



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 Finance
Tuesday, April 4, 2023 at 3:00 p.m.

By

Lee Buenconsejo-Lum, Interim 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

SB 397 SD2 HD1 – RELATING TO PROFESSIONAL MEDICAID SERVICES

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

Thank you for the opportunity to provide testimony in SUPPORT of SB 397 SD2 HD1 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.

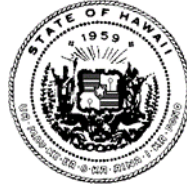
The current Medicaid professional fee schedule also increases the challenge of recruiting and retaining providers in the state, since Hawai'i is competing against the rest of the nation for an adequate workforce. Hawai'i faces a shortage of almost 800 physicians. Through the surveys of physicians conducted 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 relies 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.

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

April 3, 2023

TO: The Honorable Representative Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Cathy Betts, Director

SUBJECT: **SB 397 SD2 HD1 – RELATING TO PROFESSIONAL MEDICAID SERVICES.**

Hearing: April 4, 2023, 3:00 p.m.
Conference Room 308 & Via Videoconference, State Capitol

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

PURPOSE: This bill appropriates funds to increase Medicaid reimbursements to eligible health care professionals in the State up to one hundred per cent of the current Medicare rates. Effective 12/31/2050. (SD2)

The SD1 amended the measure by defecting the effective date and making technical amendments; the SD2 amended by (1) changing the appropriation amount from \$30,000,000 to an unspecified sum; and (2) making technical nonsubstantive changes for purposes of clarity, consistency, and style. The HD1 amended the measure by:

- (1) Amending the preamble;
- (2) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Part 2

DHS supports increasing investments in the Medicaid program, specifically in increasing 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. Currently, Hawaii Medicaid continues to reimburse primary care providers for some 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. Therefore, 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 and do not have Medicare rates. The HD1 amended the preamble to note the importance of these providers. There is an executive budget request to increase rates for nursing facilities. Several bills have addressed reimbursement rates for home and community-based services providers, such as SB 1474 and HB 222.

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 testify on this measure.



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**The State Legislature
House Committee on Finance
Tuesday, April 4, 2023
Conference Room 308, 3:00 p.m.**

TO: The Honorable Kyle Yamashita, Chair

RE: Support of S.B. 397 SD2, HD 1 Relating to Professional Medicaid Services

Aloha Chair Yamashita and Members of the Committee:

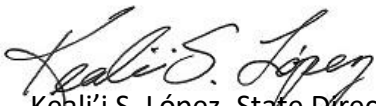
My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the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

AARP supports S.B. 397 SD2, HD1 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 long-term services and supports (LTSS) in all service settings. For many kupuna in need of long term care whether in an institutional setting or in their home, Medicaid becomes their safety net coverage if they are unable to pay out of pocket or lack private long term care insurance. Hawaii is currently facing an acute shortage of health care workers especially in long term care. 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 **S.B. 397 SD2, HD1**.

Sincerely,

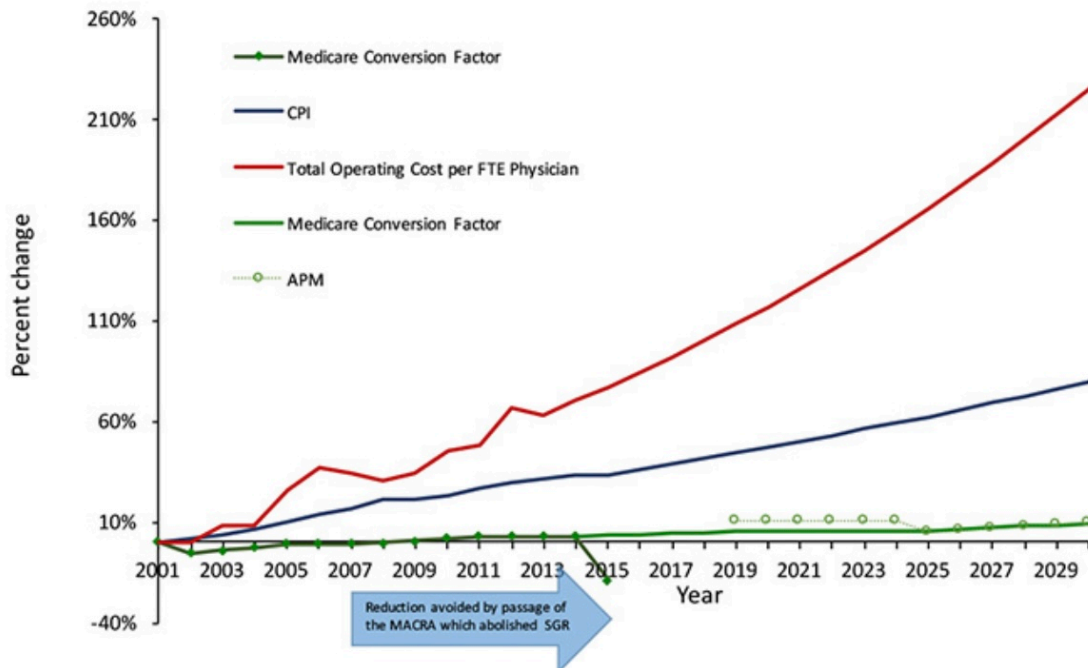

Keali'i S. López, State Director

Dear Members of the House Finance Committee,

Mahalo for hearing SB397. This bill is critically important to pass this session.

Hawaii's Neighbor Islands and underserved communities are losing their obstetricians, pediatricians, primary care providers and specialists. With Hawaii's high costs of providing medical services, low reimbursements and GET taxation of gross revenues, private practices are increasingly being eliminated from Hawai'i. The costs of providing medical services, with unfunded preauthorization requirements, electronic medical records, increased compliance mandates etc. are rising far faster than the rate of inflation, while Medicare rates are constantly falling. Without the immediate action of the the Hawai'i State Legislature passing SB397 and SB1035, many more medical practices will fail or be unable to replace retiring providers.

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)



In the last election, no lawmaker campaigned on the promise to eliminate small private practices from healthcare in Hawai'i. And yet that is exactly what Hawaii is doing as the only U.S. state to tax providers caring for Medicare, Medicaid and TriCare patients.

There simply is not enough margin in Hawai'i to pay the GET and remain profitable. Nationwide most practices lose money caring for Medicaid patients and often lose money or break even providing services for Medicare patients.

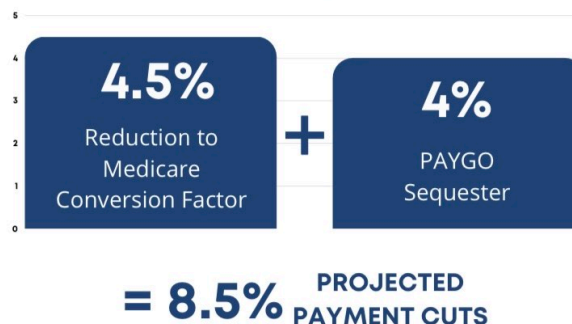
Passing SB397 to increase Medicaid reimbursements to Medicare levels will help, but since Medicare services often break even, the GET taxation of gross practice revenues will ensure private medical practices will be fiscally insolvent.

Both SB397 and SB1035 must be heard and passed or there will be few private practice professionals left to tax in Hawai'i in 3-5 years.

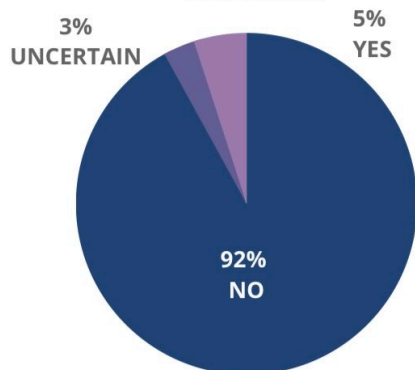


After two years of financial uncertainty due to the ongoing COVID-19 pandemic, practices are once again facing significant projected payment cuts to Medicare in 2023. In 2022, practices absorbed a 2% reduction to Medicare payment with the reintroduction of Medicare sequestration. This is compounded by 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.**

The recent HLT/ECD committee report by Chairs Della Au Belatti And Daniel Holt point out the unfair disparities in the state exempting the GET on hospital employed providers but taxing providers in private practice:

Your Committees find that medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the general excise tax, but those same services are fully taxable if rendered by individual or group practices or clinics. Your Committees further find that Medicare, Medicaid, and TRICARE do not compensate for the difference created by the general excise tax, which leads to some inconsistency in the impact to health care providers and causes some providers not to accept this group of patients. This measure would eliminate the disparity in compensation and help ease the financial burden of caring for patients with Medicare, Medicaid, or TRICARE.

There is long list of large and small practices losing providers or closing recently. A primary care provider in Hilo left for the Midwest after her family was eligible for public assistance despite working several jobs as a physician. The busy Hilo Community Surgery Center may well have to close due to huge monthly loses. A breast cancer specialist hired to replace an aging radiologist moved to the mainland when he could not find adequate healthcare for his family or afford a house. The largest urgent and primary care clinic on the North Shore of Kauai is closing. Maui's only private obstetrics practice is closing. Molokai has lost two critical physicians. There is an acute lack of psychiatric professionals on the Neighbor Islands.

<https://www.hawaiinewsnow.com/2023/03/30/mauis-only-private-obstetrics-practice-will-soon-stop-services/>

Amid Maui's only private obstetrics practice will soon halt OB services



Our Chelsea Davis reports on the need for specialized physicians and the challenges they face

By [Chelsea Davis](#)

Published: Mar. 29, 2023 at 7:54 PM HST | Updated: Mar. 30, 2023 at 12:23 PM HST



MAUI LANI (HawaiiNewsNow) - In a major setback for women's healthcare on Maui, the island's only private obstetrics doctors will deliver their final babies later this year.

[Maui Lani Physicians and Surgeons](#) will continue with gynecology, but still end obstetrics in the fall.

The specialists there say it highlights the need for specialized physicians on the Valley Isle and the challenges they face.

Dr. Stacy Ammerman has been an obstetrician and gynecologist for 12 years. Her entire career has been on Maui.



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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



Winkler

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



LAURA RUMINSKI/West Hawaii Today file photo

Kona Community Hospital.

Cancer care in crisis

Lack of staff forces
Kona hospital's
cancer center to turn
away new patients

By LAURA RUMINSKI
West Hawaii Today

Kona Community Hospital has temporarily stopped accepting new patients in its medical oncology and chemotherapy infusion clinics, forcing those needing care to travel to Waimea, Hilo or Honolulu for treatment.

KCH Marketing and Strategic Planning Director Judy Donovan said the decision to not accept new patients as of Oct. 6 was made because of "a serious staffing crisis" within the clinics, however, current patients are still being treated.

The Kona Cancer Center's chemotherapy infusion clinic is currently managing 494 patients and the medical oncology clinic has 705 patients at present. Donovan said the patient census since last year has fluctuated up, but not significantly.

Staffing loss has been due to attrition, however the hospital is beginning to utilize traveling nurses in those departments.

Under optimal staffing, the oncology clinic at the Kealakekua hospital can accommodate 16 patients per day and the infusion clinic 15 patients per day.

Currently, there is one medical

one registered nurse (RN) and one medical assistant in the medical oncology clinic.

The infusion clinic employs two RNs, one traveling RN and two per diem RNs when available.

Donovan said optimal staffing for the infusion clinic is four to five RNs, four patient access reps, two charge nurses, three medical assistants and two patient navigators. She was unable to provide details regarding the oncology clinic, however, noted both clinics are in need of more RNs and medical assistants.

"We have implemented a plan to staff up. Currently, we have three infusion RN travelers contracted to begin; one on October 11, one at the beginning of November and the third at the beginning of December," said Donovan via email. "This week we hired an oncology clinic manager whose start date is November 1. We had excellent candidates for this position, and are very optimistic about the experience our new manager will bring to the oncology and infusion clinics."

Donovan said like many health care facilities, Kona Community Hospital's medical oncology and infusion clinics are experiencing staffing shortages.

"We are actively recruiting for nurses hospital-wide, including both clinics. We have a few good applicants, but chose to address the shortage of staff immediately by temporarily pausing on accepting new patient referrals," she said. "This decision ensures that our current patients receive

safe, quality treatment and the full attention of the staff who are committed to their care."

In the interim, patients are being referred to Queen's North Hawaii Community Hospital in Waimea and Hilo Medical Center for treatment.

Hilo Medical Center is accepting new patients and has experienced a slight increase in patient referrals since Kona Community Hospital has stopped accepting new patients.

"We have adequate staffing at this time, as we are growing in anticipation of moving into our new cancer center space," said Elena Cabatu, HMC director of marketing and public affairs. "We have seen a slight increase in patient referrals, which we welcome here to serve the entire island."

Kaiser Permanente spokesperson Laura Lott said the provider's Kona medical office provides members with oncology and infusion services.

"The changes at Kona Hospital should not affect our infusion patients," she said.

Donovan also noted that the temporary pause in accepting new patient referrals does not extend to the Kona Community Hospital's radiation oncology clinic and encouraged interested individuals to visit the hospital's website to view all open positions at kch.hhsc.org/careers/

She anticipates the situation to be resolved by January, if not sooner.

Amid ongoing physician shortage, Hawaii ranked worst state for doctors



File photo (Pexels via MGN)

By HNN Staff

Published: Mar. 20, 2023 at 3:44 PM HST



HONOLULU (HawaiiNewsNow) - Amid the islands' ongoing physician shortage, a new analysis ranked Hawaii as the absolute worst state for doctors.

Analysts from the [financial planning website WalletHub](#) looked at all 50 states and Washington, D.C. and evaluated several factors across two key dimensions: "opportunity and competition" and "medical environment."

When it came to opportunity and competition, Hawaii ranked dead last.

Hawaii was also last for average annual wage for physicians (adjusted for cost of living).

The state ranked best for doctors: Montana.

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HAWAII'S MENTAL HEALTH CRISIS

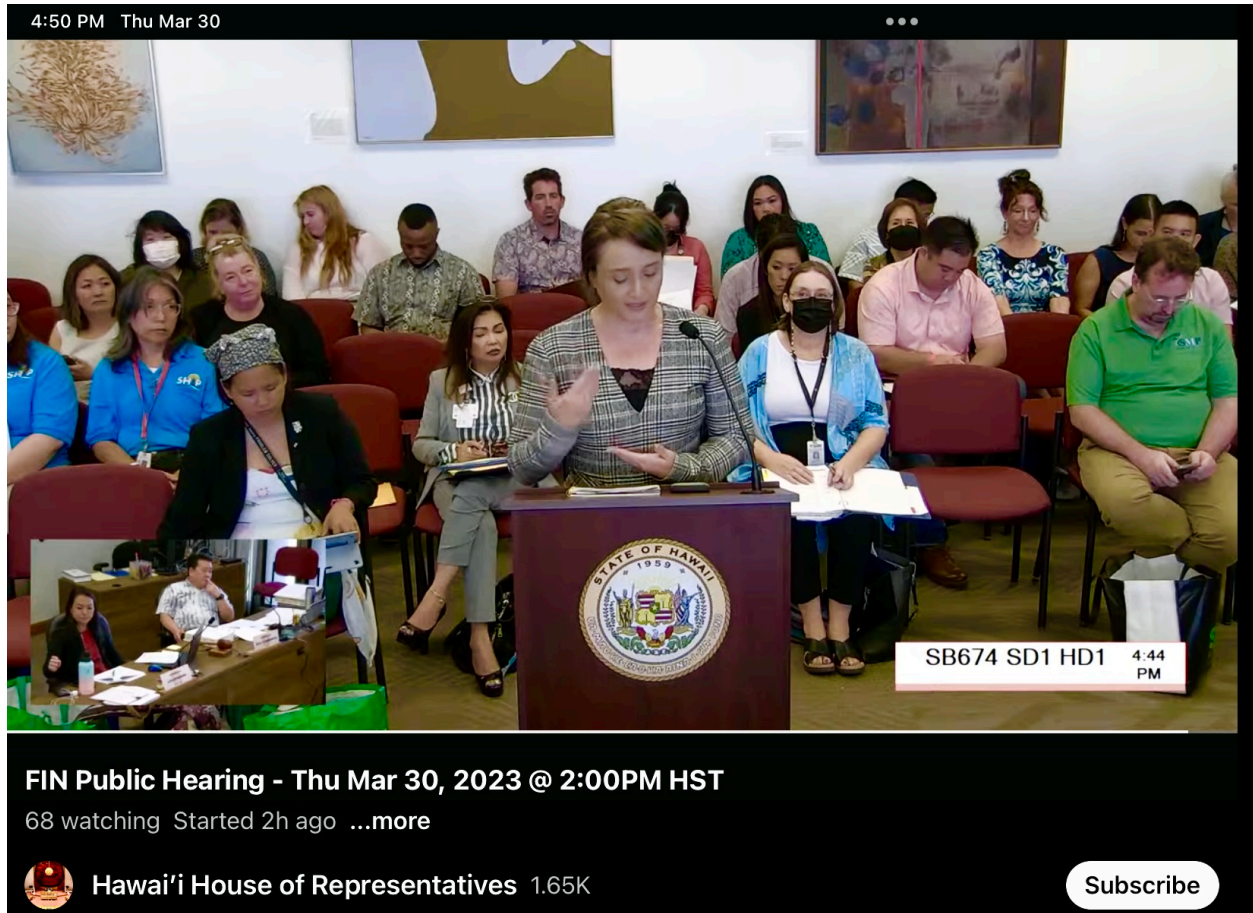
Why This Hawaiian Island Has To Outsource Psychiatric Care

For the first time since 1990, the state agency that provides care to adults diagnosed with a serious mental illness has no staff on Lanai. The problem is a microcosm of a statewide mental health care crisis.

By Brittany Lyte / October 19, 2022



Dr. Esther Smith of Kalakakua testified this week at the Finance Committee meeting that despite working six days a week caring for 2,500 patients with only a skeleton staff, her clinic is still losing money. She subsidizes her medical practice losses by using her retirement funds that she saved in her last job on the mainland. This is simply economic madness and completely unsustainable.



Philosophically or politically, some may wish to see Hawai'i's entire healthcare system run by the insurance industry and large hospital systems. But that would be a long term evolution that will take 5-10 years or more to achieve. In the meanwhile, with retirements, private practice closures and more providers leaving the state, the access to healthcare in on our Neighbor Islands would collapse. There is no way our underfunded local Neighbor Island hospitals can currently care for hundreds of thousands of patients losing their family's private practice providers. Neglected primary care conditions will be diagnosed and treated in emergency rooms, resulting in increased hospitalizations and skyrocketing costs. Even passing SB1035 with a sunset clause would help keep private practices open, while GET exempt hospital based clinics on the Neighbor Islands are developed. The State of Hawaii will collect no GET revenues from either closed private practices or hospital based primary care or specialty clinics.

centers, physician offices, and nurse practitioners."

According to the analysis of UHG data, privately insured patients show up 18 million times in hospital emergency departments each year in visits that aren't necessary, adding \$32 billion a year to national health care costs. Noncritical conditions treated often in EDs include bronchitis, cough, flu, nausea, sore throat, strep throat and upper respiratory infection.

▶▶ **READ:** [1 in 3 Rural Americans Struggle to Afford Health Care](#)

"The average cost of treating common primary care treatable conditions at a hospital ED is \$2,032," the analysis says, which is "12 times higher than visiting a physician office (\$167) and 10 times higher than traveling to an urgent care center (\$193)" for help with those same issues.

Mahalo to the Hawai'i State Senate, Senate Health and Human Services, Senate Ways and Means, Senate Commerce and Consumer Protection, House Health and Homelessness and House Economic Development committees for all voting UNANIMOUSLY to pass SB1035. This bill would remove Hawai'i's unfortunate status as the ONLY U.S. state to tax providers for caring for Medicare, Medicaid and TriCare patients.

If the House Finance Committee refuses to hear and pass SB1035, then Hawai'i's punitive GET taxation on providers for caring for the elderly, economically disadvantaged and military veterans will largely eliminate small private practices from our state. It wouldn't be accurate to say private practices will be decimated. That term arose from the Roman custom of killing 1 of 10 people from towns that resisted their rule. The majority of small practices will likely be gone in 3-5 years, if House Finance does not pass this bill.

Health Care

'It's Horrendous': The Deaths Of 2 Doctors Deepen The Void In Rural Health Care Access

Nearly half of Molokai's population lost their primary care physician in a state that has long struggled to attract and retain medical professionals.



By Brittany Lyte / January 20, 2023

Reading time: 9 minutes.



Doctors have long been in short supply on Molokai, where residents must board a plane to access specialized care and routine treatment is propped up by a revolving door of fly-in physicians.



But for decades primary care on this island of fewer than 7,000 residents was buoyed by a pair of physicians who embedded themselves in the community, providing comprehensive, day-to-day health care to nearly half the population.

Then came an unexpected hurdle: They died.

In a span of three months late last year, Dr. William Longfellow Thomas, 63, and Dr. Noa Emmett Aluli, 78, died, leaving thousands of Molokai patients without a primary care physician.

Please pass SB397 and SB1035. Your constituents expect that the House Finance Committee will take the needed actions so that their family provider is available, that their kids have a pediatrician and that their ohana have an obstetrician.

Make Hawaii's tax code pono by addressing severe disparities in the way different healthcare providers are taxed. Otherwise will the last private medical practice in Hawai'i please turn off the lights.

Sent from my iPad

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Representative Kyle Yamashita, Chair of
the House Committee on Finance

From: Hawaii Association of Professional Nurses (HAPN)
Subject: SB397 SD2 HD1 – Relating to Professional Medicaid
Services, in Support

Hearing: April 4th, 2023, 3p.m.

Aloha Representative Yamashita, Chair; Representative Kitagawa Vice Chair; and Committee Members

Thank you for the opportunity to submit testimony regarding SB397 SD2 HD1. 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** of appropriating funds to increase Medicaid payments to eligible health care professionals. 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 Committee 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



SB397 SB2 HD1 Increase Medicaid Rates

COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

Tuesday, Apr 4, 2023: 3:00 Room 308

Hawaii Substance Abuse Coalition Supports SB397 SB2 HD1:

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

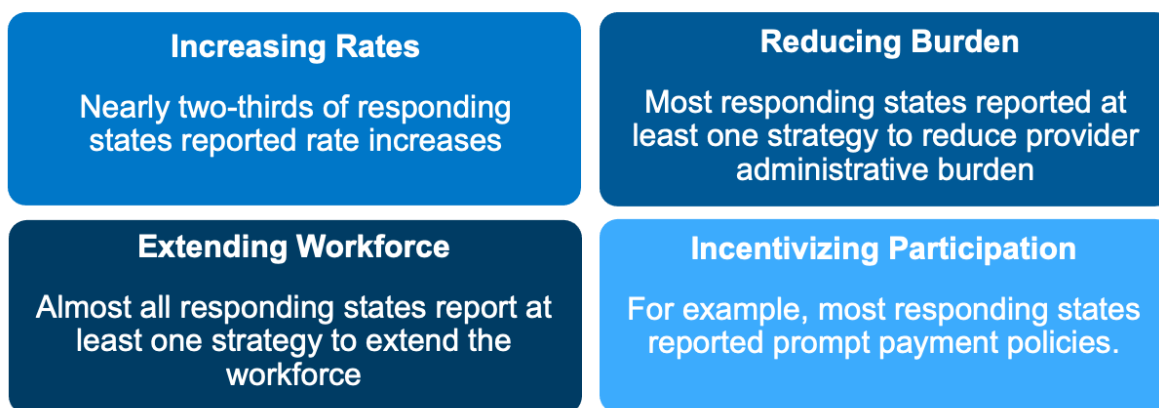
NEARLY 2/3 OF ALL RESPONDING STATES REPORT STRATEGIES FOR RATE INCREASES FOR BEHAVIORAL HEALTH IN 2023

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.

KAUAI COMMUNITY HEALTH ALLIANCE

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www.kauai-medical.org
winkler@kauai-medical.org (email)

March 31, 2023

Re: Support of SB397

I hope to put a human face on our State's healthcare access crisis. I am both 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 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 hear and support SB397.

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

Testimony of
Jonathan Ching
Government Relations Director

Before:
House Committee on Finance
The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair

April 4, 2023
3:00 p.m.
Conference Room 308 & Via Videoconference

Re: SB 397, SD2, HD1, Relating to the Professional Medicaid Services

Chair Yamashita, Vice Chair Kitagawa, and committee members, thank you for this opportunity to provide testimony on SB 397, SD2, HD1, 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 SB 397, SD2, HD1.

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%. Similarly, Kaiser Permanente Hawai'i's Medicaid population has risen significantly (over 68% since early 2020). Increases in the Medicaid population have been coupled with continued physician shortages statewide, particularly in the neighbor islands.

Enhanced Medicaid reimbursements will allow us to continue to recruit and retain providers to care for our Medicaid members. In addition, it will allow us to more easily partner with providers outside of Kaiser Permanente that serve our members, particularly in the neighbor islands where there are less providers and access can be more challenging.



Government Relations

This appropriation will immediately support the delivery of and access to high-quality care.

Mahalo for the opportunity to testify on this important measure.



Jonathan-James Eno, MD
Orthopaedic Sports Medicine
Maui Orthopedic Institute
1830 Well St., Suite 103
Wailuku, HI 96793
P: (808) 649-1487
F: (808) 437-2512
www.mauiorthopedic.com

April 2, 2023

Re: Support of SB397

As a local boy turned private practice physician in a small specialty group on Maui, I have seen the evolution and changes of the medical care on our island. Growing up on Maui, options for specialty care and sub-specialty care were limited, and patients were defaulted to flying to Oahu and often even the mainland for their medical care. This problem has and continues to hit our Medicaid population the hardest. Being able to access quality medical care locally on-island is critical, yet options remain limited in all medical specialties and primary care.

This is what drove me to move home to Maui and leave my large health organization job in California. My goal of providing high-quality subspecialty care to the patients of Maui without them having to hop on a plane continues to be our practice's mission, yet this ability is hampered by the disincentive for providers to treat the patients who need our on-island care the most – the Medicaid and Medicare populations.

The statistics on Medicare and Medicaid reimbursement are staggering. Hawaii receives the lowest Medicare reimbursement in the country, and Medicaid reimbursement is even lower. Couple this with the highest cost of living in the country, and the most obvious reason for the state's physician shortage and poor medical access is clear. I maintain a strong commitment and obligation to treating our Medicaid and Medicare patients, however with half of our state's insured population either on Medicaid or Medicare, it has become increasingly difficult to sustain a private practice.

I humbly ask for your support of SB397 to allow medical providers to continue to serve our community.

Respectfully,

Jonathan-James Eno, MD



Hawaii Medical Association

1360 South Beretania Street, Suite 200 • Honolulu, Hawaii 96814
Phone: 808.536.7702 • Fax: 808.528.2376 • hawaiimedicalassociation.org

HOUSE COMMITTEE ON FINANCE
Representative Kyle T Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

Date: April 4, 2023
From: Hawaii Medical Association
Bernard Robinson, MD, HMA Public Policy Committee

Re: SB397 SD2 HD1 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.

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

2023 Hawaii Medical Association Officers

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

2023 Hawaii Medical Association Public Policy Coordination Team

Elizabeth Ann Ignacio, MD, Chair • Beth England, MD, Co-Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

References and Quick Links:

Cocke S. Hawaii Medicaid enrollment up 40% since start of pandemic. Honolulu Star Advertiser Dec 19 2022.

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.

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

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SB-397-HD-1

Submitted on: 4/2/2023 2:38:21 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Edward Gutteling, M.D.	Hilo and Keauu Urgent Care Clinics	Support	Written Testimony Only

Comments:

2 April, 2023

Dear Committee on Finance Representatives , **and especially Chairman Yamashita**

I am writing in support of **SB397S**

Currently, Medicaid reimbursements to physicians in Hawaii are about 62% of Medicare rates.

Hawaii Medicare rates pay Hawaii doctors near the lowest in the nation, despite having by far the **HIGHEST** cost of living in the nation. Then Medicaid is another *38% below that*, as well.

This is **not economically viable for any non-subsidized practice**, and is contributing to the alarming and accelerating loss of available care for *these the most vulnerable and least healthy segment of our population*.

Hawaii is hemorrhaging doctors, no longer available to practice here, and critically accelerating. Approving this bill would be an incremental help in reversing this decline in healthcare for the most vulnerable in our community.

However, even more important is SB1035 : exempt Medicare, Medicaid and Champus from GET (as already are all non-profit, government subsidized practices)

THIS BILL NEEDS TO BE HEARD IN YOUR COMMITTEE, THIS SESSION !

This would restore balance between private practice physicians and providers with the currently not-for-profit government subsidized ones, as in every hospital and community health center, who are already exempt from 4.7% GET for Medicare, Medicaid/Quest, Champus/TriCare patients: *that is 50% of ALL patients in Hawaii.*

Currently, NO Hawaii hospitals, hospital employed physicians, Federal Community Health Centers, any government subsidized /not-for-profit practice in Hawaii pays this **4.7% tax, on the gross**. **Only private non-subsidized practices pay this. Federal law forbids passing this on to patients.**

So their reward from the Aloha State, for caring for the most-needy of our community, at below-sustainable rates, without any subsidy, is to give another 4.7% off the top, of the gross, to the state. Which is running \$Billion surpluses.

No other state in the union taxes Medicare, which is not a good look for the "Aloha State" running \$Billion surpluses for several years.

For every private-practice non-subsidized position that stops, Hawaii losses that GET, *AND* the economic activity of that practice, and it doesn't come back.

If the position is replaced by a not-for-profit government subsidized position, the GET loss is permanent. And replacements are NOT keeping up with loses.

I am one of the last free-range endangered orthopedic surgeons on the Big Island, practicing her for 31 years. At 71, I won't be much longer.

I am the official team orthopedic surgeon for UH-Hilo Vulcan athletes since 1992, and I am on the community teaching faculty of the Hawaii Island Family Practice Residency Program (Hilo Medical Center) since its opening. Both are un-paid volunteer positions. I started two urgent care clinics in our community, critically needed.

During this time, I have seen the decline of medical practices in an increasingly alarming severe way, presently catastrophic.

This is NOT sustainable healthcare.

Yours sincerely

Warmest aloha

Edward Gutteling, MD, FAAOS



ACOG

The American College of
Obstetricians and Gynecologists

*American College of Obstetricians and Gynecologists
Hawai'i, Guam & American Samoa Section*

TO: House Committee on Finance
Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

DATE: Tuesday, April 4, 2023 at 3:00pm

FROM: Hawai'i Section, ACOG
Reni Soon, MD, MPH, FACOG, Legislative Chair and Immediate Past Chair
Angel Willey, MD, FACOG, Chair

Re: SB 397_SD2_HD1 Relating to professional medicaid services
Position: STRONG SUPPORT

The Hawai'i Section of the American College of Obstetricians and Gynecologists (HI ACOG) **strongly supports SB 397** which would appropriate funds to increase medicaid payments to eligible health care providers in the State up to 100% of the current medicare fee schedule rates.

Our members include obstetrician-gynecologists (OB/GYNs) across the state, and we know first-hand the struggles of maintaining a practice in Hawai'i with the high cost of living and lower insurance reimbursements. This is particularly true on neighbor islands, where the physician shortage is critical and many physicians are working long hours, unable to even take a vacation because there is no one else to care for their patients. Unable to recruit physicians to Hawai'i or even keep our own locally raised physicians here creates a cycle that is unsustainable, and has resulted in many physicians leaving Hawai'i for the continent. Additionally, many physicians who stay make the difficult decision to stop participating in Medicaid because of the low reimbursements, exacerbating the lack of access for our most vulnerable residents.

For OB/GYNs the generally low reimbursement for obstetrics care, especially for patients on Medicaid, means that some have to make the difficult decision to stop providing obstetrics (healthcare for pregnant and birthing people). Maui is about to face a critical shortage of obstetricians, leaving many Maui residents without this essential healthcare.
<https://www.hawaiiensnow.com/2023/03/30/mauis-only-private-obstetrics-practice-will-soon-stop-services/>

This bill is one way that we can start to address this crisis and reduce the health care disparities that are already experienced by many in our communities.

Hawai'i ACOG urges the committee to **pass SB 397**.

Mahalo



April 4, 2023

To: Chair Yamashita, Vice Chair Kitagawa, and Members of the House Committees on Finance

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: April 4, 2023; 3:00 p.m., Conference Room 308/Videoconference

Re: Testimony in support of SB 397 SD2 HD1 – Relating to Professional Medicaid Services

The Hawaii Association of Health Plans (HAHP) appreciates the opportunity to testify in support of SB 397 SD2 HD1. 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 SB 397 SD2 HD1.

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



THE QUEEN'S HEALTH SYSTEM

To: The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
Members, House Committee on Finance

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

Date: April 4, 2023

Re: Testimony in Support of SB397 SD2, HD1: 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 SB397 SD2, HD1, 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.

Mahalo for your support of this measure.

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.



To: The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
House Committee on Finance

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Public Policy Manager

Hearing: Tuesday, April 4, 2023, 3pm, Conference Room 308

RE: **SB397 SD2 HD1 Relating to Professional Medicaid Services**

AlohaCare appreciates the opportunity to provide testimony in **support of SB397 SD2 HD1**. This measure will increase Medicaid reimbursements to eligible health care professionals to match the current Medicare fee schedule.

Founded in 1994 by Hawai`i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 80,000 Medicaid and dual-eligible health plan members on all islands. Approximately half of our membership are keiki. We are Hawai`i's only safety net health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality health care for all. We believe that health is about supporting whole-person health needs.

AlohaCare is committed to improving access to care and strengthening the Medicaid program. As you know, Medicaid enrollment in our State has grown by over 40% from 330,000 enrollees in March 2020 to 460,000 in January 2023. This tremendous growth has put a further strain on our already challenged provider capacity in the State, especially in rural areas. There is evidence that reimbursement rates are an important determinant of access to care, health care utilization, and health status among Medicaid recipients. Researchers also found rate increases reduced reported school absences among primary school-aged Medicaid recipients by 14%.¹

AlohaCare will utilize this rate increase to recognize and reward current participating providers and welcome new providers to the Medicaid network. We fully support this measure as a significant way to strengthen Hawai`i's Medicaid program by investing in our State's provider workforce and improve access to care for the residents of Hawai`i.

Mahalo for this opportunity to testify in **support of SB397 SD2 HD1**.

¹ "Increased Medicaid Reimbursement Rates Expand Access to Care", NBER, [The Bulletin on Health](#), Oct 2019.



**Written Testimony Presented Before the House
Committee on Finance**

**Tuesday, April 4, 2023 at 3:00 P.M.
Conference room 308 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 S.B. 397, S.D. 2, H.D. 1

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee, thank you for the opportunity to testify in support of S.B. 397, S.D. 2, H.D. 1.

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-AAs-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.hawaii-center-for-nursing.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.

SB-397-HD-1

Submitted on: 4/3/2023 11:38:32 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Zachary Thielen	Maui Orthopedic Institute	Support	Written Testimony Only

Comments:

Please support SB 397 and please hear and support SB 1035.

Without these measures moving forward, Hawaii will continue to see further closure of private practices. I left practice with Kaiser on Maui 2 years ago to open the Maui Orthopedic Institute with a mission to expand access to Orthopedic Surgical care on Maui. Opening this practice increased the number of Orthopedic Surgeons on Maui from 6 to 8. Our practice is busy and the community has been grateful to have access to care. Unfortunately the numbers just don't pan out. I am passionate about neighbor island health care. I grew up on Kauai and graduated from Waimea High. My family and in-laws are on Maui, Oahu, and Kauai. Despite these strong local ties, I do not know if we will be able to keep our doors open if things do not change. Please consider supporting SB397 and hearing SB1035.

With much aloha,

Zachary Thielen MD, FAAOS

Board Certified Orthopedic Surgeon

Maui Orthopedic Institute



April 4, 2023 at 3:00 p.m.
Conference Room 308

House Committee on Finance

To: Chair Kyle T. Yamashita
Vice Chair Lisa Kitagawa

From: Hilton Raethel
President and CEO
Healthcare Association of Hawaii

Re: **Strong Support**
SB 397 SD2, HD1 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 health care 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.

This increase will benefit physicians, psychiatrists, behavioral health therapists, nurse practitioners, physician assistants, and other providers who bill using the Medicare fee schedule.

While the dollar amounts are currently blanked out in this bill, we note that achieving 100% parity for professional services Medicaid rates would require \$15 million in FY2024 and \$30 million in FY2025.

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

THE KŪPUNA CAUCUS



FIN_04-04-23_1 SB397,1592 _Medicaid/Medicare

TO: THE COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

CONCERNING: SB 397, SD2, HD1 (HSCR1486) RELATING TO PROFESSIONAL
MEDICAID SERVICES.

SB 1592, SD2 (HSCR1345) RELATING TO THE SENIOR MEDICARE
PATROL PROGRAM.

POSITION: FULL SUPPORT

Kūpuna Caucus of the Democratic Party of Hawai'i has an enrolled membership of more than 2,000 politically aware and active seniors and we encourage you to pass SB397 and SB 1592 in their current forms.

We actively support all bills which ease the financial burdens our medical community faces and which have resulted in our state losing medical professionals and facilities at an alarming rate.

The ridiculous inequity between what Medicaid pays for services and what Medicare pays for service is one primary reason why many doctors who remain in Hawaii also refuse to take on Medicaid patients. As it is the Medicare reimbursements are far too low when compared to the Hawaiian economy but state Medicaid payments should try to match those payments at least.

SB 1592 provides additional funding for necessary personnel to help run the Senior Medicare Patrol Program. This program is very important for seniors who live on the outer islands or otherwise far removed from city provided services. No matter how important the program is it cannot do its job without people to run it. As the senior population grows, the programs needs more funding and more workers to run it.

Please pass both of these bills.

Martha E Randolph for the Kūpuna Caucus of the Democratic Party of Hawai'i



April 3, 2023

To: House of Representatives
Thirty-Second Legislature, 2023 State of Hawai'i

COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair

Rep. Micah P.K. Aiu	Rep. Rachele F. Lamosao
Rep. Cory M. Chun	Rep. Dee Morikawa
Rep. Elle Cochran	Rep. Scott Y. Nishimoto
Rep. Andrew Takuya Garrett	Rep. Mahina Poepoe
Rep. Kirstin Kahaloa	Rep. Jenna Takenouchi
Rep. Darius K. Kila	Rep. David Alcos III
Rep. Bertrand Kobayashi	Rep. Gene Ward

From: East Hawaii Independent Physicians Association (dba Big Island Docs)

Subject: Support for SB397


Dear House Representatives,


We represent over 50 independent private practice providers on Hawai'i Island delivering care to over 50,000 patients. Our mission is to provide access to quality care in our community. We urge the legislature to appropriate funds to increase Medicaid reimbursements to eligible health care professionals in Hawai'i to 100% of Medicare rates. This will help our providers improve access for Medicaid patients. Currently, the private sector providers have less incentive to see Medicaid patients due to the low reimbursement rates. Our providers are struggling to keep their clinics open in a region that has a severe shortage of physicians. Hawai'i has the largest percentage of physicians in private practice in the nation and it is important that the private practice of medicine remain sustainable for the health and well-being of our community. Our community risks losing even more physicians as their operations become financially unsustainable.

On behalf of our membership, we urge you to pass SB397 into law.

Mahalo,


Lynda Dolan, MD
President


Brenda Camacho, MD
Secretary & Treasurer


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April 4, 2023

The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
House Committee on Finance

Re: SB 397 SD2 HD1 – Relating to professional Medicaid services.

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 397 SD 2 HD1, 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 fee schedule 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. This bill will continue to support and strengthen our provider core, especially physicians who may be financially challenged due to inflation, labor shortages, and higher operational costs. We hope the higher payments 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 and we look forward to continuing to support our providers in strengthening the health of Hawaii.

Thank you for the opportunity to testify in support of SB 397 SD2 HD1.

Sincerely,

Dawn Kurisu
Assistant Vice President
Community and Government Relations

SB-397-HD-1

Submitted on: 4/4/2023 11:11:44 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Annie Thielen	Maui Orthopedic Institute	Support	Remotely Via Zoom

Comments:

My name is Annie and I am the business owner of a small private practice at Maui Orthopedic Institute. My husband along with Dr. Eno are the orthopedic surgeons.

We serve over 5,000 Medicare, Medicaid, and VA patients and over 10,000 patients annually on Maui. This number will continue to grow.

Our overhead is over 80k a month. That is over 60% of our revenue.

This is our reality- we deny care to the Medicaid population which is about 30% of our patients or my husband and I move our family to the mainland where he would earn double what he is making here.

This means that over 10,000 patients will be forced to find care elsewhere contributing to the physician shortage here on Hawaii

My husband and his partner Dr. Eno are local boys that trained at the top programs- USCF and Stanford. Dr Eno served as the team physician for the Golden State Warriors and New York Mets. Dr. Thielen is bringing the latest technology to Maui, The Robotic Knee. It is in Hawaii's best interest to retain the best doctors here on the islands and if we can't make it out here, how do you expect a physician that has no roots on the islands to make it.

You might have Kaiser or commercial insurance and think doesn't affect you- you're wrong. They help cover call at the hospital so if you, or your mom, grandma, uncle falls, gets into a car accident, etc and fractures a bone- you want Dr. Thielen and Dr. Eno on Maui taking care of you and your family.

There are many barriers- we must spend our time/money asking for permission from insurances to treat our patients. Last week we couldn't get an approval on time for a leg brace that cost us about \$200 so we gave it away to the patients because they needed this brace to save their leg.

SB 1035 also needs to be heard as we are the only state that charges GE Tax on Medicare/Medicaid/VA population. As a small private private we cannot survive in Hawaii with these barriers. It is a privilege to serve the community. Please help us continue to do so by breaking down these barriers.

Thank you,

Annie Thielen

Pukalani Resident, Mom of 3, Business owner, wife to an orthopedic surgeon.

SB-397-HD-1

Submitted on: 4/1/2023 1:34:45 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dan Gardner	Individual	Support	Written Testimony Only

Comments:

Chair Yamashita and Members of the Finance Committee - Hawaii is currently challenged by a growing shortfall in health care workers. For our seniors / Kapunas this shortage is becoming even greater. A major driver in the increasing shortfall is the disparity between Medicare and Medicaid reimbursements. Currently nearly 1/3 of Hawaii's residents are on Medicaid. SB397 addresses this challenge head-on by bringing Medicaid reimbursements up to par with Medicare. We must attract, grow, retain, and compensate our Health care providers. Please provide your continued support for this critical legislation. Thank you.

HOUSE COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair

HEARING DATE: Tuesday, April 4, 2023, 3:00 p.m.

Re: SB 397, SD2 HD1 - RELATING TO PROFESSIONAL MEDICAID SERVICES

Aloha Chair Yamashita and Committee Members.

My name is Linda Dorset, a resident of Wailuku, Maui. I thank you for the opportunity to submit written testimony regarding the above referenced legislation. I strongly support SB397 to appropriate funds to increase Medicaid reimbursements to eligible health care professionals to match the current Medicare fee schedule.

There is an acute shortage of physicians and need to adequately compensate and retain their services so that they can continue to treat our most vulnerable population and decrease the health disparities in our health care system. Even though Hawaii Medicaid is one of the few states that reimburses primary care providers for primary care services at 100 percent Medicare, there are many health care professional services reimbursed well-below Medicare rates. There is evidence that reimbursement rates are an important determinant of access to care, health care utilization, and health status among Medicaid recipients.

Linda Dorset
Wailuku Resident

SB-397-HD-1

Submitted on: 4/1/2023 8:09:51 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Avery Olson	Individual	Support	Written Testimony Only

Comments:

Aloha members of the house finance committee,

I am urging you to support SB397. People of Hawaii deserve health care, no matter where they live on the island and no matter what kind of coverage they have. The honest truth is that practices, especially in rural areas, are unable to financially survive. In the next 5 years, more practices are projected to not be able to keep up with rising costs across the islands and are likely to shutdown. This is largely related to low medicaid payout. Medicaid pays only about 60% of the medicare schedule, and across the nation about 50% of pregnancies are covered by Medicaid. This makes this especially difficult for OBGYN practices, meaning difficult for our mothers, sisters, and spouses, to find the care they need at all stages of life. This means traveling to Honolulu for care, away from a support system and with an added financial burden for patients.

Please support SB397. Please support the health of our community.

Mahalo,

Dr. Avery Olson

Obstetrics and Gynecology Resident Physician

Honolulu/Hilo

Support for SB397

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(JABSOM), 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. My second son will soon finish at the JABSOM and he would also like to return home to Hilo and help his mom and her pediatric practice. 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 Medicaid rates will help in attracting more providers to this area to care for the people and keep those of us currently working hard to take care of these patients.

Thank you.

April 4, 2023

To: Representative Kyle T. Yamashita - Chair, Representative Lisa Kitagawa - Vice Chair and Members of the House Committee on Finance

From: Lori Kamemoto, MD, MPH, FACOG

Re: SB397 SD2 HD1 – Relating to Professional Medicaid Services

Position: Strongly Support

As an Obstetrician/Gynecologist who has practiced in Hawaii for 30-plus years - I have worked at multiple Federally Funded Health Centers and Rural Health Clinics/Hospitals caring for underserved populations on Oahu, Molokai and the Big Island of Hawaii, and have firsthand experience in caring for thousands of Hawaii's Medicaid patients over the years.

Although there are multiple causes of decreased healthcare access - low Medicaid reimbursement has greatly contributed to access to care difficulties for our Medicaid patients. More providers are declining to see Medicaid patients, as they are unable to financially support their offices based on low Medicaid reimbursement.

Hawaii's physician workforce shortage is well-documented and this shortage is predicted to increase in the near future. Adding to this problem, fewer physicians are able to see Medicaid patients due to much lower reimbursement rates for providing the same healthcare services when compared to private medical insurance reimbursement. Physicians are finding it harder to keep their practices afloat given Hawaii's high cost of living, Hawaii's general excise tax payments on healthcare work, and low Medicaid reimbursement. Low Medicaid reimbursement has always been an issue in Hawaii, but the effect of this low reimbursement has appeared to worsen over the years, especially with the recent surge of Medicaid enrollment during the COVID pandemic.

I am very concerned that Hawaii's Medicaid patients' healthcare access will further deteriorate with continued low Medicaid reimbursement, and that we will no longer continue to attract excellent healthcare workers to practice in Hawaii, particularly on our neighbor islands and in rural areas of Oahu that traditionally have a higher percentage of Medicaid patients. Increasing Medicaid reimbursement as soon as possible to at least Medicare levels for providing the same healthcare services would be a first step toward resolving these issues.

I strongly urge the House Committee on Finance to pass SB397.

Mahalo for supporting the health of Hawaii's Women and Families.

SB-397-HD-1

Submitted on: 4/2/2023 3:08:58 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cynthia J. Goto	Individual	Support	Written Testimony Only

Comments:

Strong support.

SB-397-HD-1

Submitted on: 4/2/2023 10:42:53 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dave Watase	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita and House Finance Committee members,

Please support SB397 because it is a step in the right direction to improve Hawaii's healthcare services and make it available to those in need. We need to do more to make Hawaii attractive to the healthcare industry as there is a severe physician shortage that is only projected to get worse. Many physicians are leaving the State for the mainland for better working conditions and better pay. Many of our best and brightest go to the mainland become physicians and never return home because of our high cost of living and high cost to run a business. We need to do more.

Please support SB397.

Mahalo,

Dave Watase

SB-397-HD-1

Submitted on: 4/3/2023 1:19:00 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

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

Comments:

Aloha! I am in full support of this measure. Home & community based programs providing healthcare services for our kupuna & adults with complex health conditions, physical disabilities & mental challenges who are Medicare & Medicaid recipients are long overdue for a pay increase that is conducive to quality services & survival with Hawai'i's cost of living & inflation increase post COVID19 pandemic challenges. Please give your utmost attention to this matter for the sake & future of this much needed industry in the overall healthcare system. Mahalo.

April 2, 2023

TO: Committee on Finance

Rep. Kyle T. Yamashita, Chair and Rep. Lisa Kitagawa, Vice Chair

RE SB 397 SD2 HD1 – Relating to Professional Medicaid Services

Hearing date : April 4, 2023 – 3:00PM

Conference Room 308, Hawaii State Capital Building

Honorable Chair Yamashita; Vice-Chair Kitagawa; and Members of the Finance Committee:

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 SB 397 SD2 HD1 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

Resident, State of Hawaii

SB-397-HD-1

Submitted on: 4/3/2023 8:50:36 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Sara Harris	Individual	Support	Written Testimony Only

Comments:

I am an OBGYN practicing in Hawaii and I am in strong support of SB 397.

SB-397-HD-1

Submitted on: 4/3/2023 8:59:52 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ming Peng	Individual	Support	Written Testimony Only

Comments:

I stand by my colleagues and community citizen who support SB397. I would like to add an article from today's Hawaii Tribune Herald written by Grant Philips as further describing the dire need for this bill.

The House Committee on Finance is the last hurdle for two key bills that could determine the future of health care in Hawaii.

“We are approximately 1,000 physicians short in Hawaii,” said Kealakekua family physician Esther Smith during testimony at the House Committee on Finance hearing Thursday. “I could not find a neurologist for a patient with a brain tumor, there is not a rheumatologist on the Big Island, there is not an endocrinologist I can send my patients to...The health care crisis isn’t looming, it’s here, people are getting sick, people are not getting the care they need, people are dying.”

The first bill, Senate Bill 1035 would exempt medical providers from the state’s general excise tax, or GET, for treating patients with Medicare, Medicaid and TRICARE. This includes low-income adults, the elderly, children, pregnant women, people with disabilities, active service members, retirees and members of the National Guard.

“Access to healthcare has become a troubling issue for so many of our citizens, especially our elderly, our veterans and our underserved populations,” said John Henry Felix, Chairman of the Veterans Affairs Task Force for Hawaii and the Pacific. “I’ve been in government for over 7 decades as a servant leader to the people of Hawaii, and this medical crisis has become intolerable.”

In Hawaii County, the GET is a 4.7% tax on nearly all business transactions and purchases. While businesses are not required to pass the tax along to consumers, nearly all do, but providers cannot pass the GET on to patients with Medicare, Medicaid or TRICARE coverage. Hospitals and community health centers are exempt from the GET, but private providers are not.

“The majority of small practices will likely be gone in 3 to 5 years if House Finance does not pass this bill,” said Scott Grosskreutz, head of the Hawaii Island Physician Shortage Task Force.

If private providers disappear, emergency rooms will be one of the few options left for patients, which could be a costly alternative.

A 2019 study from UnitedHealth Group found the average cost of treating common conditions at a hospital is nearly 12 times higher than visiting a physician's office and 10 times higher than an urgent care center.

"While hospitals are exempt from GET taxation, the high cost of providing health care and low reimbursements in Hawaii means that many small and rural hospitals need taxpayer funding to survive," Grosskreutz said. "Hawaii needs strong hospital systems, but more patients flooding the hospitals will inevitably require even more taxpayer funding to cover their care."

A companion bill, House Bill 662, was not heard by the House Committee on Finance and died in February.

Over 259 pages of testimony were submitted for SB 1035, mainly in support.

"We need to be taking care of our health care providers who are taking care of us," said Hawaii County Mayor Mitch Roth. "I know of several health care providers here who are just having a hard time getting by."

Veteran organizations have also spoken out.

"I and countless numbers of my fellow Veterans are placed on long waiting lists of several months just to see a physician," said Donovan Lazarus, President and CEO AM-VETS Hawaii. "Health care without physicians is health care denied."

The second bill, Senate Bill 397, would increase Medicaid reimbursement rates and match them to Medicare rates.

Reimbursement rates are the rate at which doctors, pharmacies, hospitals and other medical providers are reimbursed for providing care to Medicare and Medicaid patients.

But a 2020 survey from the Medical Group Management Association found 92% of practices throughout the U.S. reported Medicare reimbursement rates did not even cover the cost of caring for patients, and Hawaii already has one of the lowest Medicare reimbursement rates in the nation.

"Currently, the private sector providers have less incentive to see Medicaid patients due to the low reimbursement rates," said testimony from Big Island Docs, a group representing over 50 private care providers in Hawaii County. "Our providers are struggling to keep their clinics open in a region that has a severe shortage of physicians."

The need for both bills was amplified by the impacts of the COVID-19 pandemic, according to some supporters.

“The psychological and adverse financial impact of COVID-19 on people throughout the state of Hawaii is real, and regrettably far too prevalent amongst our residents,” said Honolulu County Mayor Rick Blangiardi. “It cannot be overstated that the current shortage of doctors and health care professionals only serves to exacerbate this adverse impact, and unless immediately addressed by our state government, it will undoubtedly have lethal consequences to our population.”

Both Senate Bill 1035 and Senate Bill 397 have unanimously passed all previous House and Senate committee votes. If heard and passed, the bills will head to the governor for approval.”

SB-397-HD-1

Submitted on: 4/3/2023 11:49:33 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Divya Dethier	Individual	Support	Written Testimony Only

Comments:

I am an OB/GYN practicing at Queen's Medical Center and Kapiolani Medical Center for Women and Children. I am in strong support of SB 397. This bill is critical to addressing the physician shortage that we have in Hawaii. Maui now has an even more critical shortage of OB care, and the people of Maui are in desperate need of more OB healthcare providers. Mahalo

SB-397-HD-1

Submitted on: 4/3/2023 1:16:25 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
LeighAnn Frattarelli, MD, MPH	Individual	Support	Written Testimony Only

Comments:

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

Date: April 3, 2023

From: LeighAnn Frattarelli, MD, MPH

Re: SB397 SD2 RELATING TO PROFESSIONAL MEDICAID SERVICES. Position: Support

As a physician living and working in Hawaii for over 20 years, I have seen other physicians come and go. When asked why they departed the islands, the answer is always the same, "I cannot afford to live in Hawaii." Physician reimbursement in Hawaii is some of the lowest in the nation, and this is especially pronounced for Medicaid patients. This Medicaid population has seen a 57% increase since 2017 leaving physicians seeing Medicaid patients with a strict budget just to cover the high cost of office overhead in Hawaii.

Please help preserve, support and recruit physicians who desire to help with this expanding group of our residents. Please Support SB397 SD.

SB-397-HD-1

Submitted on: 4/3/2023 1:30:32 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lauren Ing	Individual	Support	Written Testimony Only

Comments:

I am an OB/GYN practicing at Kapiolani Medical Center. This bill would be vital in helping us to take care of all the residents of Hawaii, some of whom have a hard time accessing care, and support those providers who are willing and able to take care of them.

Date: April 4, 2023

Committee: HOUSE COMMITTEE ON FINANCES

Honorable Chair Kyle Yamashita, Vice Chair Kitagawa, and Committee members

SCR 188 Relating to Medicaid Reimbursements

Testifier: Dr. Don B. Sand DDS

My name is Dr. Don Sand, a former cosmetic dentist from California who has been, for 8 years, working as both a frontline dentist and a consultant to the underserved in Hawaii. I am a leader in 4 oral health organizations, 2 national best practices and 2 local coalitions that have been working to address care disparities in Hawaii. With this experience in clinical care and advocacy I am testifying as an individual dentist.

I stand in strong support of SB397, SD2, HD1

The committee and leadership of Health and Human Services have found that:

“...oral health is essential to an individual's overall physical, psychological, social, and economic well-being. Despite the importance of oral health, Hawaii residents generally suffer from poor oral health, and Hawaii has among the highest prevalence in the nation of preventable dental decay in children and adults.

The CPN committee finds that oral health is a critical component of overall health and wellness, and increasing the number of available public health dentists and dental hygienists who primarily treat the State's underserved and vulnerable populations is crucial to address the noticeable shortage over the last few years.

This Senate Resolution 188 finds, “...that preventative dental cleanings and early treatment result in a lower cost to the State's health care system than emergency room treatment; and many of the State's low-income residents delay dental care, ultimately resulting in their turning to emergency rooms, which can only stabilize patients and are unable to do more specialized dentistry procedures that patients often need;

Our Hawaii grassroots oral health care coalitions and private practice hui have found that:

“Thousands of our people in Hawaii are having challenges to get an appointment for dental care Many and seeking help for missing front teeth needed to smile for work, for job interviews or to be able to enjoy essential social and behavioral health needs from feeling basic esteem in their smile. Everyday thousands of adults are suffering the inability to enjoy plate lunch much less have enough back teeth needed to grind food in order to meet their minimal nutritional needs. Finally, because the system is broken everyday our people are suffering pain of oral infections and facial infections due to abscessed teeth or gum that is costing the patient and our state. In a recent 5-year Hawaii study, the conclusion is that oral disease that could have been prevented cost our ER hospital systems \$38.7 million, close to half being Medicaid funds being unnecessarily lost.

The first big successful step in 12 years since the adult dental Medicaid benefit was lost in 2009, is credited to the **2022 Hawaii State Legislative session** who in their wisdom passed a measure to reinstate Adult Dental Medicaid with an attached allocation of matched State and Federal funds totaling \$25.9

million. These funds are currently held at the Department of Human Service, the MedQuest division but can only be used for patient benefits not for capacity expansion.

Unfortunately, this allocation does not address the **need to increase the capacity** of the system. 280,000 patients who became eligible for dental care Jan 1, 2023. Due to the low capacity, these patients will not have an easy chance to get an appointment.

The 3 possible oral health systems that could be invested in to increase the infrastructure and capacity are the Community Health Centers, the private practice dental offices and the alternative dental delivery systems.

One quick example that may illustrate the **huge need** compared to our **existing capacity** can be seen by looking at the rough numbers of dental patients seen in our 14 safety-net community health centers in 2021. The total estimated **combined patients** seen were just under **40,000**. Please contrast that number 40,000 served to the **280,000 adults** that can now be eligible for Medicaid dental services starting last month Jan 1, 2023. Even if the FQHCs can increase capacity by 10% that would mean only 4,000 new patients can be seen. It may be noteworthy that of those 280,000 now newly eligible it is estimated that 70,000 are Native Hawaiian and Pacific Islanders.

The second venue for possibly capacity build-out is our private practice dentists and group dental offices. However there must be a multipronged approach to incentivize this sector as they have a higher overhead than the public health systems. To date private practice dentist who's overhead has increased dramatically in the last 3 years, must look at the reimbursement rates and ask if those rates even begin to cover their overhead. Private practice dentist do not benefit from grants that the community health centers receive nor do they benefit from the higher Medicaid PPS (prospective payment system) patient encounter reimbursement.

Many other states are also stepping up with new adult dental Medicaid programs and are dramatically increasing reimbursements knowing that covering the overhead of the dentist practices is the first of several actions that support a sustainable oral health system. Other state best practices include improving the cumbersome billing systems and making direct financial investments in the delivery systems that badly need more dental chairs, equipment, professional staff and facility expansions.

This measure SB397 began the discussion in January to make good use for available fund earmarked for health care. Only until later in this 2023 legislative session did an understanding of our oral health care crisis become added to the conversation. We humbly ask this committee to see the intimate connection of Oral Health to Whole Body Health as are the oral healthcare financial systems are intimately connected to our state's Medicaid and medical delivery systems.

Mahalo for this valuable opportunity to testify,

Dr. Don Sand DDS

SB-397-HD-1

Submitted on: 4/3/2023 2:54:03 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Esther Smith	Individual	Support	Remotely Via Zoom

Comments:

Please see my prior written testimony.

SB-397-HD-1

Submitted on: 4/3/2023 3:00:19 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
stuart lerner	Individual	Support	Remotely Via Zoom

Comments:

With Hawaii's high cost of providing medical services, low reimbursements, (actually falling reimbursements if you include inflation), and GET taxation of gross revenues, private practices **ARE** being going out of business in Hawai'i. The costs of providing medical services, including rising rents, staff salaries, unfunded preauthorization time and requirements, electronic medical record costs, increased quality mandates etc. are rising far faster than the rate of inflation, while Medicare rates are constantly falling, and Medicaid reimbursement rates have not substantially increased in 20 years.

In most businesses, owners can raise the price to make up the difference between revenue and costs. Physicians, who have no control over revenue due to insurance mandates and Quest underpayments, and by law can not increase the fees, must therefore absorb the costs and lose money.

All small practices lose money caring for Medicaid patients and now lose money especially in Hawaii, providing services for Medicare patients and some commercial plans including HMSA.

Without the Legislature's actions to double Medicaid reimbursement to physicians, and HMSAs continued under reimbursements compared to other Medicaid/Quest plans, **Most private practices will fail**, and Hawaii will be unable to attract new physicians nor replace retiring physicians with other physician or even NPs who are going to the mainland for similar reasons. Currently small practices lose money when hiring needed experienced physicians who give better care than inexperienced NPs.

The average direct cost of treating common primary care conditions in the office is now \$167.

The average reimbursement for a regular medical visit under Medicaid is \$74.

So clearly, physicians are losing money in primary care.

Due to the increased complexities of care, quality measures, the exponentially higher amount of authorizations needed to provide routine care and referrals, and the huge increase in the actual number of medicines that people take and that need to be reconciled with every visit from multiple specialists, makes the actual cost even higher. This is acutely worse for primary care physician offices who have more of these responsibilities than most other specialties.

There are no surgeries to make up the difference, no procedures to make up the difference, no hospital work to make up the difference, just more work that needs to be done, but not enough money is being given to physicians to pay for it. Lets be clear. The insurance companies, like HMSA, including Medicaid and Medicare, have plenty of money collected from patients. The money is not properly reimbursing physicians on the front lines, and if so, with strings attached, which should not be the case.

The formula for reimbursing primary care physicians must change and be retroactively applied to pay back physicians who have gone into debt to care for patients to stay afloat.

20% of all primary care doctors (who have to work into their 80s to retire), have quit in the last 5 years. Another 20% have stopped practicing in an office and only work out of their homes to save on overhead. And about 50% have joined larger hospital affiliated groups to take care of the overhead which is at times causing 12-hour workdays. The other 10% of physicians who are trying to maintain a private practice are going broke. It is not sustainable.

[Please support Senate Bill 397 and double the reimbursements to physicians retroactive to last year. Otherwise physicians will go out of business.](#)

SB-397-HD-1

Submitted on: 4/3/2023 3:11:20 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Eugene Lee	Individual	Support	Written Testimony Only

Comments:

I am in support of SB397

I am a voter and an independent primary care physician in Honolulu.

I have practiced for over 20 years and have struggled to stay open due to the financial challenges of running a small medical practice/business in Hawaii.

Every day I am turning away individuals who are looking for a primary care physician not only due to my full patient load but also due to the low payment from medicare and medicaid. I know many clinics which were able to see medicaid patients have closed either because they have gone out of business or moved away.

Hawaii is my home but the financial stress may not allow me to continue to practice nor help more patients in Hawaii.

This bill would help in a small way to be able to both keep the doors open but also to provide care for one more individual in Hawaii.

I request that DB397 be passed to help continue healthcare for our neighbors here in Hawaii.

Thank you for your honorable work and attention.

SB-397-HD-1

Submitted on: 4/3/2023 3:26:02 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nancy Yang	Individual	Support	Written Testimony Only

Comments:

My name is Nancy Yang and I'm an OBGYN practicing on Oahu. I'm writing in support of SB 397. Our islands have a shortage of OBGYN providers, but it's daunting as a young physician thinking about how I would maintain a practice in these critical areas. In particular, Maui now has an even more critical shortage of OB care, and the people of Maui are in desperate need of more OB healthcare providers. Please pass SB 397.

SB-397-HD-1

Submitted on: 4/3/2023 8:25:25 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
richard swaja	Individual	Support	Written Testimony Only

Comments:

There is a great need to increase reimbursements for private practice dentists taking Medicaid.

Right now there is a shortage of providers in the community health sector and offices that even take Medicaid.

As a community health and rural health care provider I see a lot of patients everyday and we are overwhelmed.

If we can get private dentists on board with better reimbursements so they do not lose a ton of money when treating Medicaid patients it would be a great asset to our state.

House Committee on Finance
Tuesday, April 4, 2023, 3 p.m.
State Capitol Rm. 308

To: The Honorable Kyle Yamashita, Chair
The Honorable Lisa Kitagawa, Vice-Chair
Members of the House Finance Committee

From: Carl Miura, private citizen

Bill: Senate Bill 397, SD2, HD1 – Relating to Professional Medicaid Services

I would like to request your support in passing out Senate Bill 397, SD2, HD1 relating to professional Medicaid services.

This increase in reimbursement amount is very much needed to help open and keep access to physician services for people in need and our kupuna. Currently, only a very limited number of doctors will treat patients with Medicaid coverage. The low reimbursement rates and difficulty of treating their conditions often discourage physicians from accepting them into their practice. Doctors, like many organizations, simply need to pay their bills. For those that do, they need to rely on patients with regular private insurance payments to offset the gap in payment.

Also, if patients are fortunate to find a doctor especially a specialist who accepts Medicaid, they may still have to wait over half a year to get their initial appointment. This wait could lead to higher costs because they may end up going to the hospital often in a life-threatening situation requiring more care and longer recovery.

Please support the doctors and health professionals that assist the most vulnerable including seniors... And pass SB 397, SD2, HD1. Thank you.

SB-397-HD-1

Submitted on: 4/4/2023 9:40:25 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tyler Green Mila D Pasamonte	Individual	Support	Written Testimony Only

Comments:

I Tyler Green & Mila D Pasamonte as a Foster Home operator support 397 SB RELATING TO PROFESSIONAL MEDICAID SERVICES. We work 24 hours a day 7 days a week at our home to provide the best possible care in providing care for elderly individuals and deserve fair compensation in return. The statistics show a reduction in the public cost in the Foster Home setting and how much better the more personable services for those that are either nearing the end of life or progressing to.

LATE

Date: April 4, 2023
Committee: House Finance Committee

~~TO THE:~~ ^{Aloha} Honorable Chair YAMASHITA, Vice Chair ^{KITAGAWA} and Distinguished Representatives

HB397

Thank you for the opportunity to be here today! I am Joseph P. Mayer, Jr., DDS. I have 40 years of experience as a general dentist in private practice. Currently, I occasionally volunteer at the Aloha Medical Mission and I run an extraction clinic, 2 Saturdays a month at a the Kahuku Medical Center.

Like the others before me, I strongly endorse an additional subsidy for **PRIVATE PRACTICE** dental Medicaid beneficiaries. You are all, well aware that:

- 1) Medicaid is only available to the very needy,
- 2) the lack of access to care, for THE LAST 13 years, for the 70,000 Native Hawaiian and Pacific Islanders and the remaining 280,000 beneficiaries.
- 3) The limited number of patients treated at Federally Qualified Health Centers.
- 4) You have repeatedly heard of the \$38 million in annual ER hospital expenses.
- 5) The effects of poor Oral Health causing systemic diseases
- 6) The cost savings of early intervention,
- 7) the lack of capacity due to providers not willing to participate in Medicaid
- and 8) that the meager Med-Quest reimbursement fees are part of the reason providers don't participate.

I want to point out that the Federally Qualified Health Centers receive grants of several hundreds of thousands of dollars annually to treat Dental Medicaid patients. Additionally, DHHS supplements Dental Medicaid fees to other safety net organizations with a "Prospective Payment System" with rates from \$183 to \$509 per encounter.

Neither of these are available to the private practice dentist. Therefore, the playing field for access to Dental Care is not level.

Providing access to dental care is a social responsibility that you obviously take seriously, which is why you are conducting this hearing. I have full faith in your decision to balance the need with the resources available. Mahalo for your time and attention.

Respectfully submitted.