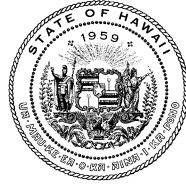


DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

RONA M. SUZUKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

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

From: Rona M. Suzuki, Director
Department of Taxation

Re: S.B. 2542, Relating to the General Excise Tax Exemptions

Date: Wednesday, February 12, 2020

Time: 9:00 A.M.

Place: Conference Room 229, State Capitol

The Department of Taxation (Department) appreciates the intent of S.B. 2542 and offers the following comments.

S.B. 2542 adds a new section to chapter 237, Hawaii Revised Statutes (HRS), exempting “all of the gross proceeds arising from medical services provided by physicians and advanced practice registered nurses acting in the capacity as a primary care provider” from the general excise tax (GET). The measure defines “medical services” provided by physicians and advanced practice registered nurses to include those services provided within hospitals, medical clinics, and private medical practices that are performed by licensed practitioners that are rendered under chapter 453, HRS. S.B. 2542 takes effect on July 1, 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. This will allow sufficient time to make the necessary form and computer system modifications.

Thank you for the opportunity to provide comments.

Harry Kim
Mayor



Roy Takemoto
Managing Director

Barbara J. Kossow
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
KONA: 74-5044 Ane Keohokālole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

February 10, 2020

Senator Rosalyn Baker, Chair
Senator Stanley Chang, Vice Chair
Committee on Commerce, Consumer Protection and Health

Dear Chair Baker, Vice Chair Chang, and Committee Members:

RE: SB 2542 Relating to the General Excise Tax Exemptions

Thank you for this opportunity to testify again on 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 healthcare provider shortage.

We are justly proud of the Hawai'i 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?

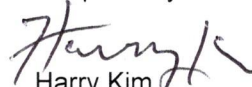
And the ramifications are important, too. To what extent do we limit our primary economic driver, tourism, when visitors are warned "Don't get sick in Hawai'i"?

I am not smart enough to know how to entirely solve our provider shortage. 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.

When I testified before your committee in favor of SB 2327, I noted that I try to use the word "provider" because, in truth, our healthcare crisis goes beyond our physician shortage. For that reason, SB 2542 is the preferred approach if it is not too expensive, because it would create a general excise tax exemption for medical services provided both by physicians and by 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).

Please pass SB 2542 and thank you again for addressing our healthcare dilemma.

Respectfully Submitted,


Harry Kim
MAYOR



HAWAII MEDICAL ASSOCIATION

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

SENATE COMMITTEE ON CONSUMER PROTECTION AND HEALTH

Sen. Rosalyn Baker, Chair

Sen. Stanley Chang, Vice Chair

Date: February 12, 2020

Time: 9:00 a.m.

Place: Conference Room 229

From: Hawaii Medical Association

Elizabeth A. Ignacio, MD, Chair, Legislative Committee

Christopher Flanders, DO, Executive Director

Re: SB2542 Relating to General Excise Tax Exemptions

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.

We would like to point out that, given the extreme shortage of physicians in some areas of the state, many physicians with specialty credentials also provide primary care services to patients. It will be problematic to delineate “primary care” services for purposes of the exemption.

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 stand.

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



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**Written Testimony Presented Before the
Senate Committee on Commerce, Consumer Protection, and Health**

**Hearing: February 12, 2020, 9:00 AM
State Capitol, Conference Room 229**

By Hawaii – American Nurses Association (Hawaii-ANA)



SB 2542- RELATING TO GENERAL EXCISE TAX EXEMPTIONS

Chair Rosalyn H. Baker, Vice Chair Stanley Chang, and members of the Senate Committee on Commerce, Consumer Protection, and Health, thank you for this opportunity to provide testimony in strong support for SB 2542. This bill seeks “to provide a general excise tax exemption for medical services by physicians and advanced practice registered nurses acting in the capacity as a primary care provider”.

We are members of the American Nurses Association of Registered Nurses in Hawaii. As a profession, we advocate for the health of vulnerable populations in our community and for the nursing profession. We are all aware of the acute and chronic shortage of primary care providers in Hawaii. This is an area where an unnecessary tax burden can be removed as a gesture of support for those who continue to work as primary care providers in this shortage environment.

Currently an advanced practice registered nurse (APRN) as an independent contractor providing primary care for the homeless mentally ill in Honolulu owes more than 4% in GET on every dollar earned. This is an opportunity for the legislature to remove that burden for every primary healthcare provider in Hawaii.

We respectfully request that SB2542 pass out of this committee. Thank you for your continued support for measures that address the need for recruiting and retaining primary healthcare providers in Hawaii.

Contact information for Hawaii – American Nurses Association
President: Katie Kemp, BAN, RN-BC
Executive Director Dr. Linda Beechinor, APRN-Rx, FNP-BC
phone (808) 779-3001
500 Lunalilo Home Road, #27-E
Honolulu Hawaii USA 96825

president@hawaii-ana.org
executivedirector@hawaii-ana.org

SB-2542

Submitted on: 2/10/2020 8:57:19 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Lauris Wade MD	Testifying for Hawaii Radiologic Society. Hawaii Physician Shortage Crisis Task Force	Support	Yes

Comments:

I am here to testify on behalf of the Hawaii Radiologic Society and the Hawaii Physician Shortage Crisis Task Force. These two groups, representing several hundred Hawaii Physicians, are strongly in favor of Senate Bill 2542 and its provision of a General Excise Tax exemption for Physicians and Advanced Practice Registered Nurses.

In previous testimony on Senate Bill 2327 and its provision of a General Excise Tax Exemption limited to Medical Services provided by Physicians, I quoted President John F. Kennedy.

“There are risks and costs to action. But they are far less than the long range risks of comfortable inaction.”

In broadening application of a General Excise Tax Exemption to Advanced Practice Registered Nurses and Physicians, Senate Bill 2542 is the State of Hawaii’s most direct approach to addressing workforce shortages among Physicians and APRNS. The risk and costs amount to a perceived revenue impact. The long term risk of comfortable inaction is a the complete breakdown of healthcare access.

In 2008, anecdotal reports of a doctor shortage on the Big Island had been circulating for years. A study performed in 2009 pegged the physician shortage at 15%.

Since that time, the Hawai’i Physician Workforce Assessment Project has been performed annually and the statewide shortage has increased to 820 Doctors. The Neighbor Island shortages are the 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. Neighbor Island Healthcare is hallowed out. If a pandemic such as Corona virus were to take out a third of the Big Islands Physician, even if only temporary, the Big Island Shortage would rapidly approach 66%. Hawaii’s Healthcare Access Margin of Error is exceedingly small.

That said, a slower moving disaster is imminent. Nearly 1/3 of Big Island Physicians are age 65 or older. Hawai'i has the second oldest set of physicians in the nation. A large number of these older physicians will soon retire.

The General Excise Tax as applied to Medical Services results in Medicare reimbursement that 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 Franklin Delano Roosevelt is now apt.

“The Only Thing We Have to Fear Is Fear Itself.”

Forgive a few statistics.

The 2020 Annual Report on Findings from the Hawai'i Physician Workforce Assessment Project pegs the Physician workforce shortage at 820.

The 2018 American Medical Association study on the National Economic Impact of Physicians indicates every Physician in the U.S. generates an average \$3,166,901 in aggregate economic output, 17 new jobs, \$1,417,958 in total wages and benefits and \$126,129 in state and local tax revenues. I repeat \$126,129 in state and local tax revenues.

As such 820 new doctors in Hawaii could reasonably be expected to generate \$2.6 billion in aggregate economic output, 13,940 new jobs, \$1.1 billion in wages and benefits, and \$100 million in state and local tax revenue.

The US Department of Commerce, Bureau of Economic Analysis has released figures that peg Wages and Proprietor Income for Offices of Hawaii Physicians at 1.1 Billion dollars. With the State GET of 4%, this indicates an approximate cost to the State of \$44 million. That figure is less than half of the anticipated state and local tax revenue that would be generated by creating an environment that would attract 820 new Physicians.

As such, it can be said that SB2542 would pay for itself with a fairly wide margin for error.

Thank you for your consideration and support of State Bill 2542

Hawai'i Association of Professional Nurses (HAPN)



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

From: Hawaii Association of Professional Nurses (HAPN)
Subject: SB2542– Relating to Health

Hearing: February 12, 2020, 9:00 a.m. Conference room 229, State Capitol

Aloha Senator Baker, Chair; Senator Chang, Vice Chair; Committee Members Senator Nishihara, Senator Ruderman, Senator Thielen, Senator Wakai, and Senator Fevella

Thank you for the opportunity to submit testimony regarding SB2542. 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 an amendment to include APRNs pursuant to chapter 457 added to page 4, line 16.** 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.**

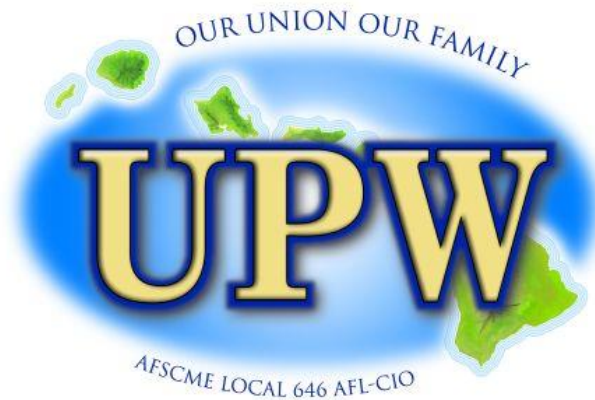
HAPN has worked to be the voice of APRNs across our state, spearheading the move to full practice authority, a responsibility trusted in us by the patients we work with every day. We have worked to improve the physical and mental health of our communities. As our ability to provide close care with our 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



THE HAWAII STATE SENATE
The Thirtieth Legislature
Regular Session of 2020

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair

DATE OF HEARING: Wednesday, February 12, 2020
TIME OF HEARING: 9:00 AM
PLACE OF HEARING: State Capitol
415 South Beretania Street
Conference Room 229

TESTIMONY IN SUPPORT OF SENATE BILL 2542
Relating to General Excise Tax Exemptions

By DAYTON M. NAKANELUA,
State Director of the United Public Workers (UPW),
AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 13,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

SB2542 Beginning July 1, 2020, provides a general excise tax exemption for medical services by physicians and advanced practice registered nurses acting in the capacity as a primary care provider.

The UPW supports this measure.

Thank you for the opportunity to submit this testimony.



February 10, 2020

**To: House of Representatives
Thirtieth Legislature, 2020
State of Hawai'i**

From: East Hawaii Independent Physicians Association Board of Directors

Subject: Support for SB2542

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 SB2542 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 Hiramami 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



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University of Hawaii Cancer Center

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Honolulu

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Straub Clinic & Hospital, Inc.

Kelly Shimabukuro, MD
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Hawaii Cancer Center

UHCC Liaison

Jessica Rhee, MD, MS
University of Hawaii Cancer Center

Executive Director

Christy Levine



ASCO State/Regional
Affiliate Program

February 11, 2020

SENATOR ROSALYN BAKER, CHAIR
SENATOR STANLEY CHANG, VICE-CHAIR
MEMBERS OF THE SENATE COMMERCE CONSUMER PROTECTION AND HEALTH
COMMITTEE

Re: **Senate Bill (SB) 2542 – SUPPORT**

RELATING TO THE GENERAL EXCISE TAX EXEMPTIONS.

Beginning July 1, 2020, provides a general excise tax exemption for medical services by physicians and advanced practice registered nurses acting in the capacity as a primary care provider.

Dear Chair, Vice-Chair and Members of the Committee:

The Hawaii Society of Clinical Oncology (HSCO) is a local community of oncologists, nurse practitioners, physician assistants, and other allied health professionals who provide a voice for multidisciplinary cancer care teams and the patients they serve. Founded in 1996, HSCO is the largest oncology professional organization in the state.

We SUPPORT SB 2542 as it is relatively similar to SB2327 (which was heard by this committee on 1/29/20) which proposes a general excise tax (GET) exemption for certain medical services. Currently, the GET applies to medical services provided by groups and private practice physicians, but does not apply to hospitals and their employed physicians. Hawai'i is the only state in the nation broadly taxing medical services in this way.

The GET is applied to the gross receipts of Hawai'i medical practices without regard to the high costs of providing medical services in a high cost state like Hawaii. Medicare, Medicaid and Private Insurer payments for Medical Services are well below national levels. Community physicians are operating small businesses with narrow profit margins and this GET can make the difference in some practices remaining viable and unviable, resulting in practice closures.

The Legislature is well aware of the state's physician shortage, especially in specialty practices and rural areas. This bill represents one way in which the state can do something immediately that would make a difference to help mitigate this ongoing problem.

Thank you for your consideration of our testimony.



HAWAI'I ACADEMY OF FAMILY PHYSICIANS

February 11, 2020

Committee on Commerce, Consumer Protection, and Health
Sen. Rosalyn Baker, Chair
Sen. Stanley Chang, Vice Chair

Wednesday, February 12, 2020 9:30am Conference Room 229
State Capitol
415 South Beretania Street

Senate Bill SB2542
Testimony in Support

We, the Board of Directors of the Hawaii Academy of Family Practice representing over 300 active family practice physicians in our state, strongly support **SB2542**, a bill to exempt medical services provided by physicians from the GET. Currently hospitals and services provided by physicians employed by hospitals are exempt from GET so the current tax structure unfairly penalizes small and individual physician practices. Hawaii is the only state taxing medical services this way.

The Hawaii Physician Workforce Assessment project has determined that there is a serious twenty—four percent (24%) physician shortage in the State. The neighbor island shortage is more severe, measuring forty—four percent (44%) in Hawaii county, thirty—six percent (36%) in Maui county, and thirty-two percent (32%) in Kauai county. The federal government has also validated the shortage by designating Hawaii, Maui, and Kauai counties as health professional shortage areas. The physician shortage problem will soon be a public health emergency. On the neighbor islands where the shortage is worst, the community is more dependent on independent group and solo physician practices. According to the Hawaii Physician Workforce Assessment in 2019 there are 50 small or solo practices on the Big Island, 33 on Maui and 9 on Kauai. These practices are struggling to stay viable and the GET unfairly applied to independent and not hospital employed practices could be the deciding factor in closing a practice causing a severely underserved community to lose access to care and an important community business at the same time.

Many of the current efforts to address the severe physician shortage are long term strategic efforts (expanding the medical school, scholarships, rural training sites). The Board of the Hawaii Academy of Family Practice urges you to pass SB2327 as a way to provide immediate support for existing physician practices, preserve current access to care and important community small businesses.

Respectfully submitted,

Keola Adams, M.D.
President

Hawaii Academy of Family Physicians Board of Directors

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exemption for Medical Services

BILL NUMBER: SB 2542; HB 2228

INTRODUCED BY: SB by BAKER, KANUHA, K. RHOADS; HB by LOWEN, CREAGAN, B. KOBAYASHI, MIZUNO, NAKASHIMA, SAN BUENAVENTURA, TODD

EXECUTIVE SUMMARY: Beginning July 1, 2020, provides a general excise tax exemption for medical services by physicians and advanced practice registered nurses acting in the capacity as a primary care provider.

SYNOPSIS: Adds a new section to chapter 237, HRS, to exempt gross proceeds arising from the sale of medical services, generally defined as services provided by a person licensed under HRS chapter 453.

EFFECTIVE DATE: July 1, 2020.

STAFF COMMENTS: The bill is intended to exempt medical services from GET.

According to the State of Hawaii Data Book 2017 published by DBEDT (Table 13.37), health care services expenditures totaled about \$9.245 billion in 2016 and \$9.857 billion in 2017. Many of these services are provided by GET-exempt hospitals. The revenue impact for the GET-taxable entities could be considerable.

Digested 2/9/2020



Feb. 12, 2020

9:00 a.m.

Conference Room 229

To: Senate Committee on Commerce, Consumer Protection, and Health

Senator Rosalyn H. Baker, Chair

Senator Stanley Chang, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: SB 2542 — RELATING TO THE GENERAL EXCISE TAX EXEMPTIONS

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SB2542, which would provide a general excise tax exemption for medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider.

It is well established that Hawaii is currently suffering from a doctor shortage. A recent study estimated that Hawaii is currently “short” by approximately 820 physicians — an increase over the previous year and an indication that lack of access to healthcare is a worsening problem in our state.

Luring new doctors to Hawaii — and keeping those who are already here — is a complicated proposition. Many proposals would take years to demonstrate success in addressing the issue. In the meantime, Hawaii residents will continue to suffer from the shortage of available medical professionals and the high cost of healthcare in our state.

There is, however, a more immediate way to make Hawaii more attractive to physicians: Create a general excise tax exemption for medical services.

Hawaii is one of the few states to levy a form of sales tax on medical services, and the form of that tax — the general excise tax — eats into the margin of the typical Hawaii physician’s office. If the doctor chooses not to pass on any of that tax burden to his patients, he or she risks

running an unprofitable practice. If the tax is passed on, then the doctor is contributing to higher medical costs. Under the circumstances, it is no surprise that some doctors choose not to practice in the state at all.

According to a study commissioned by the Grassroot Institute of Hawaii, exempting medical services from the excise tax would help make medicine more affordable in the state for both doctors and residents.¹

Healthcare spending for medical services in Hawaii totals about \$9 billion, of which the for-profit private sector accounts for \$5 billion. An exemption from the state's 4 percent GET would save private, for-profit medical providers approximately \$200 million. Waiving the GET surcharges imposed by the counties would save an additional \$22 million more.

This represents substantial savings for individual practices. According to the Grassroot Institute study, the savings from that base 4 percent GET exemption would be about \$5,275 each for the approximately 38,000 full-time workers in the medical industry. That's the equivalent to 6.7% of the average medical service worker's wage and 5.8% of current GET collections. Even if the exemption were applied selectively to only areas deemed to have acute shortages, the savings would be \$72 million, or about \$1,920 per for-profit medical service worker in the state. Exempting only private practice doctors would still result in a savings of \$78.9 million for physicians and patients.

But there are more advantages to the GET exemption than just saving money for doctors and patients. It could also help address the doctor shortage.

For example, if the GET exemption led an additional 820 physicians to set up shop in the state, it would result in an increase of almost 4,000 full-time positions in the industry, 4,000 additional supplier and induced jobs, \$1.4 billion in additional economic activity and about \$67.3 million in taxes — more than one-third of the cost of the tax cut.

It is common practice for the state to use GET exemptions to encourage or aid certain industries. Already, Hawaii exempts petroleum refining, aircraft maintenance and leasing, and orchards from the GET. As we point out in our report, "This means that the state of Hawaii uses its tax code to encourage the development of orchards, but discourage the provision of medical care."

¹ "How the state GET affects healthcare costs in Hawaii," Grassroot Institute of Hawaii, January 2020,

www.grassrootinstitute.org/wp-content/uploads/2020/01/How-the-state-GET-affects-health-care-costs-in-Hawaii.pdf

State policymakers are rightly concerned with both making healthcare more affordable and addressing the shortage of medical professionals in Hawaii. By creating an general excise tax exemption for medical services, there is an opportunity to help both patients and doctors by making Hawaii a more attractive — and less expensive — place to practice medicine.

Thank you for the opportunity to submit our comments.

Sincerely,
Joe Kent
Executive Vice President, Grassroot Institute of Hawaii



**Written Testimony Presented Before the
Senate Committee on Commerce, Consumer Protection, and Health
Wednesday February 12, 2020 at 9:00 a.m.**

**by
Laura Reichhardt, MS, AGNP-C, APRN
Director, Hawai'i State Center for Nursing
University of Hawai'i at Mānoa**

WRITTEN COMMENTS on SB2542

Chair Baker, Vice Chair Chang, and members of the Senate Committee on Commerce, Consumer Protection, and Health, thank you for hearing this measure, SB2542, as it relates to General Excise Tax exemptions for medical services provided by physicians and advance practice registered nurses (APRNs).

Across the nation, states are investigating and instituting plans to address provider reimbursement to ensure healthcare practices are solvent and able to continue their care delivery in the communities they serve. The Hawai'i State Center also recognizes that reimbursement for clinical services and care for APRNs is a lower rate as established for Medicare and Medicaid, though outcomes are similar for APRNs and physicians. Additionally, when APRNs and physicians practice together, patient care outcomes improve. The number of APRNs is growing in our state, making interprofessional practice models more likely as we move into the future.

While the Hawai'i State Center for Nursing takes no position on this effort, the Center recommends that, should this measure move forward, item (b) be amended by adding the nurse practice act to include APRNs, as they are included in the title of the proposed section.

Page 4, Line 16

(b) As used in this section, "medical services" provided by physicians and advanced practice registered nurses acting in the capacity as a primary care provider includes those services provided within hospitals, medical clinics, and private medical practices that are performed by licensed practitioners that are rendered under chapter 453 or chapter 457."

Thank you for the opportunity to provide written comments related to this measure.

The mission of the Hawai'i State Center for Nursing is that through collaborative partnerships, the Center provides accurate nursing workforce data for planning, disseminates nursing knowledge to support excellence in practice and leadership development; promotes a diverse workforce and advocates for sound health policy to serve the changing health care needs of the people of Hawai'i.

SB-2542

Submitted on: 2/10/2020 6:26:02 AM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Grosskreutz, M.D.	Testifying for Hawaii Radiological Society	Support	No

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. There is also a shortage of APRNs estimated at 500 statewide. 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 challenge is now, this session. Thank you to our Big Island Representatives, and Senators, especially Senator Inouye 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.

SB-2542

Submitted on: 2/7/2020 9:11:45 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
lynne matusow	Individual	Support	No

Comments:

It is inconceivable tht these services have been taxed. Please pass this bill.

lynne matusow

SB-2542

Submitted on: 2/9/2020 2:19:02 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen Smith	Individual	Support	Yes

Comments:

I am a medical doctor who specialized in pathology and laboratory medicine. I have been practicing in Hawaii for 16 years, most of that time in the neighbor islands. All providers use laboratory services, and consequently, I have a continuous information about the providers in my area of service (Hawaii Island). I have seen first hand the challenges of recruiting physicians to replace the aging doctors as they either retire, die, or work deeply into their “golden years”.

There are many obstacles to recruitment of physicians in rural, neighbor-island Hawaii. Some of these obstacles cannot be changed, however, others can. Not only is providing these services more costly here, but also, in many instances reimbursements are lower than other areas of the USA.

One cost to physicians (and APRNs) in Hawaii that is unique is the GET. It is conspicuous that Hawaii is the only state in the USA that has such a tax. Why?

Repealing this tax on health care providers is one thing that could help to make Hawaii a more attractive place for physicians to practice.

I urge you to support this bill (SB2542). I believe this will help in our quest to attract more physicians to practice in Hawaii’s underserved areas.

Respectfully,

Stephen M. Smith, MD

Pathology, Hilo

SB-2542

Submitted on: 2/8/2020 6:07:57 AM

Testimony for CPH on 2/12/2020 9:00:00 AM

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

Comments:

Dear Senators:

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, TriCareprime. 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 SB2542

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 Djondied. 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..

SB-2542

Submitted on: 2/10/2020 3:02:29 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

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

Comments:

SB-2542

Submitted on: 2/10/2020 5:56:48 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Paul Morris, MD	Individual	Support	No

Comments:

Healthcare is a web. It is not only about patients, but also their doctors. There is a well-documented shortage of physicians in Hawaii. The burden of providing the safety net has proven too difficult for many of our providers who have moved in the past few years to the mainland, or have retired, making it increasingly difficult for patients to find the care they need.

For many patients, the biggest financial bill they will ever face is for a health crisis. There are studies that tie homelessness to the need of accessing healthcare services the year before becoming homeless.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1805022/>

By not including health care services in the GET, physicians will not have to pass on the financial burden to patients who struggle with the financial burdens of healthcare even with “good insurance” <https://www.investopedia.com/personal-finance/people-good-health-insurance-medical-debt/>.

The majority of private insurance in Hawaii does not cover the GET as a plan benefit. In addition, there has been a decrease in patients with regular insurance, and an increase in patients on Quest/Medicaid over the years, while at the same time local carriers have been selling products that increase patient co-payments from 10 percent to 30 percent. All of this has resulted in making it more challenging for physicians to collect their entire payment for their services. The community plans have also caused payment delays and under-reimbursements causing more stress on practices.

Also, during the past decade, physician practices have had to pay more in staffing to comply with additional compliance issues under Medicare, while absorbing reduced payments handed down by Medicare and Medicaid, all this while their employee costs and rent have increased. Providers are also taxed the GET on amounts that are already under-reimbursed by Medicare and the community plans.

In closing, providers have tried valiantly to provide the safety net over the years even though their losses continue to grow. This bill will save patients with private insurance

GET because providers will no longer have to collect it from them. It will also help providers who have to pay GET on low Medicaid reimbursements.

February 10, 2020

To: The Honorable Rosalyn H. Baker, Chair;

The Honorable Stanley Chang, Vice Chair;

Members of the Senate Committee on Commerce, Consumer Protection, and Health

From: Edwin Muranaka, M.D.

Re: S.B. 2542 Relating to The General Excise Tax Exemptions

First, I would like to thank you for your consideration of an issue that affects every individual and family in our state. 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.” And they were the first in the nation to do so. 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, S23724 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.

Though we no longer lead the nation, we can follow their lead and remove the burden of a regressive tax. 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 already bear an enormous tax burden.

Thank you for allowing this opportunity to offer testimony regarding S.B. 2542.

Respectfully,

Edwin Muranaka

SB-2542

Submitted on: 2/10/2020 6:38:44 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Lee	Individual	Support	No

Comments:

I'm writing to support SB2542 (HB2228) providing an exemption from the Hawaii GET on gross medical proceeds for medical services provided by physicians and advanced practice nurses acting in the capacity as a primary care provider. This tax is unfair, especially to our cancer patients who already face financial toxicity and sometimes bankruptcy from thousands of dollars in medical bills, loss of income while undergoing and recovering from treatment, and places yet another burden on medical practices struggling to survive further contributing to the physician shortage.

I have practiced medicine in Hawaii since 2013 and serve as the IT medical director at the Cancer Center of Hawaii. I have watched with growing alarm the shrinking number of physicians in Hawaii, particularly on the neighbor islands but also evident now in Honolulu with three month wait times to see neurologists and to undergo otolaryngology surgical procedures. The complexity and knowledge base has grown requiring specialization and even subspecialization in medicine.

There is a well-documented shortage of physicians in Hawaii. The burden of providing the safety net has proven too difficult for many of our providers who have moved in the past few years to the mainland, or have retired, making it increasingly difficult for patients to find the care they need.

For many patients the biggest financial bill they will ever face is for a health crisis. There are studies that tie homelessness to the need of accessing healthcare services the year before becoming homeless. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1805022/>

By not including health care services in the GET, physician's will not have to pass on the financial burden to patients who struggle with the financial burdens of healthcare

even with “good insurance” <https://www.investopedia.com/personal-finance/people-good-health-insurance-medical-debt/>.

Most of the private insurance in Hawaii does not cover the GET as a plan benefit. In addition, there has been a decrease in patients with regular insurance, and an increase in patients on Quest/Medicaid over the years, while at the same time local carriers have been selling products that increase patient co-payments from 10 percent to 30 percent. All of this has resulted in making it more challenging for physicians to collect their entire payment for their services. The community plans have also caused payment delays and under-reimbursements causing more stress on practices.

Also, during the past decade, physician practices have had to pay more in staffing to comply with additional compliance issues under Medicare, while absorbing reduced payments handed down by Medicare and Medicaid, all this while their employee costs and rent have increased with the cost of living. Providers are also taxed the GET on amounts which are already under-reimbursed by Medicare and the community plans.

In closing, providers have tried valiantly to provide the safety net over the years even though their losses continue to grow. They need to be supported now by passing SB2542 so that they can continue to exist to help all of the patients in Hawaii for now and the future. This bill will save patients with private insurance the GET because providers will no longer have to collect it from them. It will also help providers who have to pay GET on low Medicaid reimbursements

Sincerely Yours,

Richard Y. Lee, MD, PhD

Radiation Oncologist

My wife and I are physicians in Hilo. 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. We are close to burning out and we need more providers in Hilo. Our two sons attend the John A Burns School of medicine and may not be able to return after training and new solutions must be considered to solve our healthcare access crisis.

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 nearly impossible especially in Hilo where we have a higher proportion of Medicaid and Medicare. Many medical practices operate on razor thin margins, especially for treating Medicare and Medicaid patients.

Doctors trained in the U.S. typically have educational debt in the hundreds of thousands of dollars. We would love to have both of our sons return and practice in Hilo. But with \$400,000 of debt between them, they would have to choose between buying a home and paying their educational loans in Hawaii, with our local levels of reimbursement and high taxation. We cannot blame them for not returning home.

The timeframe to address these challenge is now, this session. Thank you to our Big Island Representatives, and Senators, especially Senator Inouye 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.

Sincerely,

David W. Camacho, Jr., MD

Brenda M. K. Camacho, MD

JABSOM Class of 1990

SB-2542

Submitted on: 2/10/2020 6:28:39 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laeton J Pang	Individual	Support	No

Comments:

I'm writing to support SB2542 (HB2228) providing an exemption from the Hawaii GET on gross medical proceeds for medical services provided by physicians and advanced practice nurses acting in the capacity as a primary care provider. This tax is unfair, especially to our cancer patients who already face financial toxicity and sometimes bankruptcy from thousands of dollars in medical bills, loss of income while undergoing and recovering from treatment, and places yet another burden on medical practices struggling to survive further contributing to the physician shortage.

I have practiced medicine in Hawaii since 1994 and serve as the operations medical director at the Cancer Center of Hawaii. I have watched with growing alarm the shrinking number of physicians in Hawaii, particularly on the neighbor islands but also evident now in Honolulu with three month wait times to see neurologists and to undergo otolaryngology surgical procedures. My grandfather practiced medicine in Hawaii as a family physician, doing primary care, general surgery, anesthesia and gynecology. Those days are gone. The complexity and knowledge base has grown requiring specialization and even subspecialization in medicine.

There is a well-documented shortage of physicians in Hawaii. The burden of providing the safety net has proven too difficult for many of our providers who have moved in the past few years to the mainland, or have retired, making it increasingly difficult for patients to find the care they need.

For many patients the biggest financial bill they will ever face is for a health crisis. There are studies that tie homelessness to the need of accessing healthcare services the year before becoming homeless. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1805022/>

By not including health care services in the GET, physician's will not have to pass on the financial burden to patients who struggle with the financial burdens of healthcare even with "good insurance" <https://www.investopedia.com/personal-finance/people-good-health-insurance-medical-debt/>.

Most of the private insurance in Hawaii does not cover the GET as a plan benefit. In addition, there has been a decrease in patients with regular insurance, and an increase in patients on Quest/Medicaid over the years, while at the same time local carriers have been selling products that increase patient co-payments from 10 percent to 30 percent.

All of this has resulted in making it more challenging for physicians to collect their entire payment for their services. The community plans have also caused payment delays and under-reimbursements causing more stress on practices.

Also, during the past decade, physician practices have had to pay more in staffing to comply with additional compliance issues under Medicare, while absorbing reduced payments handed down by Medicare and Medicaid, all this while their employee costs and rent have increased with the cost of living. Providers are also taxed the GET on amounts which are already under-reimbursed by Medicare and the community plans.

In closing, providers have tried valiantly to provide the safety net over the years even though their losses continue to grow. They need to be supported now by passing SB2542 so that they can continue to exist to help all of the patients in Hawaii for now and the future. This bill will save patients with private insurance the GET because providers will no longer have to collect it from them. It will also help providers who have to pay GET on low Medicaid reimbursements.

Laeton J. Pang, MD, MPH, FACR, FACRO

Radiation Oncologist

SB-2542

Submitted on: 2/10/2020 4:39:37 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Macey Luo-Souza	Individual	Support	No

Comments:

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

From: Ms. Macey Min-Chu Luo-Souza, MSN, BSN, RN, APRN-RX, PMHCNS-BC, HCPS

Subject: SB2542– Relating to Health

Hearing: February 12, 2020, 9:00 a.m. Conference room 229, State Capitol

Aloha Senator Baker, Chair; Senator Chang, Vice Chair; Committee Members Senator Nishihara, Senator Ruderman, Senator Thielen, Senator Wakai, and Senator Fevella,

Thank you for the opportunity to submit testimony regarding SB2542.

I am a Psychiatric Advanced Practice Registered Nurse (APRN-RX) in private practice serving children, adolescents, and adults at my office in Chinatown, Honolulu, Hawaii. I am 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.

I respectfully request an amendment to include APRNs pursuant to chapter 457 added to page 4, line 16. 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.**

The bill should read as follows:

"§237- Exemption for medical services; physicians; advanced practice registered nurses. (a) There shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter, all of the gross proceeds arising from medical

services provided by physicians and advanced practice registered nurses acting in the capacity as a primary care provider.

(b) As used in this section, "medical services" provided by physicians and advanced practice registered nurses acting in the capacity as a primary care provider includes those services provided within hospitals, medical clinics, and private medical practices that are performed by licensed practitioners that are rendered under chapter 453 or chapter 457."

I am a proud member of the Hawaii Association for Professional Nurses (HAPN). 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 clients' 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 and your enduring support of APRNs in the Aloha State.

Mahalo for your consideration,

Ms. Macey Min-Chu Luo-Souza, APRN-RX

SB-2542

Submitted on: 2/10/2020 8:34:09 PM

Testimony for CPH on 2/12/2020 9:00:00 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 faces a severe shortage of doctors. 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.

Thank you for your consideration.

Erin Capps MD

SB-2542

Submitted on: 2/11/2020 12:36:14 AM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerard Silva	Individual	Oppose	No

Comments:

ALISTAIR W BAIROS, MD

General Surgery, Wound Care Specialist

PO Box 670
Kealahou, Hawai'i 96750
Cell: 960-3383
2/10/2020

RE: SB2542, GET bill

Dear Senators:

I write in strong support of this and related bills.

As stated in the Bill, the Big Island deficit in physicians is dire, and worsening. The office I share with two practicing internists will be nearing empty next month as the older physician starts a long-delayed retirement and the young internist who came to take over his practice goes to work as a hospitalist, realizing after a year of trying that she couldn't survive financially as a primary care practitioner.

As for myself, after 35 years practicing on Hawai'i Island, I just keep soldiering on, quite literally going into debt to purchase office supplies and keep the doors open.

The Bill must, however, apply to ALL physicians, not just those designated "as a primary care provider" for the simple reason that on these underserved outer islands many of us otherwise classified as "specialists" do in fact function as primary care providers for many new and long-term patients, for the simple reason that there's such a dearth of primary care providers available to see folks.

Literally not a day goes by without several patients asking for suggestions re where they might find a physician to care for them.

All of us old geezers are retiring and no one is coming to replace us.

SB2542 will assist significantly in shoring up the financial viability of private practice physicians and APRNs.

Yours truly and aloha,

Alistair Bairos, MD
Signed electronically, 02/10/2020, 2055hr

SB-2542

Submitted on: 2/11/2020 1:07:20 PM

Testimony for CPH on 2/12/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bronsten Kossow	Individual	Support	No

Comments:

Please continue to support our physicians in Hawai'i. We've increased in elderly while medical care has been reduced.

SB-2542

Submitted on: 2/12/2020 5:02:31 AM

Testimony for CPH on 2/12/2020 9:00:00 AM



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

Comments:

Thank you for the opportunity to submit testimony regarding SB2542. As a Family Nurse Practitioner in Private Practice in Pahoia, I am 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. **I respectfully request an amendment to include APRNs pursuant to chapter 457 added to page 4, line 16.** 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.**

The bill should read as follows:

"§237- Exemption for medical services; physicians; advanced practice registered nurses. (a) There shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter, all of the gross proceeds arising from medical services provided by physicians and advanced practice registered nurses acting in the capacity as a primary care provider.

(b) As used in this section, "medical services" provided by physicians and advanced practice registered nurses acting in the capacity as a primary care provider includes those services provided within hospitals, medical clinics, and private medical practices that are performed by licensed practitioners that are rendered under chapter 453 or chapter 457."

I am dedicated to improve the physical and mental health of our communities. I opened up my own clinic in Pahoia 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. I, among many of my APRN colleagues, have opened clinics in our communities to meet the growing physical and mental healthcare needs.

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