Comments:

Thank you for the opportunity to provide testimony on HB1464. I am in **STRONG** support of this bill.

I am a pediatrician in private practice in Honolulu and have seen the hardships brought upon by payment transformation and payment capitation first-hand, as well as through discussion from my colleagues. Payment capitation has especially impacted new pediatricians with young growing practices, as their patient panels are often requiring more frequent visits, including well child care visits, than the "average" patient. I have also heard first hand from colleagues who have wanted to entire into private practice or join established groups but were unable to do so because it would not be economically viable within this current system. As more physicians closing their panels or retiring early due to the hardships and increased administrative burden this system brings, this is only further adding to our physician shortage in the state. As the physician shortage worsens, more patients are also being seen at Urgent Cares as they do not have a medical home, the latter of which has been shown to help decrease the total cost of care.

I definitely believe that the healthcare sector as a whole needs to work together to help decrease the total cost of healthcare for our state, however it should be data driven and involve discussion from all parties involved. As such, I support the bill to have these alternative payment models studied.

HB-1464-HD-2

Submitted on: 2/25/2019 10:52:24 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Matthew Dykema	Individual	Support	No

Comments:

Dear Congressman and Congresswoman:

As way of introduction, I am Matthew Dykema, a family medicine physician in Hilo. I fully agree with my colleague Dr Michelle Mitchell who also submitted testimony regarding HB1464. She has outlined the data very well, and I agree with her findings. There is a definite need to investigate the way that HMSA is reimbursing physicians and their capitated payment model as well as there lack of fair pay with their outdated fee for service contracts.

In May 2017, I took over one of the largest primary care, solo practitioner practices in the county of Hawaii, and perhaps the state. I took over for Dr Rodney Ono, who retired in December 2018. I initially joined Dr Ono in October 2016, prior to transitioning ownership of the practice in May 2017, and Dr Ono eventually retiring in December 2017. Dr Ono had previously been on HMSA's capitated pilot program. However, when I went to join and transition the practice, HMSA offered me 1/3 less in reimbursement should I have went with the capitated model program. This was reportedly because I was a "new physician" and they did not have data to calculate my average reimbursement over the prior 3 years. This however, was not true as I have been practicing full time in Hawaii since 2012. I was working at an FQHC and HMSA would have had to pay me significantly more had they used my data from my time their as reimbursement for an FQHC is significantly higher. HMSA's offer instantly would have devalued Dr Ono's practice by 1/3, and would have made it completely impossible to be financially viable. This is despite that I would have been managing the exact same patients. Therefore, Dr Ono and myself elected to go with the outdated fee for service reimbursement. The fee schedule has not significantly changed since the market decline in 2007-2008, despite inflation and cost of living increasing significantly. The capitated model would have left me paralysed to grow, and would have not provided any reimbursements for additional procedures that I have offered my patients as a family medicine doctor. This is despite the fact that me performing simple skin procedures and joint injections, ect... saves the insurance tens of thousands of dollars as they do not need to see specialist for care.

It has been challenging to stay afloat financially as a healthcare provider due to poor reimbursements, despite me have a large panel of patients and working more hours than I care to admit. I have not taken a pay check or disbursement over the past year and a

half (except a disbursement of less than \$10,000 to contribute to an IRA last year), because my business can not afford to pay me. I have a small staff, and run operations as skinny as they can be, but reimbursement is simply not enough to be sustainable. My family, which includes a child age 2, is currently living off of my wife's income. She gets paid a reasonable salary as practice manager (although this is significantly less than what a physician would typically be paid) and we are able to make due with this. Long-term sustainability is a high concern, and I see no way that Hawaii island will be able to attract new physicians to this community unless payment and reimbursement improves.

I hope that you as legislators and will do the right thing to ensure that we have healthcare providers in the state of hawaii in the next 5-10 years and that the executives of Insurance companies do not continue to pad their own pockets while healthcare providers struggle to just get by and the people that need healthcare struggle to find quality providers.

HB-1464-HD-2

Submitted on: 2/25/2019 11:06:31 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tawni Gesteuyala	Individual	Support	No

Comments:

The capitated payments imposed on primary care physicians in Hawaii has unnecessarily increased administrative burden, taking away valuable resources from patient care, and providing less incentive to be able to care for Hawaii's medically fragile.

HB-1464-HD-1 Submitted on: 2/13/2019 1:37:15 PM Testimony for CPC on 2/13/2019 2:00:00 PM

Submitted By

Organization

Testifier

Position

Present at

Hearing

Harold Nilsson

Individual

Support

No

Comments:

I have practiced Pediatrics in Hawaii for 25 years and have many serious concerns about HMSA's "Payment Transformation" (PT) basically forced upon all Primary Care Providers (PCP's) in Hawaii by HMSA in 2017, with the threat of major lack of reimbursements for those who did not sign on. Many physicians and physician groups (such as PMAG and the Hawaii Chapter of the American Academy of Pediatrics), expressed their objections repeatedly to HMSA in the planning stages of the PT, but HMSA made very minor adjustments despite continued protests. The PT has been touted by HMSA to promote "Value Based Health Care" but it is very obvious that we as doctors as well as our patients derive no benefit whatsoever from this one-sided system, which has created "value" only for HMSA itself. I estimate at least 90 % of Pediatricians (not sure about adult PCP's) feel de-valued and very frustrated by the many problems the PT has created.

These are some of the most serious problems in the Pediatric age group which will affect the health in the entire population in the near term and even more so long term:

1. Since we only get paid a certain amount per month it tremendously de-values the care we provide to infants as some complex newborn (premature ones especially) may need very frequent and extensive high-risk care for the first year or two. With no incentive for us to take of these vulnerable patients, this is not just a bad idea but unethical to special needs children and families.

2. The PT provides no payment for one of the most important ways we prevent illness in humans, which is by vaccinating all children in a timely manner. The recent mumps outbreak in Hawaii (as well as the ongoing measles outbreak nationally), has clearly demonstrated this fact. HMSA notably did not change this policy at all when we had to re-immunize almost all adolescents in Hawaii recently to curtail the mumps outbreak. Personally, I really can't fathom a more irresponsible cost-saving tactic a health care company could come up with than this.

3. The PT has made it much, much harder for a Pediatrician and other in Hawaii to start a new practice (with many newborns especially) and can only worsen the shortage of primary care doctors.

4. The PT provides no payment for any other office tests or procedures we feel may be necessary and limits our ability to purchase any new equipment obviously.

In summary, the PT has been a night-mare so far for almost all Pediatricians in Hawaii for these and other reasons, which HMSA in a completely irresponsible unethical and blatant manner has been ignoring. The Insurance Commissioner has unfortunately completely failed to acknowledge and deal with any of these problems so far, and certainly needs to investigate this issue in much more detail in order to truly serve as an advocate for an effective Health Care system in Hawaii, particularly in the pediatric age group

HB-1464-HD-2

Submitted on: 2/25/2019 12:56:44 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Wayne Leong	Individual	Support	No

Comments:

My testimony is in favor of HB 1464.

HMSA's Payment Transformation Program has put unfair financial pressure on primary care physicians by capping their compensation for treating patients, regardless of the number of times the patient needs to be seen.

I pay a higher insurance premium to avoid seeing an overwhelmed HMO physician, but HMSA has capitated ALL physicians, making them less eager to see me on subsequent visits due to limited compensation.

The only winner is HMSA who collects ever increasing health insurance premiums while putting all of the financial risk on the physicians.

HB-1464-HD-2

Submitted on: 2/25/2019 2:36:25 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cathy K Bell	Individual	Support	No

Comments:

I am in support of HB1464 HD2. I am a pediatrician and child & adolescent psychiatrist practicing as a child & adolescent psychiatrist in private practice. As a community member and medical practitioner, I am well aware of the need to manage health care costs. Payment transformation at least for pediatric primary care physicians, has led, and will continue to lead, if done in this manner, to higher health care costs. There is indisputable neuroscientific evidence that early behavioral health intervention ameliorates the effects of toxic stress in childhood and leads to better health care outcomes and cost-savings. The return on investment of early childhood intervention services is 10-15x. Integrated behavioral health care has demonstrated better outcomes and cost-savings. The current payment transformation system, disincentivizes pediatric primary care physicians to address childhood behavioral health concerns in childhood. When these children become teenagers and adults, they will require more intensive treatment, possibly psychiatric hospitalizations, have more costly chronic health conditions, and require more intensive medical treatments, including surgeries and hospitalizations.

An effective strategy to contain health care costs would be the creation of a merit-based system incentivizing pediatric primary care physicians for providing integrated behavioral health care, especially in early childhood. In addition to conducting a study on the effectiveness of payment transformation, I would urge this Committee to consider recommending a local pilot study comparing payment transformation to a merit-based system incentivizing pediatric primary care for providing integrated behavioral health care for children to determine which provides better health outcomes, patient/parent satisfaction, provider well-being and less burnout, and cost-savings.

Thank you for the opportunity to submit testimony in support of this bill.

February 25, 2019

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Committee on Finance

Re: HB 1464

Dear Chair Luke and members of the Committee:

My name is Alexandria Imoto and I am a Bachelor of Nursing Student at the University of Hawaii at Hilo. I am writing today to express my support on HB 1464. According to the John A Burns School of Medicine workforce report submitted to the legislature in December of 2018, there is a 41.2% shortage of physicians alone on the Big Island of Hawaii. The reason why I bring this up is because my home, my community is being affected by such a shortage.

The individuals that live in my community suffer because they are not able to get the healthcare that they deserve. If there were more physicians, there would be more available appointments. Without available appointments, people resort to the only place that will give them the help that they need which is at the Emergency Room. When there is an overflow of patients at the Emergency Room for simple diagnoses that can be taken care of at a doctor's office, it takes away the urgency of the nurses and doctors who are there to help those that really need it.

The idea of HB 1464 is to call for a study that will investigate the capitated payment rates in Hawaii that will compare the payment model in Hawaii with the payment models in other states. Physicians here on the Big Island as well as those that are in the state deserve a better reimbursement and should be compared to that of the mainland. It has come to a point where younger doctors picture themselves living someplace other than Hawaii simply because of the pay that they will receive. My hope is for future physicians to come back to Hawaii to fill the shortage that is here in the Islands. If investigating will do that, then I am in full support on HB 1464.

I appreciate your time and for the opportunity to testify on this matter.

Sincerely,

Alexandria Imoto
University of Hawaii at Hilo BSN student

LATE

HB-1464-HD-2

Submitted on: 2/25/2019 8:01:41 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alan B Burdick	Kupuna Caucus, Democratic Party of Hawaii	Support	No

Comments:

The Kupuna Caucus of the Democratic Party of Hawaii supports this bill that calls for a study of the practice by which health insurers pay physicians a single set amount, a "capitation", for individual insured persons, and thereby shift to physicians the risk that the insured person may need greater than expected medical treatment throughout the year. This is the OPPOSITE of what insurance is supposed to do. We support a study and we trust and expect that the study will strongly CONDEMN this practice. Thank you for considering our concerns.

Alan B. Burdick

Chair, Kupuna Caucus

LATE

HB-1464-HD-2

Submitted on: 2/25/2019 6:10:15 PM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Travis	Individual	Support	No

Comments:

I am submitting this testimony in support of primary care physicians who would benefit from this legislation. Payment transformation has been detrimental to the most important aspect of health care - primary care. Primary care provides the entire gambit of services from preventative care, to acute care, to palliative care. The profession of primary care needs protection and nurturing to allow for growth and survival. Please investigate payment transformation and allow primary care physicians across the state to thrive. ALOHA!

LATE

HB-1464-HD-2

Submitted on: 2/26/2019 7:00:27 AM

Testimony for FIN on 2/26/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kendrick Farm	Individual	Support	Yes

Comments:

Support,

February 26, 2019



The Honorable Rep. Sylvia Luke, Chair
State House Finance Committee
Hawaii State Capitol, Room 306
415 South Beretania Street
Honolulu, HI 96813

Dear Chair Luke:

I am testifying in strong support of **House Bill 1464 HD2 Relating to Health** which will be heard by the committee on Finance (FIN).

HB 1464 HD2 requires the Insurance Commissioner to conduct a study that analyzes the capitated rate reimbursement model used by some of Hawaii's insurance providers and compare it to the reimbursement models of insurance providers in other states.

Currently, primary care physicians receive a portion of their reimbursement under certain insurance plans as a capitated rate of \$24 per member per month. This \$24 per member per month rate has not changed despite increasing costs to live and practice in Hawaii and statewide increases in the minimum wage. Based on this rate, a solo practitioner must work over 200 hours per month and care for over 1,500 patients to receive a fair and reasonable salary, not including costs for overhead, staff or supplies.

In addition, more insurance companies are moving away from a fee-for-service model of reimbursement and towards capitated payments, a move that may negatively impact patient care by encouraging doctors to see fewer patients, discourage them from accepting new patients, or cause doctors to leave Hawaii to practice in other states with a lower cost of living and a higher capitated payment rate.

The time is now to address Hawaii's physician shortage, which continues to worsen as more doctors reach retirement age or relocate to other states where the cost of running a business is much lower.

Therefore, I respectfully ask that your committee pass **HB 1464 HD2** which is one way to reduce our state's physician shortfall, particularly in rural and underserved areas on the neighbor islands.

Sincerely,

Mary Ann Cortes
401 North Vineyard Blvd. #107
Honolulu, HI 96817
Tel. (805) 402-5452