

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 4, 2023

TO: The Honorable Representative John M. Mizuno, Chair
House Committee on Human Services

The Honorable Representative Della Au Belatti, Chair
House Committee on Health & Homelessness

FROM: Cathy Betts, Director

SUBJECT: [HB 1367](#) - RELATING TO PROFESSIONAL MEDICAID SERVICES.

Hearing: February 7, 2023, 8:30 a.m.
Conference Room 329 & Videoconferencing, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this bill as it is similar to SB 397 and Administration measures SB1368 and HB1070. Additionally, we request support for the Administration's budget and Governor's Message regarding these appropriations.

PURPOSE: This bill appropriates funds to increase Medicaid payments to eligible health care professionals in the State up to one hundred per cent of the current Medicare rates.

DHS supports increasing investments in the Medicaid program, more specifically in reimbursement rates. Since March 6, 2020, Medicaid enrollment has increased by over 40 percent from 327,119 to over 464,000 as of January 2023 – or nearly one-third of Hawaii's residents. With this significant number of Hawaii residents covered by Medicaid, healthcare providers who care for Hawaii's residents covered by Medicaid are receiving less reimbursement than they would if the resident were covered by private healthcare insurance.

Medicaid does have a history of supporting healthcare professionals. Hawaii Medicaid is one of the few states that continues to reimburse primary care providers for primary care services at 100 percent Medicare. However, there are many health care professional services reimbursed well-below Medicare rates.

This bill proposes to increase the reimbursement rates for eligible health care providers for medical professional services allowed under the Medicaid program provided to Hawaii's Medicaid enrollees to be the equivalent reimbursement rate paid by the federal Medicare program for the same or similar service. Eligible health care professionals per the Medicaid fee schedule and Hawaii Medicaid State Plan primarily include physicians and doctors. It would not include reimbursement rates for hospitals, nursing facilities, prescription drugs, or rehabilitation or therapeutic services. Also, Long-term Care or Home and Community-Based waiver services will not be included in the increase as they are not classified as medical professional services.

With additional general fund appropriations, the department will require federal approval to access federal matching funds and implement the reimbursement rate increase. This rate increase may encourage more health care providers to provide care to Medicaid recipients, and increased rates will assist providers in meeting the cost of care.

The projected general fund appropriation needed annually is \$30,000,000; with federal approval, the available federal match will be approximately \$43,000,000.

Thank you for the opportunity to provide comments on this measure.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Human Services and
House Committee on Health & Homelessness
Tuesday, February 7, 2023 at 8:45 a.m.

By

Lee Buenconsejo-Lum, Acting Dean
and

Kelley Withy, MD, Professor, Department of Family Medicine and Community Health,
Hawai'i/Pacific Basin Area Health Education Center (AHEC) Director
John A. Burns School of Medicine

And

Michael Bruno, Provost
University of Hawai'i at Mānoa

HB 1367 – RELATING TO PROFESSIONAL MEDICAID SERVICES

Chairs Mizuno and Belatti, Vice Chairs Amato and Takenouchi, and Members of the
Committees:

Thank you for the opportunity to provide testimony in SUPPORT of HB 1367 which
appropriates funds to increase Medicaid payments to eligible health care professionals
up to 100% of the current Medicare rates.

Primary care, specialty care, and behavioral health professionals overwhelmingly desire
to treat patients of all backgrounds, regardless of insurance coverage. The Hawai'i
Medicaid professional fee schedule is currently set at 60% of Medicare for the majority
of professional services. This low reimbursement rate has a negative impact on the
ability of medical professionals to treat an increased number of Medicaid patients.

The current Medicaid professional fee schedule also increases the challenge of
recruiting and retaining providers in the state, since Hawai'i is competing against the
rest of the nation for an adequate workforce. Hawai'i faces a shortage of almost 800
physicians. Through the surveys of physicians conducted by the John A. Burns School
of Medicine (JABSOM) at the Hawai'i Health Workforce Summit as to what could be
done to recruit and retain more physicians, the fourth most popular answer from the 274
respondents to the survey was eliminating the GET on medical services. Physicians
who have left the State indicate that the extra cost of caring for Medicare, Medicaid and
Quest patients makes it financially burdensome to continue practicing here. For the
same reason, many physicians no longer see this group of patients.

Many of the faculty JABSOM rely on to train our students and residents are struggling, especially on the Neighbor Islands. Providing Medicaid payments at 100% of the Medicare rate would help to keep these providers in practice, improve access to care and access to learning environments that teach our students to provide high quality, compassionate care for all patients, regardless of the ability to pay. This measure provides funding that is a necessary and meaningful step toward addressing long standing health inequities that exist in this state.

Thank you for the opportunity to provide testimony on this bill.

Mitchell D. Roth
Mayor



Lee E. Lord
Managing Director

Robert H. Command
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 Keohokalole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

February 6, 2023

Chair, Representative John M. Mizuno
Vice Chair, Representative Terez Amato
House Committee on Human Services

Chair, Representative Della Au Belatti
Vice Chair, Representative Jenna Takenouchi
House Committee on Health & Homelessness

Hawai'i State Legislature
415 S. Beretania Street
Honolulu, Hawai'i 96813

Subject: H.B. 1367 RELATING TO PROFESSIONAL MEDICAID SERVICES
Hearing Date: Tuesday, February 7, 2023 at 8:45 a.m.
Time/Place of Hearing: Via Video Conference; Conference Room 329

Aloha Chair Mizuno, Vice Chair Amato, and members of the Committee on Human Services; Chair Au Bellati, Vice Chair Takenouchi and members of the Committee on Health & Homelessness.

On behalf of the County of Hawai'i, I am expressing my strong support for HB 1367. Enhancing the health and well-being of our community is a priority for my administration and access to care is central to that commitment.

A critical way to support our healthcare system is for the state to invest in medicaid so reimbursements to providers match the level they presently receive from medicare. Thereby allowing more providers to accept medicaid patients and increase the availability of healthcare services throughout our community. This investment would make a significant difference on Hawai'i Island as we are already facing a crisis level physicians' shortage and access to certain medical services for some individuals are over 100 miles away from their homes or located on another island.

Your sincerest consideration of HB1367 is greatly appreciated.

Mahalo,

Mitchell D. Roth
Mayor, County of Hawai'i

Testimony of
Jonathan Ching
Government Relations Director

Before:
House Committee on Human Services
The Honorable John Mizuno, Chair
The Honorable Terez Amato, Vice Chair

House Committee on Health & Human Services
The Honorable Della Au Belatti, Chair
The Honorable Jenna Takenouchi, Vice Chair

February 7, 2023
8:45 a.m.
Conference Room 329 & Via Videoconference

Re: HB 1367, Relating to the Professional Medicaid Services

Chair Mizuno, Chair Belatti and committee members, thank you for this opportunity to provide testimony on HB 1367, which appropriates general funds to increase Medicaid payments to eligible health care professionals in the State up to one hundred per cent of the current Medicare rates.

Kaiser Permanente Hawai'i STRONGLY SUPPORTS HB 1367.

Kaiser Permanente Hawai'i is one of the nation's largest not-for-profit health plans, serving 12.6 million members nationwide, and more than 269,000 members in Hawai'i. In Hawai'i, more than 4,200 dedicated employees and more than 650 Hawai'i Permanente Medical Group physicians and advance practice providers work in our integrated health system to provide our members coordinated care and coverage. Kaiser Permanente Hawai'i has more than 20 medical facilities, including our award-winning Moanalua Medical Center. We continue to provide high-quality coordinated care for our members and deliver on our commitment to improve the health of our members and the 1.4 million people living in the communities we serve.

Over the past several years, especially with the economic challenges brought by the COVID-19 pandemic, the state's Medicaid population has increased dramatically by almost 40%. Mirroring the state's increase and all the other health plans, the Kaiser Permanente Hawai'i Medicaid population has risen significantly (over 68% percent since early 2020). The physician shortage statewide also continued to increase, particularly in the neighbor islands.

Although our internal providers all take care of our Medicaid patients, the enhanced Medicaid reimbursements to providers will allow us to continue to recruit and retain providers and take care of our Medicaid members. In addition, it will allow us to more easily contract outside our Hawai'i Permanente Medical Group providers for external providers to care for our members for services we are not able to provide internally, particularly in the neighbor islands where providers are limited, and access issues are prevalent.

This appropriation will immediately help to alleviate the difficulties providers and patients face in delivering and accessing high-quality care.

Mahalo for the opportunity to testify on this important measure.

Tuesday, February 7, 2023 at 8:45 AM
Via Video Conference; Conference Room 329

House Committee on Human Services

To: Representative John Mizuno, Chair
Representative Terez Amato, Vice Chair

House Committee on Health & Homelessness

To: Representative Della Belatti, Chair
Representative Jenna Takenouchi, Vice Chair

From: Michael Robinson
Vice President, Government Relations & Community Affairs

**Re: Testimony in Support of HB 1367
Relating to Professional Medicaid Services**

My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

HPH writes in support of HB 1367 which appropriates funds to increase Medicaid payments to eligible health care professionals in the State up to 100% of current Medicare rates.

Currently, Hawaii ranks 47th out of 51 states and the District of Columbia in terms of Medicaid spending per full-benefit enrollee in the state. While we are very supportive of cost efficient, high-value care, the current low reimbursement rates affect the ability of healthcare professionals in our community to take on patients enrolled in Medicaid.

Having access to quality, timely healthcare services and a robust healthcare workforce is critical to reaching our goals of reducing health disparities. We are confident that this funding is a necessary and meaningful step towards addressing long standing health inequities that exist in this state. This initiative is a broad-based, systemic approach to improving access to healthcare for the most underserved and needy members of our community. By creating more opportunities for people to see the providers they feel most comfortable with, in their own communities, and in a way that they feel is best for their

preferences and health, will be a long overdue change in how we treat those who need this type of quality, patient-centered care the most.

Many providers decline accepting patients on Medicaid or have left the state due to the low reimbursement rates. Providing Medicaid payments at 100% of the Medicare rate would help to keep these providers in practice and improve access to care. This measure provides funding that is a necessary and meaningful step toward addressing long standing health inequities that exist in this state.

Thank you for the opportunity to testify.



HB1367 Increase Medicaid Rates

COMMITTEE ON HUMAN SERVICES

Rep. John M. Mizuno, Chair

Rep. Terez Amato, Vice Chair

COMMITTEE ON HEALTH & HOMELESSNESS

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

Tuesday, Feb 7, 2023: 8:45 Room 329

Hawaii Substance Abuse Coalition Supports HB1367:

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization for substance use disorder and co-occurring mental health disorder treatment and prevention agencies.

STATES ARE INCREASING MEDICAID RATES FOR SUBSTANCE USE DISORDERS AND MENTAL HEALTH DISORDERS.

The pandemic has exacerbated mental health and substance use issues and [90% of Americans](#) believe the nation is in the midst of a mental health crisis. Despite increases in need, data show that treatment rates across all payers are [low](#). Documented workforce challenges contribute to barriers in access to care and nearly half of the US population – [47%](#) or 158 million people – living in a mental health [workforce shortage](#) area. Behavioral health conditions (i.e. mental health and substance use disorders) are most prevalent in Medicaid enrollees, with data from [2020](#) showing that approximately [39%](#) of Medicaid enrollees were living with a mental health or substance use disorder. Workforce challenges are widespread and go beyond Medicaid, but shortages may be exacerbated in Medicaid.¹

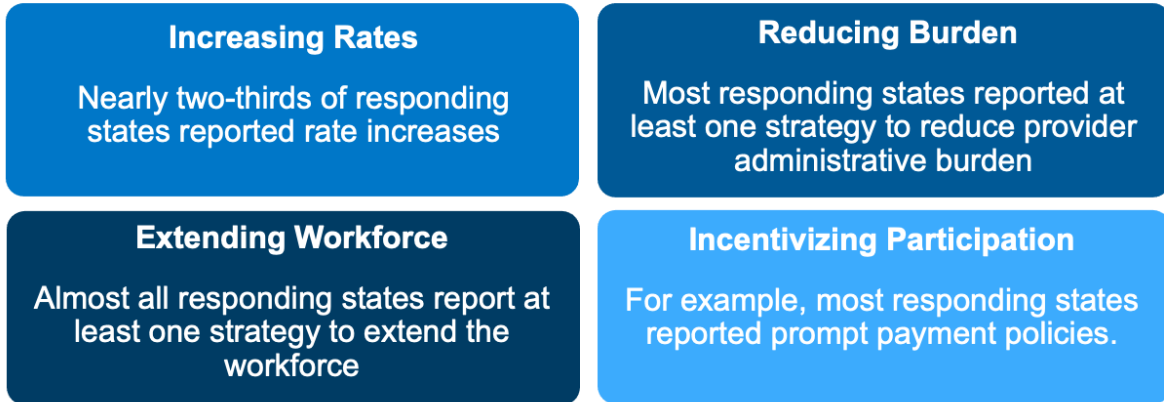
NEARLY 2/3 OF ALL RESPONDING STATES REPORT STRATEGIES FOR RATE INCREASES FOR BEHAVIORAL HEALTH IN 2023

¹ KFF A Look at Strategies to Address Behavioral Health Workforce Shortages: Findings from a Survey of State Medicaid Programs: Heather Saunders , Madeline Guth Follow @Madeline_Guth on Twitter , and Gina Eckart Published: Jan 10, 2023 <https://www.kff.org/medicaid/issue-brief/a-look-at-strategies-to-address-behavioral-health-workforce-shortages-findings-from-a-survey-of-state-medicaid-programs/>

State strategies to address the behavioral health workforce shortage fall into four key areas:

Figure 1

Key Medicaid Strategies to Address Behavioral Health Workforce Shortages in place or planned as of FY2022



SOURCE: Behavioral health supplement to the annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022



STATES HAVE NEW FLEXIBILITY TO SET PROVIDER RATES

Lower Medicaid payment rates (relative to other payers) as well as disparities in pay between physical and mental health providers could limit participation in Medicaid and further exacerbate existing workforce shortages. States have considerable flexibility to set provider payment rates in fee-for-service. Managed care plans, which now serve most Medicaid beneficiaries, are responsible under their contracts with states for ensuring adequate provider networks and setting rates to providers, but states have several options to ensure that rate increases are passed to the providers that contract with managed care organizations (MCOs). The American Rescue Plan Act (ARPA) gave states temporary funding (primarily through an increase in the Medicaid match rate for home and community-based services (HCBS)) to increase certain provider rates or provide payments to attract or retain workers. COVID-19 Medicaid public health emergency (PHE) authorities gave states additional flexibility to adopt temporary rate increases.

We appreciate the opportunity to provide testimony and are available for further questions.

Support for hb1367

I am a physician on the Big Island and the president of Hawaii Radiologic Associates, LLC. We provide radiology services for almost the entire island. We were once a group of 15 radiologists and now there are only 6 of us left which required us to join a mainland radiology group. We can no longer provide services without the support of a larger group and subsidize our work with areas on the mainland who have much better reimbursements. The 6 of us love this island and call Hawaii home but we cannot recruit any one to join us because of the poor pay and high expenses. My son, a recent graduate of John A Burns School of Medicine, will also be a radiologist and would like to return home but will not be able to unless the environment changes. He has student loans to pay off in addition to the high cost of food, medical care and housing in Hawaii should he choose to move home. It is time to do something significant for the private practitioners so everyone will receive adequate health care in Hawaii. We have a significant number of Medicaid patients throughout the island, especially in east Hawaii including Keaau, Puna and Pahoia areas who have a severe shortage of healthcare providers. Increasing the Medicaid rates will help in attracting more providers to this area to care for the people.

Thank you.

HB-1367

Submitted on: 2/5/2023 8:09:01 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Esther Smith	Dr Smith Family Medicine	Support	Remotely Via Zoom

Comments:

Once a week in the year 2023 I have recommended a patient move to the mainland to receive care for a life-threatening condition because providing adequate care to patients on Big Island has gone from difficult to sometimes impossible. When I complained to my colleagues who practice on Oahu I was shocked to learn the challenges I thought were unique to the neighbor islands exist on Oahu. These include but are not limited to long wait times for diagnostic tests and appointments with specialists. Lack of access and delays in care result in advanced disease and death. The provider shortage crisis has inevitably become a health care crisis.

Health care in Hawaii’s number one rating in US News and World report is a mirage that policy makers and health insurance companies conjure in to justify inaction. They use the argument that “we are number one for healthcare” to rationalize continuing systemic low reimbursement and punitive taxes while denying the deteriorating, dysfunctional health care system. Having the longest life expectancy in the nation is not a product of a robust healthcare system but is rather a gift from the islands and the culture it inspires. The people who live in Hawaii have lower rates of smoking and obesity, the beauty of the islands and the sprit of Aloha -that is why they live longer. Further US News and World Report also fails to appreciate that having an insurance card does not equal having access to care.

Increasing reimbursement is a crucial step in improving patient care and halting ongoing closures. HB1367 would make Medicaid fees equal to Medicare fees. Medicaid in this state pays primary care approximately 53% of what is paid by Medicare. (Kaiser Family Foundation 2019) It is worth noting that Hawaii already has one of the lowest Medicare acceptance rates in the nation, Medicaid is markedly worse. Clinics and hospitals are operating in the red largely due to this unsustainable level of funding. Increases to Medicaid fee payments are a better way to address the health care crisis than grants. Grants can be distributed ineffectively or funneled to special interest groups: Paying more for care ensures that the people providing the care can keep their clinics and hospitals open.

It has been argued that the provider shortage is not due to punitive taxes or low reimbursement- Instead, we are told the lack of doctors is because it is difficult to train enough docs to keep up with retirements and people going to the mainland. Further it is said that the goal shouldn't be to replace doctors because health care is evolving. And it is evolving, it is evolving to a system where the people who rely on Medicare and Medicaid are served by CVS minute clinics, giant health systems and overburdened federally qualified access clinics while the prosperous are seen by the few remaining private practice physicians who have been forced stopped taking insurance altogether.

It doesn't have to be this way but it soon will be. We do not have to lose the small clinics the same way we lost the mom and pop pharmacies My own clinic teeters at the edge of closure. My nurse practitioner is taking a voluntary leave of absence to ease the strain because her seeing more patients doesn't cover the costs. Ie our seeing more people actually loses us money. This month, instead of being paid, I have started using my retirement savings that I accrued before I moved to Hawaii to meet our expenses. This is the final stand for us.

Paying for Medicaid services at the same rate as Medicare will save clinics and hospitals. It may be too late for mine, even if this bill were to be enacted today, but you can save other facilities. In saving the clinics and hospitals you will be saving people. Please act now.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830
1-866-295-7282 | Fax: 808-536-2882
aarp.org/hi | aarphi@aarp.org | twitter.com/AARPHawaii
facebook.com/AARPHawaii

**The State Legislature
House Committee on Human Services
House Committee on Health and Homelessness
Tuesday, February 7, 2023
Conference Room 329, 8:45 a.m.**

TO: The Honorable John Mizuno, Chair
The Honorable Della Au Belatti, Chair
RE: Support for H.B. 1367 Relating to Professional Medicaid Services

Aloha Co-Chairs Mizuno and Belatti and Members of the Committees:

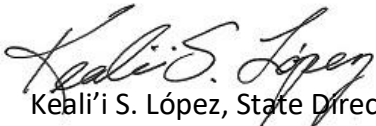
My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social mission organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP supports H.B. 1367 which appropriates funds to increase Medicaid payments to eligible health care professionals in Hawaii up to one hundred percent of the current Medicare rates.

Federal and state governments should ensure that Medicaid reimbursement is sufficient to guarantee access to the full range of high-quality health care services in all service settings. For many kupuna, other adults and children in need of medical care, Medicaid becomes their safety net coverage if they are low-income and/or have limited resources. Hawaii is currently facing an acute shortage of health care providers. We need to attract, retain and compensate them properly so that they can continue to care for our most vulnerable populations including kūpuna. Increasing the Medicaid payments will help improve the overall access to care for all people in need.

Thank you very much for the opportunity to testify in support **H.B. 1367**.

Sincerely,


Keali'i S. López, State Director

HB1367, RELATING TO PROFESSIONAL MEDICAID SERVICES

Hse HUS and HLT Hearing
Tuesday, February 7, 2023- 8:45 a.m.
VIA VIDEOCONFERENCE
Conference Room 329
Position: SUPPORT

Dear Chair Mizuno, Chair Belatti, and HUS/HLT Committee Members,

I am the president of the Hawaii Chapter of the American Physical Therapy Association (APTA Hawaii) which represents the profession of physical therapy in Hawaii. We appreciate the opportunity to offer testimony relative to HB1367. We **SUPPORT** adoption of HB1367.

The text of the bill outlines many challenges facing physical therapists in caring for the large percentage of the population on Medicaid. As you are aware the cost of providing healthcare in Hawaii is prohibitively high. As a result, there is a shortage of healthcare providers and those providers who are here in Hawaii are disincentivized to stay.

Individuals on Medicaid are some of society's most vulnerable. They face many daily challenges including accessing healthcare. Often these individuals have more complex health and personal needs. Providing healthcare to this population is often more resource intensive. As a result, when combined with low payment rates, many providers are unable to financially accept Medicaid patients. By raising Medicaid payment to the level of Medicare, the legislature will address a major barrier to providing care for individuals on Medicaid.

I am happy to answer any questions and provide additional information you might need. If you have any questions or concerns, you can reach me directly via email president.apta.hawaii@gmail.com or phone 808-546-0937.

Yours in health,

Dr. Nick Bronowski, PT
President- APTA Hawaii
Physical Therapist
Board Certified Clinical Specialist in Orthopaedic Physical Therapy
Adjunct Faculty- Hawai'i Pacific University- Doctor of Physical Therapy Program



February 6, 2023

To: Chair Mizuno, Chair Belatti, Vice Chair Amato, Vice Chair Takenouchi and Members of the House Committees on Human Services and on Health and Homelessness

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: February 7, 2023; 8:45 a.m., Conference Room 329/Videoconference

Re: Testimony in support of HB 1367 – Relating to Professional Medicaid Services

The Hawaii Association of Health Plans (HAHP) appreciates the opportunity to testify in support of HB 1367. HAHP is a statewide partnership that unifies Hawaii's health plans to improve the health of Hawaii's communities together. A majority of Hawaii residents receive their health coverage through a plan associated with one of our organizations.

HAHP believes in providing our members with access to quality care. Medicaid enrollment is up more than 40% and includes nearly a third of the residents in our state. One out of three babies born and one out of two keiki are covered through Medicaid. Medicaid also covers many individuals who are frail, elderly, disabled, homeless, with chronic conditions, and in long-term care. Providers are in short supply, particularly in rural areas, and access to care is critically important. Investing in Medicaid and increasing Medicaid reimbursement rates to health care providers would strengthen our critical health care workforce, support the health care ecosystem, and, most importantly, improve access to care for the residents of Hawaii.

Thank you for the opportunity to testify on HB 1367.

Sincerely,

HAHP Public Policy Committee
cc: HAHP Board Members

AlohaCare | HMAA | HMSA | Humana | HWMG | Kaiser Permanente | MDX Hawaii | Ohana Health Plan | UHA Health Insurance | UnitedHealthcare

hahp.org | 818 Keeaumoku Street, Honolulu, HI 96814 | info@hahp.org



**Written Testimony Presented Before the
House Committees on Human Services and Health and Homelessness
Tuesday, February 7, 2023 at 8:45 a.m.
Conference Room 329 and via Videoconference**

**by
Laura Reichhardt, APRN, AGPCNP-BC
Director, Hawai'i State Center for Nursing
University of Hawai'i at Mānoa**

TESTIMONY IN SUPPORT of H.B. 1367

Chairs Mizuno and Belatti, Vice Chairs Amato and Takenouchi, and members of the Committee on Human Services and Committee on Health & Homelessness, thank you for the opportunity to testify in support of H.B. 1367.

In Hawai'i, health care professionals are in high demand yet in low supply, particularly on the neighbor islands and in rural and underserved areas of our state. Advance Practice Registered Nurses (APRNs) are reimbursed at lower rates than physicians (80-85% of Physician Fee Schedule¹) for Medicare, and even further reduced for Medicaid (65% of Physician Fee Schedule²). Despite the reductions in reimbursements for APRNs, this population of providers remain committed to servicing publicly-insured individuals. In the 2021 Nursing Workforce Supply Survey, we found that 92% provided care to Medicare and Medicaid patients in their average week.³

As the cost of healthcare rises, it is increasingly a challenge for APRNs to cover their clinical expenses. Because of the reduced rates, APRNs represented in the Hawai'i State Center for Nursing APRN Policy & Practice Taskforce have stated that their basic business expenses are not fully covered by reimbursement for services to Medicaid patients. This measure proposes the solution for the state to support the difference between Medicaid payments and Medicare payments. This would address the dissonance between the reimbursements and the costs of business, and therefore optimize access to care for Medicaid patients.

The Hawai'i State Center for Nursing commends the Legislature for introducing this measure. The Center thanks your committee for its commitment to the people of Hawai'i, and ensuring access to high-quality health care by our state's interprofessional healthcare workforce including APRNs.

¹CMS. (2022). Advanced Practice Registered Nurses, Anesthesiologist Assistants, & Physician Assistants. <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Medicare-Information-for-APRNs-AAAs-PAs-Booklet-ICN-901623.pdf>

² Communication with Department of Human Services, June 2021

³ Hawai'i State Center for Nursing. (2021). 2021 Hawai'i Nursing Workforce Supply Report. http://www.hawaiicenterfornursing.org/wp-content/uploads/2021/12/Statewide-Report-v.Final_.pdf

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.



February 7, 2023

The Honorable John M. Mizuno, Chair
The Honorable Terez Amato, Vice Chair
House Committee on Human Services

The Honorable Della Au Belatti, Chair
The Honorable Jenna Takenouchi, Vice Chair
House Committee on Health & Homelessness

Re: HB1367 – Relating to professional Medicaid services.

Dear Chair Mizuno, Chair Belatti, Vice Chair Amato, Vice Chair Takenouchi, and Members of the Committees:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB1367, which will appropriate funds to increase Medicaid payments to eligible health care professionals in the State up to one hundred per cent of the current Medicare rates.

HMSA believes that efforts to expand access to quality health care for all Hawaii residents, including for QUEST members and those living on the Neighbor Islands, who have a smaller network of providers available to them will only help to strengthen our community. HMSA believes this bill will continue to support our provider core, especially physicians who may be financially challenged due to inflation, labor shortages, and higher operational costs. We hope the higher payment to physicians will provide more access to care for QUEST members and can additionally help to address health inequities.

Currently, HMSA is already paying one hundred percent of the 2020 Medicare rate for primary care services under MedQUEST's ACA PCP Enhancement program. Considering that and because the Medicare rates are scheduled to fluctuate, we believe it would be prudent to also:

- explore narrowing the scope of physician specialties and services this legislation would include to maximize the benefits for providers and enrollees.
- add clarifying language to identify which Medicare fee schedule will be used.

Thank you for the opportunity to testify in support of HB1367.

Sincerely,

Dawn Kurisu
Assistant Vice President
Community and Government Relations



THE QUEEN'S HEALTH SYSTEM

To: The Honorable John M. Mizuno, Chair
The Honorable Terez Amato, Vice Chair
Members, House Committee on Human Services

The Honorable Della Au Belatti, Chair
The Honorable Jenna Takenouchi, Vice Chair
Members, House Committee on Health & Homelessness

From: Jace Mikulanec, Director, Government Relations, The Queen's Health System

Date: February 7, 2023

Re: Testimony in Support of HB1367: Relating to Professional Medicaid Services

The Queen's Health System (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 10,000 affiliated physicians, caregivers, and dedicated medical staff statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to testify in **support** of HB1367, which appropriates funds to increase Medicaid payments to eligible health care professionals in the State up to one hundred per cent of the current Medicare rates. We commend the stakeholder community, Administration, and Legislature for recognizing the overall positive impact these additional funds will have on our statewide healthcare system. The increase in funding will expand the likelihood of more healthcare professionals taking on Medicaid patients and by extension increase the probability that more Medicaid recipients will see a provider.

Having access to quality, timely healthcare services and a robust healthcare workforce is critical to reaching our shared goal of reducing health disparities. This funding helps create more opportunities for people to see the providers they feel most comfortable within their own communities - this is even more so the case on our neighbor islands where issues of access are pronounced.

Primary care, specialty care, and behavioral health professionals have an overwhelming desire to treat patients of all backgrounds. The Hawaii Medicaid professional fee schedule is currently set at 60% of Medicare for the majority of professional services. This low reimbursement rate has a negative impact on the ability of medical professionals to treat an increased number of Medicaid patients. The current Medicaid professional fee schedule also increases the challenge of recruiting and retaining providers in the state since Hawai'i is competing against the rest of the nation for an adequate workforce.

The mission of The Queen's Health System is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.

Mahalo for your support of this measure and for your investment in our state's healthcare system.

HB-1367

Submitted on: 2/6/2023 8:31:53 AM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Reni Soon	ACOG, Hawaii Section	Support	Written Testimony Only

Comments:

As healthcare professionals who care for many patients who rely on Medicaid insurance, the Hawaii Section of the American College of Obstetricians and Gynecologists strongly support this measure. Measures such as this could go a long way in increasing access to critical health services in rural areas where there is a severe shortage. Mahalo



HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814

Phone (808) 536-7702 Fax (808) 528-2376

www.hawaiimedicalassociation.org

HOUSE COMMITTEE ON HUMAN SERVICES

Representative John M Mizuno, Chair

Representative Terez Amato, Vice Chair

HOUSE COMMITTEE ON HEALTH & HOMELESSNESS

Representative Della Au Belatti, Chair

Representative Jenna Takenouchi, Vice Chair

Date: February 7, 2023

From: Hawaii Medical Association

Beth England MD, Co-Chair, HMA Public Policy Committee

Re: HB 1367 Relating to Professional Medicaid Services

Position: Support

The purpose of this measure is to appropriate funds to increase Medicaid payments to eligible health care professionals in the State up to one hundred per cent of the current Medicare rates.

In Hawaii, the enrollment in Hawaii MedQUEST (Medicaid program) has jumped 40% since the start of the COVID-19 pandemic, and more than 440,000 Hawaii residents are now enrolled in Medicaid. However low-income individuals and families as well as Native Hawaiians and Pacific Islanders experience incredible delays and barriers to healthcare services, according to the 2022 Access to Care CDC funded comprehensive statewide survey of patients and providers.

Causes for healthcare disparities are multifactorial, but are unquestionably linked to the unremitting decline in our Hawaii physician workforce. In order for Hawaii Medicaid beneficiaries to access needed care in a timely manner, there must be a sufficient number of physicians to serve these patients. As the Hawaii physician workforce decreases relative to the ever-increasing demand of healthcare services needed, physicians cannot bear the immense financial burden of accepting deficient Medicaid payment compared to those of privately insured individuals.

Presently the percent of Hawaii State spending is approximately 34% of Medicaid, compared to the federal funds. Investing in Hawaii Medicaid by matching reimbursement levels to those of Medicare would allow more health care providers to accept Medicaid patients, improving access to care.

HMA supports this measure for appropriation of funds to Hawaii Medicaid, allowing for improved provider participation and further delivery of healthcare services to Hawaii patients.

(continued)

HMA OFFICERS

President – Angela Pratt, MD President-Elect – Elizabeth Ann Ignacio, MD
Immediate Past President – Michael Champion, MD Treasurer – Nadine Tenn Salle, MD
Secretary – Thomas Kosasa, MD Executive Director – Marc Alexander



HAWAII MEDICAL ASSOCIATION

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Phone (808) 536-7702 Fax (808) 528-2376

www.hawaiimedicalassociation.org

Thank you for allowing the Hawaii Medical Association to testify in support of this measure.

References and Quick Links:

Cocke S. Hawaii Medicaid enrollment up 40% since start of pandemic. [Honolulu Star Advertiser Dec 19 2022.](#)

States Reporting At Least One Eligibility Expansion or Restriction. Kaise

Hest, R. Assessing Physician Acceptance of Medicaid Patients Using State Health Compare. State Health Access Data Assistance Center. [Shadac.org. August 25, 2022.](#)

University of Hawaii System Annual Report. Report to the 2023 Legislature. [Annual Report on findings from the Hawaii Physician Workforce Assessment Project. Dec 2022.](#)

Access to Care. Health for our communities. Community First Hawaii. [July 2022 Report.](#)

HMA OFFICERS

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Secretary – Thomas Kosasa, MD Executive Director – Marc Alexander

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Representative Della Au Belatti, Chair of the House Committee on Health & Homelessness; and The Honorable Representative John Mizuno, Chair of the House Committee on Human Services

From: Hawaii Association of Professional Nurses (HAPN)

Subject: HB1367 – Relating to Professional Medicaid Services, in Support

Hearing: February 7, 2023, 8:45a.m.

Aloha Representative Belatti, Chair; Representative Takenouchi, Vice Chair; Representative Mizuno, Chair; Representative Amato, Vice Chair; and Committee Members

Thank you for the opportunity to submit testimony regarding HB1367. HAPN stands with the Governor as well as countless community organizations, private practices throughout the state, and all residents of Hawaii who receive Medicaid Services. HAPN believes that healthcare access in Hawaii is at a point where provider supply is not in line with healthcare demand. As such, HAPN is in **Support with amendments** of appropriating funds to increase Medicaid payments to eligible health care professionals. **We respectfully request the following amendment** "... increase medicaid payments to eligible health care professionals in the State ~~up to~~ **at** one hundred per cent of the current medicare rates." (section 2). At this time, **Medicare discriminates care provided by Advanced Practice Registered Nurses (APRN)** via their physician fee schedule **by reimbursing our profession 15% less** than our physician colleagues providing similar care. APRNs who have opened their own practices have the same overhead costs as our colleagues.

HAPN strongly supports the intent of this bill, however, we would like to ensure equity in reimbursement to keep our clinic doors open to provided much needed care. As noted in this bill, APRNs who accepted Medicaid during the Corona virus pandemic provided much needed services in our communities. During this time, "Medicaid enrollment has increased forty percent".

HAPN's mission, to be the voice of APRNs in Hawaii, has been the guiding force that propelled us to spearhead the advancement of patients access to healthcare as well as supporting the recognition of the scope of practice for APRNs in Hawaii which led us to full practice authority. 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. APRNs have played an important role in the healthcare of our communities and we will continue to be by our patients' side.

HAPN respectfully asks your Committees to pass this bill with amendments. Thank you for the opportunity to share the perspective of HAPN with your committee. Thank you for your enduring support of the nursing profession in the Aloha State.

Respectfully,
Dr. Jeremy Creekmore, APRN
HAPN President

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

HB-1367

Submitted on: 2/6/2023 11:14:16 AM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Fredierick de La Cruz	United Caregiver's of hawaii (UCH)	Support	Written Testimony Only

Comments:

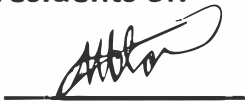
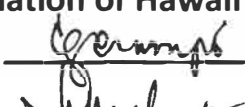
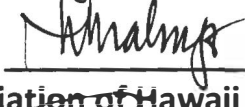
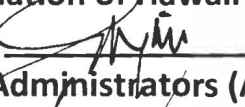

I support this bill for these reasons:

1. Medicaid pay never increased since 2014.
2. Inflation rate in hawaii and cost of living is getting more expensive every year.
3. Care giving to all medicaid patients is 24/7. The services and cost is not justifiable by \$43.xx/day.
4. Other services provided: These include meals, electricity, water, internet and trip to their medical appointments.

Therefore: Increase should be started asap and the Bill will be amended to have increase. The bill also will include every year increase to be calculated depending on yearly inflation rate.

TESTIMONY IN SUPPORT OF HB1367 with Amendments

The Presidents of:

1.  Maribel B. Tan, President, Adult Foster Homecare Association of Hawaii (AFHA of HI)
2.  Carina Ocampo, President, United Caregivers of Hawaii (UCH)
3.  Lemmy Maluyo, President, Community Homecare Association of Hawaii (CHCAH)
4.  Elma Tierra, President, Alliance of Professional Primary Care Administrators (APPCA)
5.  Menchie Dawang, President, Providers Helping Hands of Hawaii, (PH3)

Submit testimony as a coalition in support for HB1367, with recommended amendments. We are the Presidents from Five Organizations representing nearly 85% with about 1800 of the community caregiver industry.

Our first suggested amendment is to provide a sound preamble in the bill, which displays the history and significance of the community based caregivers and care homes or in the alternative to place such information in the committee report, should this bill pass out of committee. Attached is the recommended amendment for the preamble or in the committee report.

The committees finds that due to the significant number of Hawaii residents receiving Medicaid coverage, health care providers often receive less reimbursement from Medicaid than from Medicare or commercial insurances for the same service. While some providers are reimbursed at cost or at the same rates as Medicare many health care providers who perform certain services for

Medicaid patients, such as physicians, psychiatrists, psychologists, community based caregivers, advanced practice registered nurses, nurses, certified nursing assistants, and nurse assistants are not reimbursed the same rate as Medicare.

The committees also finds that it is important to focus on home and community based services providers who serve groups with high utilization of services and who have gone the longest without a rate update such as case management agencies, community care foster family homes, and adult day health and day care centers. The Centers for Medicare and Medicaid Services is also changing payment methods for nursing facilities. State Medicaid agencies will need to adopt new reimbursement methodologies that align with the new federal payment system. These all create opportunities to revise how providers of long-term care are reimbursed to better meet current and future needs.

On behalf of the Presidents and organizations of this coalition we thank you for the opportunity to provide our testimony in support of HB1367, with the suggested amendments.

HB-1367

Submitted on: 2/6/2023 12:03:01 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Tiffany Lightfoot	Americian Medical Response (AMR Ambulance)	Support	Written Testimony Only

Comments:

As an ambulance medical provider in Hawaii, we thank you for supporting all medical care in Hawaii with this bill. Sustainable funding allows us to provide lifesaving care to Hawaii's residents and visitors. While still a discounted rate, matching reimbursements to Medicare rate will help us maintain the availability of emergency medical care in Hawaii. Please accept this testimony in support of HB1367.

HB-1367

Submitted on: 2/6/2023 12:10:28 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
William Bailey	AMR	Support	Written Testimony Only

Comments:

In support. Thank you.

KAUAI COMMUNITY HEALTH ALLIANCE

2460 Oka Street
Kilauea, Kauai, HI 96754
808.828.2885 phone • 808.828.0119 fax
www.kauai-medical.org
winkler@kauai-medical.org (email)

February 6, 2023

Re: Support of HB 1367

I am submitting testimony to hopefully put a human face on our State's healthcare access crisis. I am a medical provider and CEO of a non-profit rural primary care clinic on Kauai about to close due to insufficient funds. We have provided critical medical services for 25 years, seeing 15-20,000 visits a year. We are only surviving because of community donations. I myself took no salary for 8 months in 2022. The healthcare crisis in Hawaii is not a joke.

I will cut to the chase. The reason our facility along with most private medical practices are shutting their doors is due to low insurance reimbursements, particularly Medicaid Quest.

According to a 2020 Hawaii Workforce Assessment, of all the counties in the US, Kauai has the 13th worst access to medical care, Maui 5th and Big Island 3rd worst in the nation.

Our facility can't make payroll because insurance payments are below the cost of providing care. Twenty percent of Hawaii residents are on Medicare, and our state receives the lowest Medicare reimbursement in the country despite having the highest cost of living. Medicaid reimbursements are even worse than Medicare and make up 30% of Hawaii's insured population.

You have undoubtedly heard Hawaii can't attract young physicians, nor can we retain those we have. Same reason—lowest reimbursement in the US and highest COL. It doesn't matter how many new docs we graduate from JABSOM, they all leave for the mainland because they can't open a practice in Hawaii and survive.

Raising Medicaid reimbursements is critical if we are serious about keeping medical facilities open in rural Hawaii. Our outer island residents have a much higher all cause mortality. Cancer, heart disease, stroke, and suicide are all highest where clinics like ours are closing and access is unavailable.

This is not academic, this is grandma's diabetes, it's your sister's breast cancer, your friend with Parkinson's or heart disease, it's your children's school physicals, your neighbor's stroke, your depressed friend or aunty's fractured hip. This isn't a restaurant closing—It's access to primary healthcare.

Clinics all over are turning away Medicaid Quest patients in order to survive.

Raising Medicaid reimbursement is a leveraged investment in partnership with the Federal government. The healthcare access crisis is here, and as it accelerates it will take a generation to repair. Now is truly the time to act.

Please support HB 1367.

Respectfully,

KAUAI COMMUNITY HEALTH ALLIANCE

James Winkler, CEO
Kambria Beck Holder, MD and Chief Medical Officer
Art Brownstein, MD

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KILAUEA MEDICAL CLINIC MAY CLOSE

CEO: 'Every month is a cliffhanger'

Guthrie Scrimgeour
THE GARDEN ISLAND

KILAUEA — The Kaua'i Community Health Alliance receives between 17,000 and 20,000 patient visits each year, providing a range of treatment to largely working-class people from the Ha'ena to Kapa'a.

They soon may be unable to keep their doors open, their CEO says.

"Every month is a cliffhanger," said Jim Winkler, who serves as CEO and president of KCHA while also practicing at the Hale Lea Medicine clinic.

"The clinic is currently running at a deficit. While we have not missed payroll in 28 years, we are not able to operate for much longer due to a confluence of circumstances."

The clinic has been in operation since 1994 and has functioned as a nonprofit since 2008. KCHA houses both the Hale Lea Medicine and Urgent Care and the North Shore Wellness Center. Since they treat a large number of underinsured patients, they struggle to make ends meet and rely on community support for a portion of their budget.

If the center were to close, it could result in significant disruption for its patients, who would have to scramble to access care in the limited North Shore market. There is only one primary-care clinic on the North Shore — the North Shore Medical Center — which has limited hours and a smaller staff than KCHA. The next closest clinic is Ho'ola Lahui in Kapa'a.

"A lot of those people (on the North Shore) don't want to go to Kapa'a. Location is an issue regardless of who is providing the services," said Dr. Kapono Chong-Hanssen, chief medical director at Ho'ola Lahui.

"We could take some of them, and if all of our community partners got together we could

SEE CLINIC, A4

HB-1367

Submitted on: 2/6/2023 2:58:02 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Maria Belinda Keliioholokai	United Caregivers of Hawaii	Support	Written Testimony Only

Comments:

This bill needss our support considering the current economic situation we are experiencing right now.

We ask what is deemed equal & fair to compensate our services for the vast majority of caregivers who were still unpaid up to these times due to non-compliance to Hoku of Medquest.

May the Legislature evaluates the importance of CCFFH / ARCH/ DD operators who largely contribute to the awareness of our Health Care Program implemented by the DOH necessary and befitting to equality of life.

Thank you & God bless us all!

Bell Keliioholokai, CNA

Rec. Secretary,UCH

HB-1367

Submitted on: 2/6/2023 4:16:23 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Carina Ocampo	United Caregivers of Hawaii	Support	Written Testimony Only

Comments:

I strongly support the increase in Medicaid payments to include the CCFFH.

HB-1367

Submitted on: 2/6/2023 11:03:02 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
David Isei	Isei Consulting, LLC	Support	Written Testimony Only

Comments:

The issue of limited Medicaid reimbursement for healthcare providers is contributing to a hiring problem for both physicians and support staff. When Medicaid reimbursement is low, it becomes difficult for healthcare providers, especially those in rural areas, to attract and retain physicians, which leads to physician retirements without adequate replacements. This creates job vacancies that are hard to fill, not just for physicians but also for support staff, such as nurses, medical assistants, and administrative staff. This is because, without adequate physician staffing, support staff positions also become difficult to fill and maintain. This creates a vicious cycle, as the lack of support staff exacerbates the difficulty of attracting and retaining physicians, and the lack of physicians exacerbates the difficulty of attracting and retaining support staff.

HB-1367

Submitted on: 2/3/2023 4:42:01 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
paul lacuesta	Individual	Support	Written Testimony Only

Comments:



February 7, 2023 at 8:45 am
Conference Room 329

House Committee on Human Services

To: Chair John M. Mizuno
Vice Chair Terez Amato

House Committee on Health and Homelessness

To: Chair Della Au Belatti
Vice Chair Jenna Takenouchi

From: Hilton Raethel
President and CEO
Healthcare Association of Hawaii

Re: Strong Support
HB 1367, Relating to Professional Medicaid Services

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the healthcare continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to provide testimony in **strong support** of this measure, which would address healthcare access challenges for Medicaid enrollees, and strengthen our healthcare workforce by paying providers the same rate under the Medicaid program as they are paid under the Medicare program. Currently, Hawaii providers receive relatively low reimbursements from government programs like Medicaid compared to the national average. While we are very supportive of cost efficient, high-value care, the current low reimbursement rates affect the ability of healthcare professionals in our community to take on patients enrolled in Medicaid.

Having access to quality, timely healthcare services and a robust healthcare workforce is critical to reaching our goals of reducing health disparities. We are confident that this funding is a necessary and meaningful step towards addressing long standing health inequities that exist in this state. This initiative is a broad-based, systemic approach to improving access to healthcare for the most underserved and needy members of our community. By creating more

opportunities for people to see the providers they feel most comfortable with, in their own communities, and in a way that they feel is best for their preferences and health, will be a long overdue change in how we treat those who need this type of quality, patient-centered care the most.

Primary care, specialty care, and behavioral health professionals have an overwhelming desire to treat patients of all backgrounds, regardless of insurance coverage. The Hawaii Medicaid professional fee schedule is currently set at 60% of Medicare for the majority of professional services. This low reimbursement rate has a negative impact on the ability of medical professionals to treat an increased number of Medicaid patients, especially during these high inflationary times. The current Medicaid professional fee schedule also increases the challenge of recruiting and retaining providers in the state since Hawaii is competing against the rest of the nation for an adequate workforce. In 2022, there was a reported deficit of at least 750 full-time physicians in the state, and a documented shortage of almost 4,000 non-physician, patient-facing healthcare workers such as nurses, technicians, and patient service representatives.

We want to make sure that we do note in our testimony that this increase will benefit individual, community practitioners. This is not an increase for larger organizations such as hospitals or nursing homes—it is meant to support the small practitioners who are really tied to their communities.

Thank you for the opportunity to provide strong support of this measure.

Dear Representatives,

Hawaii has a severe shortage of healthcare providers and an access to care crisis, which has been documented by AHEC for many years and reported in hundreds of news stories. The lack of access to healthcare has resulted in significant healthcare disparities, especially on our Neighbor Islands and rural areas with higher mortality rates for cardiovascular disease, cancer, trauma, hepatitis C, asthma, COPD, suicide and adolescent deaths as confirmed by Department of Health statistics.

The reason for the severe shortage of healthcare providers in Hawai'i is primarily financial. Hawaii has the highest cost of living and providing medical services in America. Hawaii's reimbursements are among the lowest nationally. Please note that Hawaii's healthcare providers are documented by Becker's ASC review to have the lowest pay adjusted for the cost of living in America.

Lowest annual compensation adjusted for cost of living

- District of Columbia (47)
- New York (48)
- Vermont (49)
- Connecticut (50)
- Hawaii (51)



<https://www.beckershospitalreview.com/compensation-issues/rn-pay-for-all-50-states-adjusted-by-cost-of-living.html>

<https://www.beckersasc.com/benchmarking/np-pay-for-all-50-states-adjusted-by-cost-of-living.html>

The Senate Health Committee heard multiple measures. To improve access to healthcare. Chair San Buenaventura understands that Hawaii has a severe shortage of healthcare providers and an access to care crisis. The Health Committee advanced SB397 by a vote of 5-0.

A robust healthcare provider system is important for the economic health of Hawai'i . Mayor Mitch Roth supports these bills and has noted that it is difficult to attract businesses and new industries to our island, if business owners are unable to ensure healthcare access to their employees and family. The loss of additional medical practices is a huge concern. The Hilo Community Surgical Center and Hale Lea Medical Clinic, the largest primary and urgent practice on Kauai's north shore, were both recently discussed on the front page of local newspapers, as threatened with

closure due to fiscal conditions. Our local group of 15 radiologists proudly provided 24/7/365 coverage of our local hospitals for 60 years, but had to recently dissolve our professional corporation because we only have 6 remaining specialists with most nearing or past retirement age.



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KILAUEA MEDICAL CLINIC MAY CLOSE

CEO: 'Every month is a cliffhanger'

Guthrie Scrimgeour
THE GARDEN ISLAND


KILAUEA — The Kaua'i Community Health Alliance receives between 17,000 and 20,000 patient visits each year, providing a range of treatment to largely working-class people from the Ha'ena to Kapa'a.

They soon may be unable to keep their doors open, their CEO says.

"Every month is a cliffhanger," said Jim Winkler, who serves as CEO and president of KCHA while also practicing at the Hale Lea Medicine clinic.

"The clinic is currently running at a deficit. While we have not missed payroll in 28 years, we are not able to operate for much longer due to a confluence of circumstances."

The clinic has been in operation since 1994 and has functioned as a nonprofit since 2008. KCHA houses both the Hale Lea Medicine and Urgent Care and the North Shore Wellness Center. Since they treat a large number of underinsured patients, they struggle to make ends meet and rely on community support for a portion of their budget.



Winkler

If the center were to close, it could result in significant disruption for its patients, who would have to scramble to access care in the limited North Shore market. There is only one primary-care clinic on the North Shore — the North Shore Medical Center — which has limited hours and a smaller staff than KCHA. The next closest clinic is Ho'ola Lahui in Kapa'a.

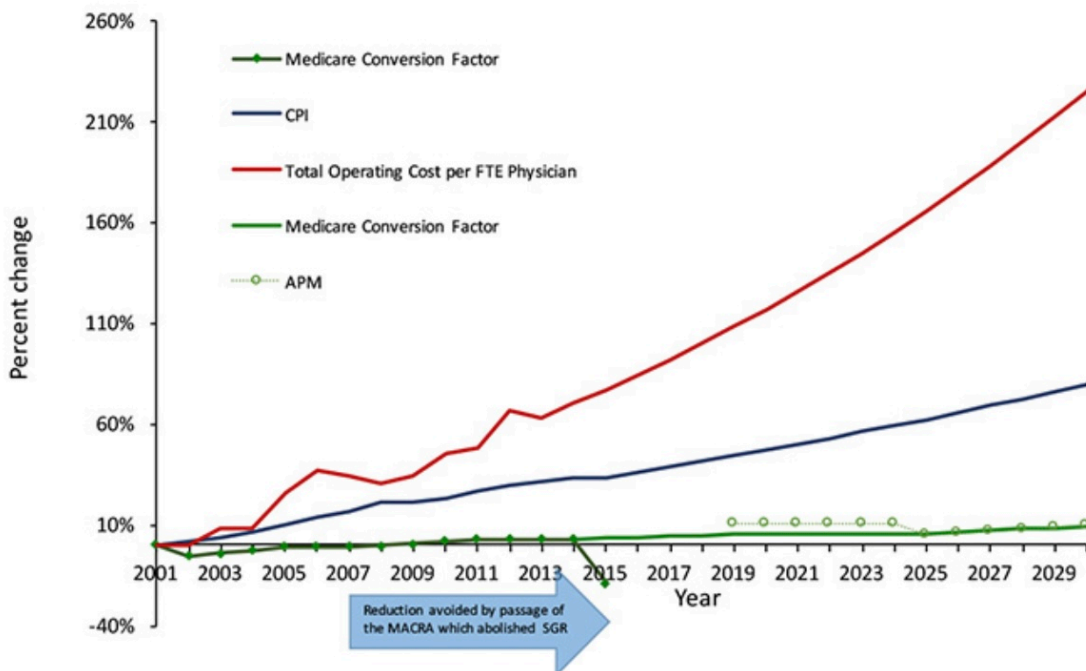
"A lot of those people (on the North Shore) don't want to go to Kapa'a. Location is an issue regardless of who is providing the services," said Dr. Kapon Chong-Hanssen, chief medical director at Ho'ola Lahui.

"We could take some of them, and if all of our community partners got together we could

SEE CLINIC, A4

I testified that with post COVID burnout, the Access to Care survey showing half of providers considering quitting medicine, leaving Hawaii or cutting back hours, mass retirements of our rapidly aging workforce and the fiscally impossible challenges of seeing reimbursements fall each year while our cost of providing services soar, that there will be few private practices left to tax with the GET in 3-5 years. This will drastically effect Hawaii's rapidly growing Medicaid population which exceeds 440,000. Having insurance coverage is of very little value if there are no healthcare providers to care for you.

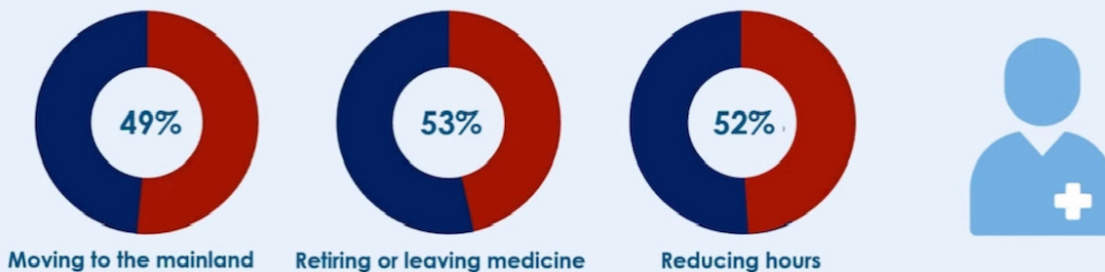
Chart 2: Cumulative percent change in operating expenses for physician-owned, multispecialty with primary care only groups, the Consumer Price Index, and Medicare physician payments; APM scenario (2001-2030)



Further compounding the crisis, Hawai'i may be losing more Providers.

Roughly one-quarter say they are less than five years away from retirement.

Over the past year, health care providers have considered:



Most medical practice nationally report breaking even on providing Medicare services and losing money caring for Medicaid patients. Hawaii's GET taxation on private

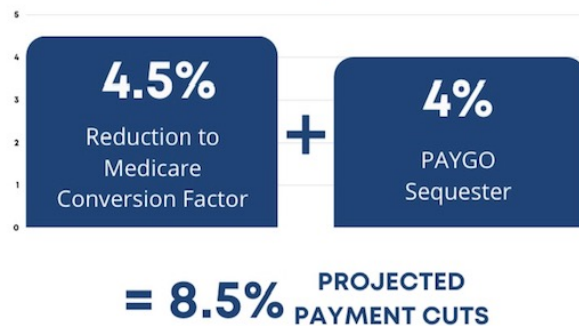
practices is ruinous, because gross revenues are taxed even if providers break even or lose money treating patients. Rather than progressively tax doctors, PAs, APRNs and nurses for their higher income, the GET taxation of gross revenues is a practice killer preventing many practices from even realizing a business profit. For this reason Hawaii has the lowest number of providers able to accept Medicare patients in America.



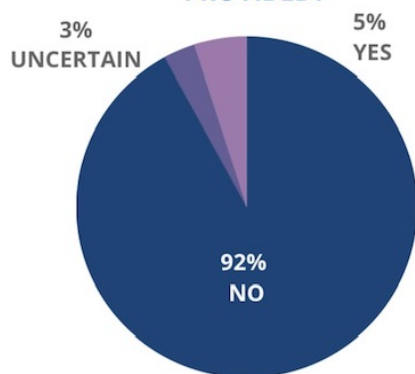
IMPACT OF PAYMENT REDUCTIONS TO MEDICARE RATES IN 2023

After two years of financial uncertainty due to the ongoing COVID-19 pandemic, practices are once again facing significant projected payment cuts to Medicare in 2023. In 2022, practices absorbed a 2% reduction to Medicare payment with the reintroduction of Medicare sequestration. This is compounded by record-breaking inflation reaching 9.1%. Already challenged with financial constraints and reductions in payment, looking ahead to 2023, group practices face a 4.5% reduction to the Medicare conversion factor and a 4% PAYGO sequester, reducing Medicare payment by at least 8.5%.

PROJECTED MEDICARE PAYMENT CUTS ON JAN. 1, 2023



DOES MEDICARE REIMBURSEMENT IN 2022 ADEQUATELY COVER THE COST OF CARE PROVIDED?



MGMA conducted a survey of 517 medical group practices, ranging from small single provider practices to large 2400 physician health systems across 45 states, assessing the potential impact of such payment cuts to Medicare rates in 2023, and evaluating how their practices would respond to such payment cuts.

According to 92% of surveyed group practices, Medicare rates in 2022, before the projected 8.5% payment cuts take effect, already inadequately cover the cost of furnishing care.

TO OFFSET THE REDUCTIONS IN PAYMENT, GROUPS OF ALL SIZES ARE CONSIDERING WHAT BUSINESS DECISIONS MUST BE MADE TO ENSURE THE FINANCIAL SOLVENCY OF THEIR PRACTICES:

- **58%** are considering **limiting the number of new Medicare patients;**
- **66%** are considering **reducing charity care;**
- **58%** are considering **reducing the number of clinical staff;** and
- **29%** are considering **closing satellite locations.**

Lowest Physician Medicare-Acceptance Rate

47. New York

48. California

49. Oregon

50. District of Columbia

51. Hawaii

Please note that the information that providers could pass the GET to Medicare and TriCare patients in the Department of Taxation Tax Facts 98-1 was in error. This is expressly forbidden by federal policies and CMS has advised that providers who pass the GET on to Medicare patients will be referred to the Inspector General for investigation of Medicare fraud. We appreciate that this guidance was corrected by the Department in Jan, 2023. Most providers do not pass the GET to Medicaid patients because they cannot afford it and it becomes a barrier to care.

8 Are the amounts the physician receives from Medicare, Medicaid and/or TRICARE subject to GET?

Yes. The amounts the physician receives from Medicare, Medicaid and/or TRICARE are subject to GET. The physician may charge you GET on these amounts as a way to recover their expense.

In the near future, there will likely be few private practices remaining. If no action is taken to prevent this outcome. If Hawaii loses the remaining providers in private practice, this could well trend GET revenues toward zero in the next 3-5 years. That means Hawaii loses not only GET revenues from taxing healthcare, but also income, property, corporate and secondary GET taxation on all other purchases from the lost healthcare providers. The Healthcare Association of Hawai'i has stated that taxing Hawaii's hospitals with the GET would result in many reducing services or closing their doors. If the GET taxation of hospitals would badly damage the viability of our state's hospital systems, then how can the devastating GET taxation of small businesses providing medical care be pono.

Please support SB397/HB1367. If Hawaii has a fiscally viable environment then recruiting hundreds of doctors and thousands of needed healthcare workers would boost our economy and increase overall tax revenues. The AARP, Kupuna Caucus, Hawaii Island Chamber of Commerce, Hawaii County Mayor's Office, Hawaii County Medical Society, HMA, JABSOM, HAPN and Hawaii Tax Foundation support these bills.

Aloha,
Scott Grosskreutz, M.D., FACR
Hawaii Provider Shortage Crisis Task Force

Economic Impact of Physicians: By Island

Source Data:

American Medical Association's National Economic Impact of Physicians, 2018.

Every Physician in the United States generates

- \$3,166,901 in aggregate economic output.
- 17 jobs.
- \$1,417,958 in total wages and benefits.
- \$126,129 in state and local tax revenues.

Preliminary Findings of the Annual Report on Findings from the HI Physician Workforce Assessment Project to 2021 Legislature Courtesy of Dr. Kelly Withy.

2020	O'ahu	Big Island	Maui County	Kaua'i	Statewide
Shortage	475	287	191	60	1014
Percentage	20	53	43	33	29

Hawaii Statewide:

1014 new Hawai'i physicians could reasonably be expected to generate:

- \$3,211,237,614 in aggregate economic output.
- 17,238 new jobs.
- \$1,437,809,412 in total wages and benefits.
- \$127,894,806 in state and local tax revenues.

Oahu County

475 new Hawai'i physicians could reasonably be expected to generate:

- \$1,504,277,975 in aggregate economic output.
- 8075 new jobs.
- \$673,530,050 in total wages and benefits.
- \$59,911,275 in state and local tax revenues.

Hawai'i County:

287 new Big Island physicians could reasonably be expected to generate:

- \$908,900,587 in aggregate economic output.

- 4879 new jobs.
- \$406,953,946 in total wages and benefits.
- \$36,199,023 in state and local tax revenues.

Maui County

191 new Hawai'i physicians could reasonably be expected to generate:

- \$604,878,091 in aggregate economic output.
- 3247 new jobs.
- \$270,829,978 in total wages and benefits.
- \$24,090,639 in state and local tax revenues.

Kauai County

60 new Hawai'i physicians could reasonably be expected to generate:

- \$190,014,060 in aggregate economic output.
- 1020 new jobs.
- \$85,077,480 in total wages and benefits.
- \$7,567,740 in state and local tax revenues.

HB-1367

Submitted on: 2/5/2023 11:13:22 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Maria Corazon E. Cariaga	Individual	Support	Written Testimony Only

Comments:

Good morning, I'm in support for this HB1367 to help caregivers of the Community Care Foster Family Home , Expanded Adult Residential Care Home caregivers to increase the reimbursement of their services in rendering care services to the needy residents of our Community. They need an increase payment due to the high costs of living. Thsnk you for allowing to submit my testimony.

HB-1367

Submitted on: 2/5/2023 11:14:45 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Karen Irie	Individual	Support	Written Testimony Only

Comments:

As a citizen & retired state worker, I support bills that would fairly compensate physicians and licensed home operators/providers of Medicaid clients so they may thrive in communities of this state. Rapidly increasing living costs have put a strain on all, especially the most vulnerable who need available licensed homes as opposed to placement in high costing institutions that are overwhelmed. While the demand for care home services is increasing, its supply is decreasing. I support Bills 1341, 1356, 1357 & 1367 in order to avoid the negative repercussions of this crisis.

February 5, 2023

To:
House Committee on Human Services
Rep. John M. Mizuno, Chair
Rep. Terez Amato, Vice Chair

And

House Committee on Health and Homelessness
Rep Della Au Belatti, Chair
Rep. Jenna Takenouchi, Vice Chair

RE: HB 1367 Relating to Professional Medicaid Services

Hearing Date: Feb. 7, 2023
Conference Room 329, 8:45 a.m.

Most Honorable Chairs John Mizuno and Della Au Belatti and Committee Members:

I support this measure to appropriate funds to increase Medicaid payments to reimburse eligible health care professionals to an amount that matches the current Medicare fee schedule.

I ask you to support HB 1367 and thank you for the opportunity to submit testimony on behalf of the Hawaii citizens who use Medicaid services and the health care professionals providing their care.

Respectfully submitted,
Christine Olah
Honolulu Resident

HB-1367

Submitted on: 2/6/2023 12:24:22 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruthie Agbayani	Individual	Support	Written Testimony Only

Comments:

I am in full support of HB1367

HB-1367

Submitted on: 2/6/2023 2:10:02 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Marion Poirier	Individual	Support	Written Testimony Only

Comments:

TO: House Committee on Human Services and Committee on Health

From: Marion Poirier, M.A., R.N.

Subject:: Support HB 1367 APRN Medicare/Medicaid

Dear Comittee Chairs and Members:

My name is Marion Poirier and I strongly support this measure which appropriates funds to increase Medicaid payments to eligible health care professionals in the State up to one hundred per cent of the current Medicare rates.

In my non-profit career nurse executive director role, I have seen the necessity of this legislation. The people of Hawaii will benefit substantially from this proposal.

Thank you for your thoughtful consideration.

HB-1367

Submitted on: 2/6/2023 3:01:52 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Marivyn Casino	Individual	Comments	Written Testimony Only

Comments:

Dear Legislature,

I strongly support HB 1367, HB 222, HD 1 to raise reimbursement rate. I have not received an increase for over 14 years and I've been a Foster home provider for 23 years.

With the high cost of living at present, I can't afford to pay my Secondary caregiver for the pay I'm receiving right now, which is \$44.16/day. I've been struggling to pay my liabilities, especially if no available referrals that fit my other client at home. It's not an easy job to take care of clients 24/7 and attend to their Doctors appointments. I consider all my clients that I took care over the past 23 years as part of my family and I made sure to take care of them until their end of life.

Long term facilities received 3-5 times the amount I received for the same care. Please help us , all Caregiver's.

Thank you for supporting HB 1367, HB 222-HD1

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HB-1367

Submitted on: 2/6/2023 10:41:03 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Lilibeth Ramel	Individual	Support	Written Testimony Only

Comments:

I am in full support of the Pay Increase Bill. I have been a caregiver for a handful of years and have been through many hardships. Some may say this is an easy job but there's so much that's happening behind the scenes that people don't realize. I genuinely love my job because I get to help and care for those in need. However, I've been finding it difficult to do my job to the best of my abilities. The cost of basic supplies and resources have increased to outrageous prices while my income remains the same. I want to provide the best care and make my clients feel 100% comfortable in my home but it is difficult to do so if I'm not able to afford the resources. I acknowledge that I don't do this job for the money but I can't do it properly without the right amount of funds. With this pay increase, I will be able to run my business where my clients and I can be satisfied. I will be able to pay my substitute caregivers without worrying if I will have enough for myself and my family at the end of the day. I will be able to feel more at ease knowing all my hard work and dedication to my community will be worth it. The caregivers of Hawaii work hard and are dedicated to the job. We deserve an increase in pay for everything we go through and everything we do.