



**UNIVERSITY OF HAWAII SYSTEM**

**‘ŌNAEHANA KULANUI O HAWAII**

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

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Testimony Presented Before the  
House Committee on Finance  
Wednesday, February 28, 2024 at 10:00 a.m.

By

Lee Buenconsejo-Lum, Interim Dean  
John A. Burns School of Medicine

And

Michael Bruno, Provost  
University of Hawai'i at Mānoa

HB 1675 HD1 – RELATING TO THE GENERAL EXCISE TAX

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

Thank you for the opportunity to provide testimony in SUPPORT of HB 1675 HD1 which exempts medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax.

Hawai'i faces a shortage of almost 800 physicians. Increasing costs and reduced reimbursements have negatively impacted primary care providers, and many providers are struggling to keep their practices open especially on the neighbor islands. 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.

Medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the general excise tax, while the same services rendered by individual or group practices or clinics are fully taxable. Presently, government programs such as Medicare, Medicaid, and TRICARE do not compensate for the difference created by the general excise tax, leading to some inconsistency in the economic impact to health care providers. Should the provider try to pass on the tax to the patient, they may be subject to criminal penalties. This measure would be beneficial in eliminating the disparity in compensation as well as easing the financial burden for primary care providers. This in turn may encourage more physicians to practice and remain in Hawai'i.

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



## DISABILITY AND COMMUNICATION ACCESS BOARD

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1010 Richards Street, Room 118 • Honolulu, Hawaii 96813  
Ph. (808) 586-8121 (V) • TTY (808) 586-8162 • Fax (808) 586-8129

February 28, 2024

### TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE

#### House Bill 1675 HD1– Relating to the General Excise Tax

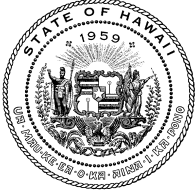
The Disability and Communication Access Board (DCAB) supports House Bill 1675 HD1 – Relating to the General Excise Tax.

The bill exempts medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax. The cost of medical services is one of the main factors in Hawaii's high cost of living. Any legislation that helps to lower this cost will therefore greatly benefit our residents.

Thank you for considering our position.

Respectfully submitted,

KIRBY L. SHAW  
Executive Director



**STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY**  
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

**JOSH GREEN, M.D.**  
GOVERNOR OF HAWAII  
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

**KENNETH S. FINK, MD, MGA, MPH**  
DIRECTOR OF HEALTH  
KA LUNA HO'ŌKELE

**John C. (Jack) Lewin, M.D.**  
ADMINISTRATOR

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1177 Alakea St., #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

**House Committee on Finance  
Representative Kyle T. Yamashita, Chair,  
Representative Lisa Kitagawa, Vice Chair, and  
Committee Members**

**H.B. 1675 H.D. 1 Relating to the GET**

**Testimony of John C. (Jack) Lewin, M.D.  
SHPDA Administrator**

**Wednesday, February 28, 2024  
10:00 a.m.**

1 **Agency's Position: SUPPORT**

2 **Fiscal Implications: none**

3 **Purpose and Justification:** SHPDA is newly charged to be the State's oversight body for  
4 assuring universal access to high-quality, equitable, and affordable health and long-term care  
5 for ALL citizens. As such, we are concerned about the glaring Hawai'i health care workforce  
6 shortage issues, which are getting worse and adversely affect access to care and therefore  
7 health outcomes.

8 Hawai'i must exempt independent clinical practices for GET or face increasing  
9 shortages and serious health consequences for our population, and particularly our neighbor  
10 islands. This is not exaggerated.

11 Hawai'i is one of two states that apply the general excise tax (GET) to the medical  
12 practice income of physicians, advanced practice nurses, physician assistants, and other  
13 independent practice health care professionals.

1           HB 1675 HD1 would exempt independent primary care practices from the GET. The  
2 GET currently does not apply to hospitals or to physicians and other professionals employed  
3 by hospitals, Kaiser Permanente, and other larger systems. However, independent practices,  
4 critically important for access to care, are the “endangered species” of the workforce shortage  
5 of health professionals, who are retiring early in larger numbers, and often departing for the  
6 mainland to improve financial viability, with the opportunity for both higher incomes and the  
7 absence of a GET tax burden.

8           The result is an increasing access to care problem affecting most severely neighbor  
9 island and rural populations, kūpuna, and high-risk patients. Lower access to care results in  
10 poorer health outcomes and higher health care costs.

11           In our view, the GET exemption for independent medical practices should likewise apply  
12 to affected specialty practices. Specialists are also in short supply in Hawai'i and have  
13 incomes considerably lower than those of their colleagues on the mainland. We must  
14 encourage recruitment and most importantly, retention of both primary and specialty  
15 physicians, advanced practice nurses, physician assistants, and other health care  
16 professionals in short supply.

17           Only Hawai'i and New Mexico have yet to recognize this is ineffective public policy and  
18 a detriment to public health. Please vote to exempt the GET for independent physician and  
19 health professional practices in Hawai'i.

20           Mahalo for the opportunity to testify.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

## **TESTIMONY OF GARY S. SUGANUMA, DIRECTOR OF TAXATION**

### **TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 1675, H.D. 1, Relating to the General Excise Tax.

### **BEFORE THE:**

House Committee on Finance

**DATE:** Wednesday, February 28, 2024

**TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 308

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

The Department of Taxation ("Department") offers the following comments regarding H.B. 1675, H.D. 1, for your consideration.

H.B. 1675, H.D. 1, adds a new section to chapter 237, Hawaii Revised Statutes (HRS), creating a new general excise tax (GET) exemption for all gross proceeds arising from the sale of medical services provided by physicians and advanced practice registered nurses (APRNs) acting as primary care providers. The exemption is available "in addition to any other applicable exemption provided under" chapter 237, HRS. The term "medical services" means professional services, including services provided within hospitals, medical clinics, and private medical practices, that are performed by licensed practitioners pursuant to chapters 453, HRS ("Medicine and Surgery") and chapter 457, HRS ("Nursing"). This act has a placeholder effective date of July 1, 3000, and applies to proceeds received beginning on January 1, 2026.

The Department appreciates that the House Committee on Health and Homelessness' report notes the Department's concern on the absence of a definition for "primary care provider," and requests the definition be provided by the Hawaii Medical

Association. Thus, the Department reiterates its request that this definition be included to avoid ambiguity as to which medical specialties and services may qualify for the exemption.

Additionally, the Department can administer this bill for exemptions beginning January 1, 2026.

Finally, the Department estimates expected revenue losses as follows:

**General Fund Impact (\$ millions)** (Assuming the measure takes effect on July 1, 2023)

<b>FY2025 (5 months)</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>
-\$12.9	-\$31.8	-\$32.8	-\$33.7	-\$34.8	-\$35.8

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



**Mitchell D. Roth**  
*Mayor*

**Deanna S. Sako**  
*Managing Director*

**Robert H. Command**  
*Deputy Managing Director*

## County of Hawai'i Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553  
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February 26, 2024

Committee on Finance  
Rep. Kyle Yamashita, Chair  
Rep. Lisa Kitagawa, Vice Chair

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

**Subject: H.B. 1675 RELATING TO GENERAL EXCISE TAX**  
**Hearing Date: Wednesday, February 28, 2024, at 10:00 a.m.**  
**Time/Place of Hearing: Via Videoconference, Conference Room 308**

Aloha Honorable Chair Yamashita, Vice Chair Kitagawa, and members of the Committee on Finance,

On behalf of the County of Hawai'i, I am expressing our support for **HB 1675**, which would exempt medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax.

The healthcare crisis in Hawai'i has reached alarming levels, with a continuing decline in our physician workforce. This trend is attributable to many factors, including practitioners relocating to states with more favorable business climates, and the challenging economics of healthcare intensified by the high cost of living in Hawai'i, and the near lowest insurance reimbursements in the nation. As a consequence, our citizens are burdened with limited access to quality health care.

Please support a GET exemption for primary care medical services as a reasonable and essential step to encourage physician retention and recruitment, and make healthcare more affordable and accessible for all residents of Hawai'i.

I support the passage of HB 1675. Thank you for the opportunity to testify on this matter.

**Mitchell D. Roth**  
Mayor  
County of Hawai'i

LATE \*Testimony submitted late may not be considered by the Committee for decision making purposes.

Council Chair  
Alice L. Lee



Director of Council Services  
Traci N. T. Fujita, Esq.

Vice-Chair  
Yuki Lei K. Sugimura

Deputy Director of Council Services  
David M. Raatz, Jr., Esq.

Presiding Officer Pro Tempore  
Tasha Kama

## COUNTY COUNCIL

COUNTY OF MAUI  
200 S. HIGH STREET  
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[www.MauiCounty.us](http://www.MauiCounty.us)

Councilmembers  
Tom Cook  
Gabe Johnson  
Tamara Paltin  
Keani N.W. Rawlins-Fernandez  
Shane M. Sinenci  
Nohelani U'u-Hodgins

February 27, 2024

### COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair  
Rep. Lisa Kitagawa, Vice Chair  
Wednesday, February 28, 2024  
10:00 AM

### **SUBJECT: STRONG SUPPORT OF HB1675, RELATING TO THE GET**

Aloha e Chair Yamashita, Vice-Chair Kitagawa, and honorable committee members,

Mahalo for this opportunity to testify in *strong support* of HB1675, which would exempt medical services provided by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers from the general excise tax.

While my preference is for government to establish a single-payer healthcare system to ensure Hawai'i's community members get the best service and most affordable medicine, exempting the specific medical services in HB1675 would at least help to alleviate some of the financial burden on physicians and patients.

In 2022, Molokai lost Dr. William Longfellow Thomas and Dr. Noa Emmett Aluli, leaving thousands of Molokai patients without a primary care physician. They served our island for decades, and there wasn't a rush of doctors that rushed replace them. Just one. One doctor brave enough to try to fill the gap in service. We need your help continuing to reduce barriers to accessing healthcare for vulnerable populations.

This exemption would be meaningful to so many on our island, throughout Maui County, and across the pae'aina. Mahalo for the opportunity to testify.

Aloha,

A handwritten signature in black ink that reads "Keani Rawlins-Fernandez".

Keani Rawlins-Fernandez  
Councilmember



# Christopher West LMHC LLC

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## Re: HB1675

I am writing to express my support for HB1675, while also addressing a critical limitation within the bill that, if amended, would significantly enhance its effectiveness in broadening access to health care across Hawaii. The current proposal to restrict the elimination of the General Excise (GE) Tax exclusively to Primary Care Physicians inadvertently narrows the scope of its impact, thus diminishing the potential benefits it could deliver to the healthcare landscape in our state.

I am a self-employed psychotherapist in private practice in Honolulu. Nearly all of my clients are MedQuest subscribers, and suffer from serious issues including homelessness, unstable housing, serious mental illness, and substance abuse issues. Operating under a single-member LLC, the GE Tax presents an undue financial burden, directly attributed to my commitment to serving this vulnerable population. As it is not an option to pass the GE Tax on to my MedQuest clients, I find myself subjected to a form of double taxation: initially, on my gross income - without deductions for business expenses - culminating in a GE Tax amounting to over 8% of my net income for the 2023 tax year. Subsequently, I face an additional tax of 4.712% on all purchased goods and services. This scenario places me at a significant tax disadvantage compared to my counterparts employed in traditional W-2 arrangements.

It is notable that approximately 50% of my peers from my graduate degree cohort in Clinical Mental Health Counseling at Hawaii Pacific University elected to relocate from Hawaii to the mainland, due to the high cost of living and high taxes imposed on self-employed individuals. Amending HB1675 to exempt mental health professionals, along with other essential medical practitioners, from the GE Tax would significantly mitigate this professional exodus, thereby addressing the critical shortage of healthcare providers in our state. Although the bill lays a commendable foundation, it falls short of fully addressing the clinician scarcity across various medical domains in Hawaii.

Addressing the shortfall of medical and mental health practitioners dedicated to serving our vulnerable populations is imperative for facilitating early detection and treatment of medical and mental health issues. This could be anticipated to significantly reduce the reliance on emergency room services and psychiatric inpatient stays, and help to mitigate escalating healthcare costs. Implementing strategies to curtail the exodus of healthcare practitioners from Hawaii through such strategies as extending the GE Tax exemption more broadly to healthcare practitioners would substantially contribute to amelioration of this critical issue.

The ongoing mental health crisis in Hawaii, underscored by a pronounced shortage of mental health professionals, warrants urgent attention. My firsthand experiences in the field affirms the reality of this crisis and underscores the counterproductive nature of maintaining what effectively amounts to a financial penalty on clinicians dedicated to treating our most vulnerable populations.

In light of these considerations, I urge a reevaluation of HB1675 to encompass a broader range of healthcare professionals, including mental health practitioners. Such an amendment would represent a substantial step forward in addressing the healthcare provider shortage and improving access to healthcare for all residents of Hawaii.

Thank you for considering my perspective on this matter. I am hopeful for a legislative revision that does more to meet the urgent healthcare needs of our community.

Thank you for your time and consideration,

A handwritten signature in black ink, appearing to be 'C. West', written in a cursive style.

Christopher E. West, MBA, LMHC, NCC  
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February 26, 2024

## Testimony in Support of HB 1675 HD1, Relating to the General Excise Tax

House Committee on Finance  
Wednesday, February 28, 2024  
10:00 am | Conference Room 308

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members:

Hawaii Dental Service (HDS) **supports** HB 1675, HD1, Relating to the General Excise Tax **with revisions to include dentists**. The dental community experiences the same challenges as medical providers with the same health professional shortage areas for dentists and specialists, especially on the neighbor islands.

Currently, only about 360 of Hawaii dentists serve more than 470,000 children and adults who qualify for Medicaid dental benefits, and less than half of the children and only 11 percent of the adults received services in 2023. The relatively small number of dentists who accept Medicaid can be attributed to lower payments from this government program, among other issues. Hawaii dentists cannot or are unwilling to serve Medicaid beneficiaries because the reimbursements do not adequately cover the costs of procedures and dental operations. In addition, lost revenue due to missed appointments contributes to this issue. The general excise tax exemption for dentists will provide an incentive for dentists to accept Medicaid to help offset the low payments and other burdens. As more dentists accept Medicaid, oral healthcare will become more accessible for more patients in communities across our islands.

We propose the following revisions in red as stated below:

"§237- Exemption for medical **and dental** services; physicians; **dentists**; advanced practice registered nurses.

(a) In addition to any other applicable exemption provided under this chapter, beginning January 1, 2026, there shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter all of the gross proceeds arising from the sale of medical **or dental** services provided by a physician licensed under chapter 453; **a dentist licensed under chapter 448**; or an advanced practice registered nurse licensed pursuant to chapter 457 acting in the capacity of a primary care provider.

(b) As used in this section, "medical **and dental** services" means professional services provided by a physician, **dentist** or an advanced practice registered nurse acting in the capacity of a primary care provider. "Medical **and dental** services" includes services provided within hospitals, medical **and dental** clinics, and private medical **and dental** practices."

Mahalo for your support and for prioritizing the oral health needs of Hawaii's underserved communities.

Sincerely,



**Dr. Diane S. L. Paloma**  
President and CEO  
Hawaii Dental Service

**HB-1675-HD-1**

Submitted on: 2/26/2024 6:56:10 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Scott Grosskreutz, M.D.	Hawaii Provider Shortage Crisis Task Force	Support	Remotely Via Zoom

Comments:

Dear Chairman and Members of the House Finance Committee,

Thank you for hearing HB 1675 providing for a GET exemption for primary care. We have been waiting for four years to have the opportunity to discuss the GET taxation of healthcare with your House Finance committee. I am a breast cancer specialist, past retirement age and on Medicare myself. We have shared economic analysis, multiple Honolulu Star Advertiser guest Op Eds, hundreds of local new stories and a great deal of DOH data on Hawaii’s access to healthcare crisis with the Legislature. **The Hawai’i State Senate and every House and Senate Committee in recent years that have heard these measures have passed GET reform for healthcare unanimously.**

I will show you the respect of speaking honestly, and I hope you accept that I am sharing the reality as I and many others have experienced it on the Neighbor Islands. **Hawaii’s GET taxation of healthcare is killing people.** There is a much higher mortality on the Neighbor Islands for suicide, trauma, cardiovascular disease, many cancers and infectious disease and adolescent deaths. **This excess mortality is due to the severe lack of healthcare providers. The lack of healthcare professionals is in large part due to medical practices being bankrupted by the GET tax on Medicare, Medicaid and TriCare.** This taxation of gross revenues, when providers often break even when caring for our kupuna, keiki and economically disadvantaged, is driving many private practices out of busy. Hilton Raethel, President of the Healthcare Association of Hawaii, has stated that if the GET was applied to Hawai’i hospitals, most would have to either close or cut services.

This GET taxation helped cause the doctor and primary care provider shortage to worsen in 2023 on our Neighbor Islands. After Hurricane Katrina, the suicide death rate in New Orleans tripled. One of our Maui colleagues shared this concern yesterday “The Maui Memorial Medical Center ED census board yesterday was mostly suicide attempts. 6 on the board. I’ve never seen anything like it. And these are the people who made it to the ED. And it is painful to see that.”

Studies have shown that the suicide rates is also much higher for first responders and healthcare professionals, and the catastrophic fire on Maui will likely worsen that, especially when our

colleagues have the worst shortage of providers in Hawai'i. Hawai'i has the worst shortage of primary care providers in America.

Hawaii's GET taxation of healthcare kills patients. The lack of primary care results in delayed diagnosis of cancers, excess heart attacks and strokes from untreated hypertension and diabetes, and worsening access to mental health services. The lack of specialists results in excess deaths due to injury, MI, stroke, complicated pregnancy, sepsis from obstructed urinary and biliary systems and hundred of other causes.

**The GET tax on healthcare, is in the opinion of many providers, simply evil. People from the mainland can't believe that the "Aloha State" actually taxes patients when our kupuna breaks a hip, or a child develops leukemia.** Because the GET tax drives many private practices away from our rural areas, patients with private medical insurance have to fly to Honolulu to seek specialists and primary care. Many simply cannot afford the costs and neglect their health. The much higher rates of death for the Neighbor Islands documented by Dept. of Health statistics are not just data points, they are our neighbors, friends, family and patients.

HB1675 is an important and well intended bill, but states " currently physicians who receive Medicare, Medicaid and Tricare payments are subject to the general excise tax, although they may recoup this cost from patients as a way to recover their expense". This statement is directly quoting the Hawai'i Department of Taxation public guidance on Tax Facts as late as Feb 2021. **This is true to the extent that you can also hold an armed robbery of a bank. Providers can do this, but it is illegal. The San Francisco branch of CMS has specifically declared passing the GET tax to Medicare patients to be Medicare fraud, and would trigger an investigation by the U.S. Inspector General.**

It is a very bad policy for the State of Hawai'i to be encouraging or abetting Medicare fraud. If a healthcare provider innocently follows this official state guidance, they in all likelihood will be accused of Medicare fraud and lose their ability to practice medicine.

GET taxation of healthcare is killing patients, driving doctors and nurses out of our Neighbor Islands and crippling the economic recovery of Maui and our other Neighbor Islands after the Maui fire and the COVID pandemic.

**Please, for the love of God and our local communities, exempt all healthcare from Hawaii's GET. Soon there will be few private medical practices left to tax, driving GET healthcare revenues toward zero, and our excess deaths will continue to spike.** The DOTAX request to delay implementation, if this measure passes, until Jan 2026, will result in dozens, if not hundreds of additional excess deaths. This needs to be implemented ASAP.

Aloha,

Scott Grosskreutz, M.D.

**HB-1675-HD-1**

Submitted on: 2/26/2024 7:29:45 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Colleen Inouye	Hawaii Independent Physicians Association	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice-Chair Kitagawa, and members of the Committee on Finance,

On behalf of the Hawaii Independent Physicians Association, representing providers in Oahu, Maui, and the Big Island, we are expressing our support of HB 1675, which would exempt medical services by our physicians and APRNs, acting as Primary Care Providers, from the General Excise Tax.

We have seen the loss of our membership from providers moving to the mainland, retirement, death, and the lack of providers moving to Hawaii. Patients are left without providers daily. Access to care is lacking. How can we support providers in a non-caring economic environment that is filled with paying a tax other states do not levy upon providers, low insurance reimbursement, and a very high cost of living?

Please support the exemption of the GET and allow patients to have a provider for primary care medical services and access to medical care.

Thank you for allowing me the opportunity to testify.

Colleen F Inouye MD MS-PopH FACHE FACOG

Interim Executive Director of Hawaii IPA



*American College of  
Obstetricians and Gynecologists  
District VIII, Hawai'i (Guam & American Samoa) Section*

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

DATE: Wednesday, February 28, 2024 10:00 AM

PLACE: Hawai'i State Capitol, Conference Room 308 and video conference

FROM: Hawai'i Section, ACOG

**Re: HB1675 Relating to Health Care**

**Position: STRONG SUPPORT**

Dear Chair, Vice Chair and members of the committee,

Hawai'i ACOG supports measure HB 1675, which aims to reduce the negative impact of the general excise tax on group and private practice physicians, and advanced practice registered nurses. We believe that this bill would have a significant impact on improving access to care for those who need it most.

We agree with the legislature's findings that there is an incongruity in the way medical service providers are treated under the existing general excise tax. Presently, medical services rendered at a nonprofit hospital are exempt from the general excise tax, while the same services rendered by individual or group practices or clinics are fully taxable. This inconsistency in the economic impact to health care providers has led to challenges in ensuring cost-effective patient outcomes.

Exempting medical service providers from the general excise tax would encourage cost-effective patient outcomes and improve access to care for many patients. It is important to note that government programs, such as Medicare, Medicaid, and TRICARE, do not currently compensate for the difference created by the general excise tax in Hawai'i, which can lead to inconsistency in the economic impact to health care providers.

As physicians in the community, we have seen firsthand the challenges that patients and healthcare providers face in accessing quality healthcare. Maui in particular right now has a critical shortage of OBs and several of us have been flying from Oahu to help out at Maui Memorial – this is not a long-term solution. We are facing critical shortages of physicians, particularly on the neighbor islands and rural areas. We believe that this bill is a crucial step towards addressing these issues and ensuring that everyone has access to the care they need to live healthy and fulfilling lives.

Thank you for considering our testimony in support of HB1675. We ask you to take action to ensure that this bill becomes law and that we can work towards a better and more equitable healthcare system for all Hawai'i residents.



# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exemption for Medical Services by Physicians and Advanced Practice Registered Nurses

BILL NUMBER: HB 1675 HD 1

INTRODUCED BY: House Committee on Health & Homelessness

EXECUTIVE SUMMARY: Beginning 1/1/2026, exempts medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax.

SYNOPSIS: Adds a new section to chapter 237, HRS, to exempt all of the gross proceeds arising from medical services provided by physicians licensed under chapter 453 or advanced practice registered nurses licensed pursuant to chapter 457 acting in the capacity of a primary care provider.

Defines “medical services” as including those services provided within hospitals, medical clinics, and private medical practices that are performed by licensed practitioners pursuant to chapter 453 or chapter 457.

EFFECTIVE DATE: June 30, 3000.

STAFF COMMENTS: Hawaii’s physician shortage is not a new phenomenon, but has been annually documented by the Hawai‘i Physician Workforce Assessment Project Report. [The 2023 Report](#)<sup>1</sup> conducted by the University of Hawai‘i at Mānoa John A. Burns School of Medicine (JABSOM) and submitted to the 2024 Hawai‘i State Legislature continues to conclude the projected demand will not be met in the foreseeable future.

In the meantime, there is a physician shortage in Hawaii that has been well documented. The final [Hawai‘i Physician Workforce Assessment Project Report for 2020](#)<sup>2</sup> conducted by the University of Hawai‘i at Mānoa John A. Burns School of Medicine (JABSOM) and submitted to the Hawai‘i State Legislature in December 2020, the pandemic has challenged continued physician practice in Hawai‘i and is expected to increase the relative shortage of physicians for the state for the next several years as older physicians leave their practices.

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<sup>1</sup> [https://www.hawaii.edu/govrel/docs/reports/2024/act18-sslh2009\\_2024\\_physician-workforce\\_annual-report\\_508.pdf](https://www.hawaii.edu/govrel/docs/reports/2024/act18-sslh2009_2024_physician-workforce_annual-report_508.pdf)

<sup>2</sup> [https://www.hawaii.edu/govrel/docs/reports/2021/act18-sslh2009\\_2021\\_physician-workforce\\_annual-report\\_508.pdf](https://www.hawaii.edu/govrel/docs/reports/2021/act18-sslh2009_2021_physician-workforce_annual-report_508.pdf)

Some physician groups have alleged that the GET applied to medical services has been one of the drivers of this shortage. This assertion is backed up by the 2008-2010 experience of Hawaii Medical Center (HMC), a for-profit hospital which went into bankruptcy and tried to reorganize as a nonprofit. That plan, according to HMC's then-CFO, would relieve the hospitals of as much as \$6 million in annual taxes, including general excise and property taxes.

Medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the tax, whereas the same services rendered by individual or group practices or clinics are fully taxable. Insurance providers and Medicare do not compensate for the tax differential, leading some health care providers to bear additional economic costs.

This problem is especially acute when the payer is a governmental health program. Medicare regulations (42 CFR sec. 424.55(b)) prohibit the surcharging of most additional costs to patients, including taxes. Medicare Claims Processing Manual, ch. 23, sec. 80.3.1.A (<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads-/clm104c23.pdf>) . We understand that Medicaid and TRICARE have similar prohibitions.

The Foundation does believe that there is evidence supporting an industry-specific GET exemption here.

Digested: 2/26/2024



Zachary Thielen MD, FAAOS

Member

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2/26/2024

House Committee on Finance  
Honorable Chair Kyle Yamashita and  
Vice Chair Lisa Kitagawa  
And Committee Members

H.B. 1675 Relating to the GET

Dear Members of the House Committee on Finance,

I am writing to express my strong support for Hawaii State Bill HB1675, which seeks to exempt primary medical care from the general excise tax. As an Orthopedic Surgeon practicing on Maui, I left a comfortable job with Kaiser Permanente, taking significant financial risk, to open an independent private clinic due to my concern for the lack of access to Orthopedic Surgical care on island. Since that time, we have been devastated by last year's wildfires which consumed several primary health care facilities in West Maui. Access to medical care on our island is in a precarious place. It is not unusual for me to see patients who have had a primary care physician Retire or leave the island and are now waiting six months to establish care with another physician. I am pleading with this committee to give this bill thoughtful consideration.

Primary medical care is the cornerstone of a healthy community. It encompasses essential services such as preventive care, chronic disease management, and acute care needs. These services are fundamental to maintaining individual well-being and preventing the progression of health conditions that could become more serious and costly to treat if left unattended. Exempting primary medical care from the general excise tax would alleviate the financial burden on healthcare providers and benefit patients. By reducing the tax burden on healthcare services, providers can allocate more resources towards enhancing patient care, investing in medical

technologies, and expanding their practices to reach underserved populations. Hawaii is the only state to impose a tax on Medicare, Medicaid, and TRICARE insurance fees.

Kaiser, hospitals, and hospital networks are exempt from the GET due to their “nonprofit” status. As an independent Orthopedic Surgeon on Maui, please know, if we lose our private practice physicians, access to care will become much worse. When you hear from your constituents about their long waits and difficulty accessing medical care, please realize you have a chance to help by moving this bill forward.

This exemption will help lower barriers to accessing healthcare for vulnerable populations, including low-income individuals and families, especially those on the neighbor islands and rural areas of Hawaii. Many of these individuals already face significant economic challenges, and adding taxes to essential healthcare services only exacerbates their financial strain. By exempting primary medical care from the general excise tax, we can ensure that everyone has equal access to the healthcare services they need to lead healthy and productive lives.

Furthermore, investing in primary medical care has been shown to yield long-term cost savings for both individuals and the healthcare system. By focusing on preventive care and early intervention, primary care providers can help individuals manage their health conditions more effectively, reducing the need for costly emergency room visits and hospitalizations down the line. This not only improves health outcomes but also reduces overall healthcare spending, benefiting taxpayers and the economy in the long run.

In conclusion, I urge you to support HB1675 and exempt primary medical care from the general excise tax. By doing so, we can make healthcare more affordable and accessible for all residents of Hawaii, promote better health outcomes, and create a more equitable healthcare system for future generations.

Thank you for considering my testimony in support of this important bill.

Sincerely,  
Zachary Thielen MD, FAAOS



**Hawaii Medical Association**

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

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

Date: February 28, 2024  
From: Hawaii Medical Association  
Elizabeth England, MD  
Chair, HMA Public Policy Committee

**Re: HB1675 HD1, RELATING TO THE GENERAL EXCISE TAX**  
**Position: SUPPORT**

Thank you for the opportunity to submit testimony in **SUPPORT OF HB1675 HD1**, which “exempts medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider from the general excise tax”.

The worsening healthcare crisis in Hawaii is a tremendous hardship and source of suffering for our citizens. Enrollment in Hawaii MedQUEST (Medicaid program) has jumped 40% since the start of the COVID-19 pandemic. The 2022 Access to Care CDC- funded comprehensive statewide survey of patients and providers found that low-income individuals experience incredible delays and barriers to healthcare services. Native Hawaiians and Pacific Islanders are particularly affected.

Causes for healthcare disparities are multifactorial, but are unquestionably linked to the unremitting decline in our Hawaii physician workforce. The estimated unmet need for primary care physicians is approximately 123 full-time equivalents (FTE) with percentage shortages most profound on Maui.

	Hawai'i County	Honolulu County	Kaua'i County	Maui County	Statewide
Shortage	17 (12)	59 (106)	6 (0)	42 (44)	123 (162)
Percent	12% (9)	7% (14)	11% (0)	33%(36)	11% (15)

While efforts toward expansion of healthcare training programs and loan repayment play a vital role in physician recruitment and retention, they do not address the challenge facing many physicians currently practicing in Hawaii. A large number of the physician practices do not

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**2024 Hawaii Medical Association Public Policy Coordination Team**

Beth England, MD, Chair  
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

have the financial capacity to continue providing quality care in the face of ever-decreasing Medicare/ Medicaid reimbursements coupled with the General Excise Tax (GET).

As more physician practices are crushed under the heavy weight of practice expenses, our most vulnerable patients, particularly those in rural and underserved communities, cannot access local providers in a timely fashion to receive the diagnosis and treatment they desperately need. HMA urges legislators to support a GET exemption for primary care medical services as a reasonable and essential step in the future survival and sustainability of our Hawaii healthcare.

The HMA also kindly requests the following revision to the text of the measure (page 2, lines 19-21 and page 3 lines 1-3):

~~“Currently, physicians who receive medicare, medicaid, and TRICARE payments are subject to the general excise tax, although they may recoup this cost from patients as a way to recover the expense. Most physicians do not currently pass along this cost to patients, but this practice may soon have to change.”~~

This statement is inaccurate, as healthcare providers must absorb this tax, which federal law forbids passing to patients.

The HMA’s definition of primary care is in alignment with the American Academy of Family Physicians’- “Primary care is the provision of integrated, accessible health care services by physicians and their health care teams who are accountable for addressing a large majority of personal health care needs, developing a sustained partnership with patients, and practicing in the context of family and community.” For the purpose of this measure, the HMA recommends that primary care be defined as all outpatient services performed by family medicine, pediatrics and internal medicine providers as well as all preventive services provided by Obstetrician and Gynecologist providers.

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

#### **References:**

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

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Access to Care. Health for our communities. Community First Hawaii. July 2022 Report.

Primary Care | AAFP. (n.d.). Retrieved February 26, 2024, from <https://www.aafp.org/about/policies/all/primary-care.html>.

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## **ALISTAIR W BAIROS, MD**

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**General Surgery, Wound Care Specialist**  
Offices in Kamuela and Kealahou

PO Box 670  
Kealahou, Hawai'i 96750  
Cell: 808.960.3383  
Fax: 808.900.3381

**House Committee on Finance  
Chair Kyle T Yamashita  
Vice-Chair Lisa Kitagawa  
And Committee Members**

**H.B. 1675 HD1 Relating to the GET**

**Testimony of Alistair Bairos, M.D.  
Country Surgeon**

Wednesday, February 28, 2024  
10:00 AM

**Position: SUPPORT**

**Why?: because it's PONO!**

For heaven's sake, pass this bill, already! From Barking Sands to Kalapana a tsunami of supportive testimony has surged in for years now. Legions have spoken, one voice, loud and clear - time to pass this bill!

Truly a no-brainer – if the goal is to improve the well-being of Hawai'i's peoples, increased access to healthcare is a fundamental part of the picture; this bill will help do that, no question.

Deleting the GET *must* include ALL healthcare practitioners – I'm personally a "specialist" – but in our rural communities there's really no such thing – we're all generalists – so many folks are without dedicated primary care practitioners that all of us fill in as needed, all of us share the burden – and joy – of serving our communities – but not if we're driven out of business.

Much energy, from a grand, statewide alliance, has been invested over much time in shepherding this needed reform to this Committee. Time now to pass this bill and let this energy move on to other pressing needs.

Level the playing field, vote in favor of removing the GET tax for *ALL* healthcare practitioners.

Mahalo, and aloha,

Ali Bairos, MD

**Alistair W Bairos, MD, CWSP, FACCWS**

*President*

**American Board of Wound Management**

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*Signed electronically 02/26/2024, 10:17:34PM*





Feb. 28, 2024, 10 a.m.  
Hawaii State Capitol  
Conference Room 308 and Videoconference

**To: House Committee on Finance**  
**Rep. Kyle T. Yamashita, Chair**  
**Rep. Lisa Kitagawa, Vice-Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

COMMENTS IN SUPPORT OF HB1675 HD1 — RELATING TO THE GENERAL EXCISE TAX

Aloha Chair Yamashita, Vice-Chairs Kitagawa and Committee Members,

The Grassroot Institute of Hawaii would like to offer its support for [HB1675 HD1](#), which would provide a general excise tax exemption for medical services provided by physicians and advanced practice registered nurses acting in the capacity of a primary care provider.

With this bill, the Legislature would bring Hawaii into the mainstream of states that do not tax medical services.

At present, Hawaii is the only state to tax gross receipts on patient copayments and deductibles,<sup>1</sup> as well as the only state to tax Medicare and TRICARE.

Nonprofit facilities are currently exempt from the GET, but private practice physicians are not. Thus, private practice doctors and clinics must pay the state's 4% GET plus any county surcharge.

As the Grassroot Institute explains in its report, "[The case for exempting medical services from Hawaii's general excise tax](#)," the GET is a significant expense for doctor offices, making it difficult for such practices to thrive in our state.<sup>2</sup>

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<sup>1</sup> Effective July 1, 2023, New Mexico allowed for the deduction of copayments and deductibles from its gross receipts tax. At the time, New Mexico was the only state other than Hawaii to tax medical services. "[Gross Receipts Tax and Health Care Services](#)," New Mexico Taxation and Revenue Department, July 2023.

<sup>2</sup> Malia Hill, "[The case for exempting medical services from Hawaii's general excise tax](#)," Grassroot Institute of Hawaii, January 2023.

A further problem comes with the application of the GET to TRICARE, Medicare and Medicaid beneficiaries. As explained in the Grassroot report, the GET cannot legally be passed on to TRICARE or Medicare patients, which forces doctors to absorb those costs entirely.

Similarly, in the case of Medicaid, doctors must either pursue an indigent patient for their share of the GET, which may result in higher administrative costs than can be recouped, or deny service based on the patient's inability to pay the tax.

Under the circumstances, many private practice doctors consider it impossible to pass the tax on to Medicaid patients as well.

The result is that physicians are either disincentivized from treating Medicare, Medicaid and TRICARE patients or forced to absorb the GET for those patients.

Fortunately, there is a simple and effective solution, as described in this bill: creating a GET exemption for medical services.

Separate research from the Grassroot Institute of Hawaii found that exempting medical services from the excise tax would help make healthcare more affordable in Hawaii for both doctors and residents.<sup>3</sup>

Healthcare spending for medical services in Hawaii totals about \$9 billion a year, of which the for-profit private sector accounts for \$5 billion.<sup>4</sup> An exemption from the state's 4% GET would save private, for-profit medical providers approximately \$200 million.<sup>5</sup> Waiving the GET surcharges imposed by the counties would save an additional \$22 million more.<sup>6</sup> Together, these actions would result in substantial savings for individual practices.

According to the Grassroot study, the savings from that base 4% GET exemption would be about \$5,275 each for the approximately 38,000 full-time workers in the medical industry.<sup>7</sup> That's the equivalent to 6.7% of the average medical service worker's wage and 5.8% of current GET collections.<sup>8</sup>

There are other possible benefits to this exemption. It would help reduce the cost of medical care for Hawaii residents and likely help alleviate the state's doctor shortage.

The most recent report from the Hawaii Physician Workforce Assessment Project estimates that the state has an unmet need for 757 full-time equivalent physicians.<sup>9</sup> The largest area of need is in primary care, but there are significant shortages across multiple specialities.

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<sup>3</sup> ["How the state GET affects healthcare costs in Hawaii."](#) Grassroot Institute of Hawaii, January 2020,

<sup>4</sup> [Ibid.](#), p. 2.

<sup>5</sup> [Ibid.](#)

<sup>6</sup> [Ibid.](#)

<sup>7</sup> [Ibid.](#)

<sup>8</sup> [Ibid.](#)

<sup>9</sup> ["Hawaii Physician Workforce Report 2023."](#) Hawaii Physician Workforce Assessment Project, December 2023.

The COVID-19 crisis helped emphasize the importance of improving healthcare access in Hawaii. It also demonstrated that we must pursue multiple strategies to address the shortage of healthcare professionals in the state.

Luring new doctors to Hawaii — and keeping those who are already here — is a complicated proposition. Many proposals would take years to demonstrate success in addressing the issue.

In the meantime, Hawaii residents will continue to suffer from the shortage of available medical professionals and the high cost of healthcare in our state.

It is hard to know exactly how beneficial a GET exemption for medical services would be, but it would at least remove a major burden for existing local practices. If this bill encourages more doctors and clinics to stay in the state or keep practicing, it will have accomplished its goal.

It is common practice for the state to use GET exemptions to encourage or aid certain industries. Already, Hawaii exempts petroleum refining, aircraft maintenance and leasing, and orchards from the GET. We think healthcare is at least as important as any of those industries, if not more so, and we hope that the members of this committee think so too.

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

Thank you for the opportunity to testify.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii



February 26, 2024

To: House of Representatives  
Thirty-Second Legislature, 2024 State of Hawai'i

COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair  
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Rep. Micah P.K. Aiu	Rep. Rachele F. Lamosao
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Rep. Bertrand Kobayashi	Rep. Gene Ward

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

Subject: Support for HB1675 – Relating to the General Excise Tax

Dear House Representatives,

We represent over 50 independent private practice providers on Hawai'i Island delivering care to over 50,000 patients. We urge the legislature to exempt Medicaid, Medicare and TriCare health plan payments from the State of Hawaii's General Excise Tax for services we provide. This tax has made it difficult for us to stay in business and continue to serve our community. It has contributed to our severe doctor shortage. 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 HB1675 into law.

Mahalo,

A handwritten signature in black ink, appearing to read "Lynda Dolan".

Lynda Dolan, MD  
President

A handwritten signature in black ink, appearing to read "Brenda Camacho".

Brenda Camacho, MD  
Secretary & Treasurer

A handwritten signature in black ink, appearing to read "Craig Shikuma".

Craig Shikuma, MD  
Medical Director, BIHC

[www.bigislanddocs.com](http://www.bigislanddocs.com)



## 'Ahahui o nā Kauka

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February 27, 2024

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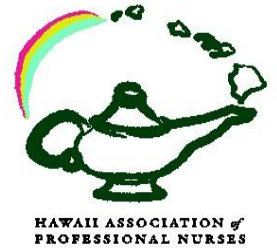
Rep. David Alcos III

Rep. Gene Ward

### Group Testimony in support of HB1675HD1 RELATING TO THE GENERAL EXCISE TAX

'Ahahui o nā Kauka is an organization of Native Hawaiian physicians dedicated to the health of the people of Hawai'i and Native Hawaiians in particular. We support HB1675 HD1 in its efforts to address the harms of the regressive taxation of health care and improve the access to care crisis Hawai'i faces.

## Hawai'i Association of Professional Nurses (HAPN)



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

From: Hawaii Association of Professional Nurses (HAPN)  
Subject: HB1675 HD1 – Relating to the General Excise Tax

Hearing: February 28, 2024, 10a.m.

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

I am writing to express strong support for Bill 1675 HD1, which seeks to address the critical issue of general excise tax (GET) exemption for primary care services in Hawaii. This bill is vital for ensuring equitable access to healthcare for all residents of our state.

It is crucial to emphasize that Hawaii stands alone among all states in the nation in taxing medical care in this manner. No other state burdens its healthcare providers and patients with such a financial strain. This unique taxation approach undermines our healthcare system's efficiency and accessibility, ultimately hindering the well-being of our communities.

Our organization, HAPN, wholeheartedly supports this bill and urges its passage. However, we also advocate for an amendment to include specialist providers, such as mental health professionals, under the GET exemption. Access to specialized care is just as vital as primary care and must not be overlooked in our efforts to improve healthcare accessibility.

The need for this exemption is underscored by the alarming trend of clinic closures and healthcare providers leaving the state. Various factors, including unfavorable business environments, provider retirement or death, and inadequate reimbursement from insurance plans, are contributing to this erosion of care. The recent Access to Care statewide survey conducted by the Hawai'i Rural Health Association and Community First revealed that nearly half of healthcare providers are contemplating leaving medicine or the state altogether.

Moreover, the GET's taxation of gross revenues, irrespective of a practice's profitability, exacerbates the financial challenges faced by healthcare providers. This unsustainable burden not only threatens the viability of medical practices but also compromises the quality of care delivered to patients.

HAPN urges the committee to recognize the urgent need for GET exemption for primary care and specialist services in Hawaii. By alleviating this tax burden, we can safeguard access to essential healthcare services and promote the well-being of our communities. Thank you for considering our testimony on this crucial matter.

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. 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

**HB-1675-HD-1**

Submitted on: 2/27/2024 8:28:07 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jerald Garcia	HAWAII INSTITUTE FOR PAIN	Support	Written Testimony Only

Comments:

Dear Committee on Finance:

On behalf of the physicians and medical providers of the Hawaii Institute for Pain, I am writing in strong support of HB 1675 but with the following changes: to not limit to scope to physicians and medical providers "acting in the capacity of primary care providers." This qualifier is vague and will lead to confusion because a lot of physicians who are specialists (e.g. OB/GYN, occupational medicine, pain medicine, neurology, rheumatology, psychiatry, etc.) act in dual capacity as specialist and primary care provider, especially in underserved areas such as the outer islands of Hawaii. It is an established fact that the State of Hawaii faces a drastic physician shortage problem. As a consequence, the people of Hawaii are burdened with limited access to quality health care, often finding themselves having to compromise or delay their medical care. The lucky few are able to fly to the varying institutions and specialists in different states across the mainland, if only to receive the quality expertise and care that every single patient in Hawaii deserves and should also have access to. We believe that HB 1675 is a step in the right direction in solving this problem. This bill will encourage physician retention and recruitment so that our kupuna and fellow Hawaiians will one day see communities teeming with physicians serving their every health care need; So that access to high quality medical care will no longer be a long flight away but a simple drive or bus ride away. Our group therefore joins the Hawaii Medical Association and the Philippine Medical Association of Hawaii in support of HB 1675 and we urge your good offices to do the same. Thank you for allowing the Hawaii Institute for Pain to testify in support of this measure.

Sincerely,

Jerald Garcia, MD

President, Hawaii Institute for Pain





## Philippine Medical Association of Hawai'i

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• Fax: 888-391-7624 pmahinfo@gmail.com • www.pmah-hawaii.org

**Rhea Bautista, MD**

*Executive Director*

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To the Honorable Members of the House Committee on Finance,

My name is **Rainier Dennis D. Bautista, MD**. I am currently the President of the Philippine Medical Association of Hawaii (PMAH), representing 200 physicians who practice in the state of Hawaii.

I am reaching out to advocate for the passage of **HB1675**, a bill of paramount importance for the future of healthcare in Hawaii. This legislation stands as a critical solution to the pressing and multifaceted issue of our state's physician shortage, which has escalated to a critical juncture, severely impacting the accessibility and quality of healthcare for our residents.

Hawaii faces an acute shortage of physicians, with a dire need for an additional 750 healthcare professionals, particularly in primary care, to meet the growing demands of our communities. This shortage is most pronounced on our neighbor islands, where the deficit reaches up to 40%. This situation is exacerbated by the **high cost of living, low Medicare reimbursement rates**, and the unique **financial burden posed by the General Excise Tax** on healthcare services. The ramifications of this shortage extend far beyond healthcare accessibility, threatening the very well-being and lives of Hawaii's people.

HB1675 proposes to exempt medical services provided by physicians and advanced practice registered nurses from the general excise tax, effective January 1, 2025. This exemption is not merely a fiscal adjustment but a beacon of hope for enhancing the operational viability of primary care clinics and ensuring the delivery of comprehensive and compassionate care across our state. By alleviating the financial strains on our healthcare providers, this bill directly addresses one of the fundamental barriers to attracting and retaining the medical professionals our communities so desperately need.

The passage of HB1675 would complement ongoing efforts to expand medical residency and student training opportunities within the state, as well as the implementation of loan repayment programs designed to retain physicians trained in Hawaii. However, without legislative intervention to mitigate the financial pressures on our healthcare providers, these initiatives can only achieve limited success.

On behalf of PMAH and the dedicated healthcare providers we represent, I urge you to recognize the gravity of our physician shortage and the transformative potential of HB1675. By supporting this bill, you will be taking a significant step towards securing a robust and resilient healthcare system for Hawaii, ensuring that every resident has access to the quality medical care they need and deserve.

Thank you for your attention to this matter and your ongoing commitment to the health and well-being of Hawaii's people.

Sincerely,

Rainier Dennis D. Bautista, MD

President, Philippine Medical Association of Hawaii



February 28, 2024

**To: Chair Yamashita, Vice Chair Kitagawa, and Members of the House Committee on Finance (FIN)**

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: February 28, 2024; 10:00 a.m./Conference Room 308 & Videoconference

**Re: Testimony in support for HB1675 HD1– Relating to the General Excise Tax**

The Hawaii Association of Health Plans (HAHP) respectfully supports HB 1675 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 appreciates the effort of this legislature to proactively find solutions to address Hawaii's physician shortage and rising costs for all residents. HB1675 would be a step in the right direction by exempting medical services provided by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers from the general excise tax. We believe this will have a positive effect in helping to lower barriers to recruiting and retention of medical service providers who serve our residents and our state.

Thank you for the opportunity to testify on HB 1675 HD1.

Sincerely,

HAHP Public Policy Committee  
cc: HAHP Board Members

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:05:01 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Christina Marzo, Hawaii Academy of Family Physicians Legislative Committee	Hawaii Academy of Family Physicians, Legislative Committee	Support	Written Testimony Only

Comments:

**Dear Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,**

**We represent practicing family physicians in the State of Hawaii, and would like to testify in support of HB1675. Many of our members are in private practice in rural areas of the state, and serve many vulnerable populations that are currently facing a severe shortage of physicians. Estimates show that we need to fill 3,500 open healthcare worker positions to meet the need of our community. Each one of the physician practices are vital to our state, and losing a single one can be devastating to our community. Unfortunately, many of the practices in these areas face a multitude of financial challenges, and when they become financially insolvent, these providers are often forced to close their doors and move either to a large system that does not provide services to critical access areas, or out of the state entirely. There are dozens of solo and small practice owners on the verge of closing due to high overhead costs and low reimbursement. Primary care providers, in particular, are vulnerable to these financial constraints. They are also the lifeblood of medical care for these communities. Hawaii currently charges GET for healthcare services, and this cost comes directly out of the revenue for these small practices. We stand in support of eliminating the double tax on the 40% of providers in small practices in order to continue care for Medicare, Medicaid, and Tricare patients. HB1675 would provide a much needed lifeline to help close the gap between overhead expenses and revenue, and allow these practices to continue caring for the patients of Hawaii.**



Subject: HB 1675 HD1 – Comments

To the Honorable Committee Members,

Thank you for the opportunity to offer comments on HB 1675 HD1. The Hawai'i Counselors Association (HCA) is the professional association for counselors and counselors-in-training. Our membership includes mental health counselors, counseling students, and other mental health providers. The HCA Executive Board respectfully offers comments on HB 1675.

While the bill offers some tax relief for health care providers, the current draft limits the scope to just Primary Care Physicians. As such, it narrows the scope of its impact and limits potential benefits while also holding a financial burden on small private practices and single-member LLCs that provide crucial mental health and well care to our community. To maximize the benefits and true intent of the bill, the GE tax exemption should apply to specialty services beyond primary care.

The cost of living is a major factor in training and retaining healthcare providers, and Hawai'i is already unsustainable for many. Healthcare providers are leaving Hawai'i for opportunities in the continental United States, where it is cheaper to live, and their services are valued and incentivized. Most states do not have a broad tax on the delivery of medical and healthcare-related services, and Hawai'i is one of only two states that does. Many small practices and single-member LLCs provide a bulk of services to Medicare, Medicaid, and TRICARE, which compensate at a lower rate. Passing on tax to customers for services is common practice in business and other service industries; however, if done by a healthcare provider for patients with federally and state-funded healthcare, the provider may be subject to criminal penalties.

Exempting healthcare providers from GE tax would level inconsistencies in compensation from government-funded healthcare programs and promote equity in healthcare services. This is particularly important as there is a rise in enrollment in federally and state-funded healthcare programs. In 2022, the Star-Advertiser reported that Hawai'i Medicaid enrollment was up 40% since the start of the pandemic. Excluding mental health professionals and other specialty healthcare providers from being GE tax exemption puts our marginalized community at a disadvantage as providers may find it more financially stable to service clients who are not utilizing Medicare, Medicaid, and TRICARE, thus making it harder for individuals who are enrolled in federal and state-supported healthcare programs to obtain quality healthcare.

Amending HB1675 to exempt mental health professionals and other specialist healthcare providers from the GE tax would demonstrate and uphold the value of healthcare and the well-being of our residents and community. It would have a reaching impact and offer support to providers so they can remain in Hawai'i and serve our community, thus addressing the critical shortage of healthcare providers in our state. Addressing the shortfall of medical and mental health providers dedicated to serving our vulnerable populations is essential to early detection and treatment of medical and mental health issues.

Thank you for your time and consideration, and for the opportunity to offer comments on HB 1675 HD1.

Sincerely,

Christine M Park, PhD, LMHC, REAT, NCC  
President, Hawai'i Counselors Association

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

From: Indivisible Hawaii Healthcare Team  
Re: HB1675 HD1 - Exempting Primary Medical Care from HI State excise tax

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

The Indivisible Hawaii Healthcare Team is in support of HB1675 HD1.

As you well know, there is a significant and growing health care shortage on Hawaii's Neighbor Islands (NI), where 30% of the state's population lives. Hawai'i County is down 187 full-time physicians (40%) Maui County is short 158 full-time physicians (40%). A 2021 analysis found Hawai'i County had the third highest shortage of primary health care professionals in the nation. And Kauai had a 33% shortage of physicians as of December 2020, a problem that worsened post-pandemic. A 2022 report found 75% of Hawai'i rural hospitals were at risk of closing, the highest of any state (1) to (5). As mainly rural communities, NI residents regularly drive long distances for routine care, often must find specialty care on O'ahu or out of state, and are dependent upon air ambulance for transport to Honolulu hospitals for major emergency events (6). Since the cost of all goods and services are higher on NI's, medical providers say the cost of doing business is so high they are closing NI practices & moving to O'ahu or out of state.

As a result, NI residents often experience delayed care leading to health complications, and even loss of life. It is common to hear of NI residents (with medical insurance) who are unable to find a primary care doc who is "accepting new patients"; have long waits for appointments; have long delays to see a specialist who flies in only once a month to see patients, and/or pay out of pocket to fly to Honolulu for specialty care (See Patient Stories). NI residents pay more for health insurance than O'ahu residents because health insurers put us in single island risk pools, rather than combining all Hawaii residents into one risk pool. All residents of Hawai'i pay for these NI difficulties and delays in finding medical care. The higher costs of emergency care, medical complications and morbidity increases costs to the entire health care system. Insurers then raise medical premiums, and this cost is passed on to employers and consumers.

This is a complex problem which will require multiple solutions. While our team preferred more comprehensive versions of this bill that have not progressed (those that would have exempted a wider range of services, including medical, dental and specialty care), this bill will make a critical start towards improved access to health care services.

### **Patient and Provider Stories:**

Person 1: A 70 year old Hawaii Island resident passed out in a California airport bathroom and was hospitalized with a septic infection. She returned home to Pa'auilo Mauka after discharge in need of follow-up care, but found her PCP had moved away from Hawaii Island. Because phone calls to other doctors went either unanswered or they were not accepting new patients, a friend took her driving around the island, showing up in person at doctors' offices until they were able to get appointments and eventually find a NP and physician team to provide her care.

Person 2: A couple in their late 60s moved from O’ahu to Waimea on Hawaii Island 2 years ago. They were surprised to find that their Kaiser Medicare Advantage plan doubled in cost for less coverage once they moved to Hawaii Island.

Person 3: A young couple on Kauai had a baby on island. He was born healthy except his head was misshapen. There was no doctor on Kauai who could help with this problem. Their pediatrician referred them to a doctor on O’ahu. Their insurance would cover the doctor visits but not any of the travel to and from or overnights on Oahu. The treatment would take at least 6-8 months, an expensive "helmet" and regular visits with the doctor to adjust the helmet frequently enough to reshape the baby's head. They did not have the money for a trip every month. Each trip would require flights, taking off work or an overnight on Oahu to avoid taking off work. Timing was critical because you want to start the treatment very soon before the reshaping is more difficult. This couple fundraised with family and online and was able to do this but not without a lot of stress and financial burden.

Provider 4: The only ophthalmologist on the island A was forced into bankruptcy despite a busy patient schedule. To address this, she worked out an arrangement to be on call with the 3 major hospitals on island. The result is she is seeing patients during the day and driving long distances at night every night to see emergency patients. This is not sustainable for this individual and the island may soon lose its only eye specialist.

Mahalo for your time and attention to this important issue!

References:

- (1) <https://nursingeducation.org/blog/counties-with-the-biggest-primary-health-care-worker-shortages/>
- (2) [https://www.hawaii.edu/govrel/docs/reports/2022/act18-sslh2009\\_2022\\_physician-workforce\\_annual-report\\_508.pdf](https://www.hawaii.edu/govrel/docs/reports/2022/act18-sslh2009_2022_physician-workforce_annual-report_508.pdf)
- (3) <https://bigislandnow.com/2022/11/17/kauai-doctor-shortage-includes-most-specialities-forcing-residents-to-fly-to-oahu/>
- (4) <https://www.civilbeat.org/2022/11/hawaii-island-is-getting-new-federal-funds-to-tackle-health-care-shortages-is-it-enough/>
- (5) Hawaii County Council, testimony of retired Hilo OB-GYN John Uohara, West Hawaii Today.9.10.23
- (6) <https://www.civilbeat.org/2023/06/hawaiis-struggle-to-provide-health-care-for-rural-islands-nearly-turned-tragic-for-this-expectant-mom/>
- (7) <https://www.hawaiitribune-herald.com/2023/05/04/hawaii-news/budget-includes-funds-to-boost-medicaid-reimbursement-rates/>

**Contact:** Doris Segal Matsunaga [dsegalmatsu@gmail.com](mailto:dsegalmatsu@gmail.com)

**HB-1675-HD-1**

Submitted on: 2/27/2024 1:15:36 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Doris Matsunaga	Save Medicaid Hawaii	Support	Written Testimony Only

Comments:

Save Medicaid Hawaii supports HB1675 HD1



**HB-1675-HD-1**

Submitted on: 2/26/2024 10:04:18 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cassandra Fisher, M.A., CCC-SLP	Individual	Support	Written Testimony Only

Comments:

Aloha,

Thank you for choosing to hear this bill to allow it's advancement. I am writing today to ask that you expand this bill to include not just physicians and Advanced Practice Nurses, but also **"State-licensed Allied Health Professionals including Speech-Language Pathologists, Physical Therapist, and Occupational Therapist."**

Hawaii is not only short on Doctors but terribly short on Speech-Language pathologists. Every clinic has a waitlist longer than 3-4 months for care. When it comes to developmental milestones, that length of a wait can cause significant increases in overall delays. Speech and Language skills build upon on another, and we need to be getting our children the help they've been diagnosed as needing.

As reported in December, only 20% of children in Hawaii are demonstrating kindergarten readiness. The area that **all but one single school district in Hawaii showed significant delays? Language and Literacy.**

Now it not the time to leave your Speech-Language Pathology clinics behind. We are needed more than ever. But our reimbursement rates are not equal to other areas with similar costs of living - and adding the GET to that puts us below even midwest states like Ohio and Illinois.

Because of this burden, we have had speech therapy 3 clinics close in the past 12 months. My own clinic, which has more than enough families on the waitlist to expand and hire, is unable to due to the high cost of office space combined with parking validation and..GET.

Please, pass this bill, and amend it to include Allied Health professionals. The entire state of Hawaii will benefit from it.

**HB-1675-HD-1**

Submitted on: 2/26/2024 10:19:22 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Misty Pilgrim	Pilgrim Behavioral LLC	Comments	Written Testimony Only

Comments:

Honorable representtives,

My name is Misty Pilgrim, and I'm a private practitioner in mental health as a licensed clinical social worker. I have been in private practice for 6 years and specialize in specific anxiety disorders and obsessive compulsive disorders. There are only 1 or 2 such specialists in the state of Hawaii. I also treat insomnia and receive referrals from primary care. I also receive referrals from military treatment facilities as a Tricare provider.

If we are to consider mental health treatment as part of healthcare, then we need to consider including master's level clinicians who have already been approved to become medicaid providers as being except from general exise taxes.

I am writing to ask that mental health master's level providers, specifically LCSWs, be included in this bill as exempt. We are already paid less for medicaid services, as well as being unable to collect for clients who no-show. To be then taxed on top of this is a burden. I am already debating between no longer being a medicaid provider or moving my practice somewhere that does not have these taxes on small businesses, such as Washington State, leaving Hawaiians once again without a specialist. I know I am not alone in this consideration. Payments for psychological and mental health treatment has now grown as has other areas of healthcare.

I hope you will consider the impact on your state's citizens of the potential loss of treatment providers in the area.

Thank you.

**HB-1675-HD-1**

Submitted on: 2/26/2024 10:50:12 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Stephanie Yan	Individual	Support	Written Testimony Only

Comments:

Dear Honorable Finance Chair Mr Yamashita,

Hawaii is unique among U.S. states in its application of a General Excise Tax (GET) directly on the revenues of private, non-subsidized medical practices from reimbursements by federal health insurance programs, including Medicare, Medicaid (known as Quest in Hawaii), and Tricare/Champus. These programs cover half of Hawaii's population for medical services. Currently, this taxation impacts approximately 30% of all medical practices in the state, a figure that continues to decrease each month. The dwindling number of physicians in Hawaii is becoming increasingly critical, prompting the formation of a dedicated task force to tackle the issue.

The General Excise Tax (GET), set at 4.7% of gross revenue, significantly impacts the financial health of many non-exempt, non-subsidized medical practices, reducing their net income by more than 15%. For some, this tax pressure is so severe it threatens their continued operation. While this tax contributes minimally to the state's overall revenue—a contribution that is diminishing as private practices increasingly close—its effect on individual practices can be profound.

The tax targeting private medical practices in Hawaii is not only disproportionately unfair, affecting these entities exclusively while sparing others, but it also poses significant harm to the state's healthcare delivery system. Furthermore, Hawaii's approach to this taxation raises several ethical and legal concerns that might not be widely known. Should the House Finance Committee decline to consider the current legislative proposals for a third time, Hawaii could potentially face legal challenges at the federal level, highlighting the seriousness of these issues.

I hope you take these considerations strongly and I hope you are looking out for the interest of the people of Hawaii , even your own as you get older. No one is spared from a crumbling ( in crisis) healthcare infrastructure.

Mahalo.

Sincerely,

Dr Stephanie Yan

**HB-1675-HD-1**

Submitted on: 2/26/2024 11:16:58 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Andrew Crossland	Individual	Support	Written Testimony Only

Comments:

I **support** this Bill. Vote yes.

**HB-1675-HD-1**

Submitted on: 2/26/2024 11:38:59 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Allen Novak	Individual	Support	Written Testimony Only

Comments:

I wish to testify in support of HB 1675.

I initially lived on Oahu but have been a resident of Hilo for 30 years and a practicing nurse.

Hawaii has a severe shortage of healthcare providers, with some of the worst shortages of primary care providers in America. The shortage is not as significant on Oahu as it is on the neighbor islands. Hawaii Island has a shortage of over 40%.

I personally have had problems accessing a primary care provider in the East Hawaii Island area, and have not received the healthcare which I, as a nurse, know I needed.

Medical practices are under considerable financial stress due to rapidly rising costs and falling reimbursements from insurance programs. Hawaii's unique taxation of healthcare services with the General Excise Tax amplifies the challenges facing medical practices by taxing gross revenues, even when providers break even or lose money providing healthcare services. One reason medical private practice is dying is because Hawaii has the highest cost of living in the nation, by far, and the near-lowest insurance reimbursements in the nation. On top of that, Hawaii is the ONLY state in the nation to tax the Federal health insurance programs Medicare, Medicaid (Quest) and Tri-Care (military), which combined is 50% of all people in our state. By federal law, this 4.7% GET tax cannot be passed on to patients. A 4.7% GET on practice gross receipts is more like a 11-25% hit to their net income.

Please help save medical practices in Hawaii by supporting HB 1675.

Allen Novak

**HB-1675-HD-1**

Submitted on: 2/26/2024 12:05:03 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kunal Parekh	Oahu Kidney Care LLC	Support	Written Testimony Only

Comments:

To the Honorable Members of the Hawaii State Legislature,

I am writing to express my strong support for the proposed bill "HB1675 HD1," which seeks to exempt physicians from the General Excise Tax (GET). As a healthcare professional dedicated to serving the people of Hawaii, I believe this exemption is a critical step toward enhancing the accessibility and quality of healthcare services across our islands.

The imposition of GET on medical services inadvertently increases the operational costs for healthcare providers, which can lead to higher healthcare costs for patients. By exempting physicians from GET, we can alleviate some of the financial pressures on healthcare practices, enabling them to invest more in patient care, new technologies, and staff development. This can lead to more comprehensive and efficient healthcare services, directly benefiting the residents of Hawaii.

Moreover, the exemption could serve as an incentive for healthcare professionals to practice in Hawaii, addressing the persistent challenge of attracting and retaining medical talent in our state. The high cost of living, coupled with additional financial burdens such as GET, can deter healthcare professionals from either moving to or continuing their practice in Hawaii. Removing GET for physicians can make Hawaii a more attractive destination for skilled healthcare professionals, thereby improving the physician-to-patient ratio, reducing wait times, and enhancing the overall quality of care.

In conclusion, "HB1675 HD1" represents a forward-thinking approach to healthcare policy that prioritizes the well-being of Hawaii's residents by making healthcare more accessible and affordable. I urge you to support this bill, as it not only benefits the healthcare community but also serves the broader public interest by ensuring that the people of Hawaii have better access to quality healthcare services.

Sincerely,

Kunal Parekh, MD, FASN

Oahu Kidney Care

**HB-1675-HD-1**

Submitted on: 2/26/2024 12:18:51 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Tanea Dalpivo	Individual	Support	Written Testimony Only

Comments:

As a licensed Marriage and Family therapist, 95% of my clients are Medicaid! I already receive less payments from my clients and pay a lots of federal taxes, it would be very beneficial to my practice and to keep on helping clients who suffered from mental illness and substance abuse!

Thanks,

Tanea Dalpivo, LMFT



**HB-1675-HD-1**

Submitted on: 2/26/2024 12:31:30 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cynthia J. Goto	Individual	Support	Written Testimony Only

Comments:

Support

**HB-1675-HD-1**

Submitted on: 2/26/2024 12:35:52 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Bernard Sr Robinson	Individual	Support	Written Testimony Only

Comments:

I am a retired neurosurgeon and am now mostly a consumer of healthcare. The passing of this bill will be a significant step toward eliminating the sense amongst physicians that Hawaii's serious shortage of physicians is not being taken seriously by the Hawaii State Legislature. The excise tax on practitioners' offices adds to the negative incentive of healthcare providers desiring to live and work our state. Hawaii seems to already have a reputation of being one of the worst states for doctors to live and work due to Hawaii's highest cost of living and lowest income levels for healthcare providers. The adverse impact on Hawaii's quality of healthcare due to our physician shortage is anxiety provoking to Hawaii citizens and is likely to be of concern to prospective future tourist as well. Passing this bill is a win-win proposition relative to Hawaii's quality of healthcare and helping eliminate a negative impression of Hawaii as a travel destination amongst tourist with healthcare concerns. Passing this bill is good health sense and good business sense.

Respectfully,

Bernard Robinson, MD

**HB-1675-HD-1**

Submitted on: 2/26/2024 12:49:28 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
[REDACTED]	Individual	Support	Written Testimony Only

Comments:

The entire state of Hawaii especially the outer islands are desperately in need of doctors. Forty-five years ago a dear friend died on the big island because there was no neurosurgeon. She was young and beautiful, a mother of 3 small children. She would likely have survived if there was a neurosurgeon on the island. By the time she was flown to Oahu, it was too late. Now nearly half a century later, Hawaii island is still without a neurosurgeon. Maui is not much better off, relying on temporary physicians to provide even the most basic care. All of the gastroenterologists on Maui are temporary flown in at great expense for a week at a time. Why is it so hard to recruit doctors here? It's expensive, salaries are lower than the mainland and the GET is a killer for doctors. Only a handful of states tax doctors with a GET. I worked for Maui Memorial Hospital and was involved with physician recruitment. I can tell you without any doubt, the GET hampers recruitment. I urge that private practice physicians be exempt for the GET.

**HB-1675-HD-1**

Submitted on: 2/26/2024 1:07:59 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Shayna Horie, LMFT	Individual	Support	Written Testimony Only

Comments:

GE Tax should NOT only be removed from primary care physicians and APRNs, we need to include Licensed therapists and counselors and other service providers too, including, but not limited to licensed marriage and family therapists (LMFTs), licensed clinical social workers (LCSWs), licensed mental health counselors (LMHCs), and licensed psychologists. We as mental health clinicians are no longer a part of this this bill, so we will continue to be financially penalized for working with these populations who are supported by MedQuest, Medicaid, and Tricare. If we are considered to be in a "mental health crisis", continuing to financially penalize clinicians who work with these most vulnerable groups is seriously counterproductive. Further, it is no mystery that these aforementioned systems reimburse clinicians at a rate far lower than our out of pocket rate as well as by other insurance plans. As clinicians, we credential with Medicare and Medicaid in order to serve the public, since we are aware of the low reimbursement rates. However, we should not be taxed on these funds that we receive from Medicare and Medicaid so that we can continue to survive in Hawaii and continue to accept Medicare and Medicaid clients without putting a cap on how many Medicare and Medicaid clients that we can see due to the low reimbursement rates.

Please reinclude mental health providers and pass this measure.

**HB-1675-HD-1**

Submitted on: 2/26/2024 1:12:00 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jerris Hedges	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita and co-Chair Kitagawa,

HB1675 HD1 is one of the most important bills being heard this legislative session in regards to its ability to help Hawaii address its health care provider shortage, especially on neighbor islands. As stated in the bill, independent practitioners (physicians and nurse practitioners) who practice as a small business outside of corporate health care systems are unjustly mandated to pay general excise tax (GET). This supplemental tax is not commonly assigned to rural health care providers in other states. Eliminating the GET for these independent (small business) health care providers will do much to encourage practitioners to remain in Hawaii and to return to Hawaii following completion of their specialty training elsewhere.

Mahalo for your valuable support of the practitioners and those needing their services on the neighbor islands.

Jerris R. Hedges, MD

Dean Emeritus, University of Hawaii - John A. Burns - School of Medicine

**HB-1675-HD-1**

Submitted on: 2/26/2024 1:13:56 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Eric Murray	Individual	Support	Written Testimony Only

Comments:

As a primary care physician working in Hawai‘i, I work 2 jobs and have 1-2 days off per month. I still make about 50% of what I could make on the mainland. It is financially senseless for me to stay here and there are definitely days I wonder why I stay. As I see my fellow colleagues die or leave in droves, I wonder how the remaining physicians will manage to take care of the patients who have lost their physicians to better opportunities. We are definitely not keeping up.

Taxing Medicare payments which are already on par with states like Iowa with considerably lower costs of living is a slap in the face to the physicians who remain. Its particularly cruel that you don’t tax the giant insurance companies while somehow thinking that taxing physicians is going to work out in the long run.

I’m interested in how the state will handle the eventual collapse of the medical system in Hawai‘i.

I support removing this GET tax on physicians. Though a tiny drop in the bucket, a drop is more than what the state is doing now to support us.

**HB-1675-HD-1**

Submitted on: 2/26/2024 3:30:34 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Angel M. Willey, MD	Individual	Support	Written Testimony Only

Comments:

I strongly support the GET exemption bill for physicians, etc.

Thank you,

Angel Willey, MD

OBGYN Honolulu

**HB-1675-HD-1**

Submitted on: 2/26/2024 4:08:45 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Philip Verhoef	Individual	Support	Written Testimony Only

Comments:

The lack of GET exemption is one of many barriers to providing appropriate care for residents of Hawaii on neighbor islands.



Kelley Withy, MD, PhD

February 26, 2024

RE: HB1675

IN SUPPORT

Dear Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

We have a severe shortage of physicians in Hawai'i, as well as nurse practitioners, physician assistants and almost all types of healthcare professionals and providers. In fact, the number of healthcare workers needed to fill the open positions in Hawai'i today is 3,500!!!

There are many reasons for this, but the number one reason is high cost of living and low pay. For physicians with private offices, it is very difficult to make ends meet. I know it sounds funny to say that doctors are not making much money, BUT IT'S TRUE. We have dozens of solo and small practice owners in Hawaii who have closed or told me that they may have to close their practices because of the high overhead and low reimbursement. Unfortunately, I have watched many practices do just that. This includes primary care, surgery and specialty care.

Some people say, "That's okay, they should close their medical practice and work for a larger medical group, it's more efficient." BUT, what if there is no large medical group in their area or for their specialty? If they close their office, then there is NOBODY to help the patients in that area. In fact, the greatest shortages and biggest needs are where we have less representation from large medical groups. Therefore we must help the small and solo practices survive.

Thank you so much for hearing this bill!!! It will eliminate the double tax on doctors taking care of Medicare and Quest patients. My understanding is that Hawaii is the only state that charges GET on healthcare services. Because it is illegal to charge above set rates on Medicare and Medicaid/MedQuest, doctors have to pay this tax herself out of her revenue!!!! I believe that hospitals and hospital clinics are exempt from this, so I believe that small and solo practices should be exempted too, as they are suffering. We need to keep these practices open to care for the patients in Hawaii! Only about 40% of physicians are in small practices, so the loss of revenue will not be overwhelming.

Thank you for your consideration to this important need in Hawai'i!!

**HB-1675-HD-1**

Submitted on: 2/26/2024 4:57:03 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cindy R Ajimine	Individual	Support	Written Testimony Only

Comments:

I SUPPORT this bill and request revisions to be broadened to also apply to "licensed healthcare professional MDs and APRNs who provide primary care and specialty services." Does not include unlicensed or complementary medicine clinicians.

**HB-1675-HD-1**

Submitted on: 2/26/2024 5:28:40 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jill Mutch	Individual	Support	Written Testimony Only

Comments:

Aloha,

Mahalo for considering this bill and our community begs you to allow its advancement. I am writing today to ask that you expand this bill to include not just physicians and Advanced Practice Nurses, but also "State-licensed Allied Health Professionals including Speech-Language Pathologists, Physical Therapists, and Occupational Therapists."

Hawaii is not only suffering from lack of Physicians and Nurses, but is also experiencing large shortages of Speech-Language Pathologists. Clinics and most hospitals have a months long waitlist for treatment. When it comes to developmental milestones and post stroke care, that length of a wait can make a major difference in development and recovery. Research has shown that early and intensive intervention is key to the best outcome.

PTs, OTs and SLPs are vital to the community & provide similar services as physicians and nurses. Our reimbursement rates are not equal to other areas with similar costs of living - and adding the GET to that puts us below even midwest states like Ohio and Illinois. Because of this burden, we have had several clinics close across the islands the past 12 months.

Please pass this bill, and amend it to include Allied Health professionals.

Mahalo!

**HB-1675-HD-1**

Submitted on: 2/26/2024 5:38:57 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
joann sarubbi md	Hawaii county medical Society	Support	Written Testimony Only

Comments:

As a physician practicing in Hawaii, it is necessary for HB 1675 to be passed Immediately to assist the healthcare providers in the state of Hawaii to continue their practices. We are at a crisis point, and the passage of this bill will help Providers to continue their care

**HB-1675-HD-1**

Submitted on: 2/26/2024 8:08:19 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Carrie Giordano	Individual	Support	Written Testimony Only

Comments:

Representatives Yamashita and Kitagawa,

My name is Dr. Carrie Giordano and I am in **STRONG SUPPORT** of HB – 1675

Healthcare access is at a critical level on Maui and as a private physician navigating the challenges of providing quality care, I urge you to pass this bill. This would be one step to help pause the exodus of physicians from our island.

I humbly ask for your **SUPPORT** and pass HB 1675

Sincerely,

Dr. Carrie Giordano

Wahine Health

Maui, HI

**HB-1675-HD-1**

Submitted on: 2/26/2024 8:12:31 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ruben Juarez	Individual	Support	Written Testimony Only

Comments:

I am writing to you today to express my support for House Bill 1675/HD1, which proposes the elimination of the General Excise Tax (GET) on medical providers. However, I urge that this bill be amended to extend its coverage to include all healthcare providers in Hawaii, including mental health providers or specialty care.

The imposition of the GET on medical services unfairly burdens Hawaii's citizens, particularly those seeking essential medical care. This tax directly affects a wide array of our population, from parents of children requiring specialized pediatric services to women in need of obstetric care, as well as our cherished kupuna receiving medical attention in skilled nursing facilities. Moreover, the tax creates an additional financial strain on families with newborns requiring neonatal intensive care.

Eliminating the GET for medical services is not merely a fiscal consideration; it is a matter of ensuring equitable healthcare for all. By amending HB1675/HD1 to abolish this tax for all healthcare providers, we can take a significant step towards lifting the unjust financial burden on those in need of medical care. It is crucial that our healthcare system is structured to prioritize the well-being of our residents, allowing them to receive the care they require without the added stress of a tax that disproportionately impacts the most vulnerable.

I respectfully request your support of HB1675/HD1.

Ruben Juarez

**HB-1675-HD-1**

Submitted on: 2/26/2024 8:49:46 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Andrew Kayes, M.D.	Individual	Support	Written Testimony Only

Comments:



[Column: State tax policy drives doctor shortage](#)

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**HB-1675-HD-1**

Submitted on: 2/26/2024 10:14:19 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sara Harris	Individual	Support	Written Testimony Only

Comments:

I am an OBGYN on Oahu and I support this bill. This exemption is one ways that the legislature can help with the health care shortage on other islands.



**HB-1675-HD-1**

Submitted on: 2/26/2024 10:23:59 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kaohimanu Lydia K Dang Akiona MD	Individual	Support	Written Testimony Only

Comments:

RE: H.B. 1675 Relating to the GET

Dear Chairman and Members of the House Finance Committee,

I am writing to express my **strong support** for Hawai'i State Bill HB1675, which seeks to exempt primary medical care from the general excise tax. My name is Ka`ohimanu Dang Akiona, I am a Family Medicine Physician, was among the first class of graduates at Hilo Medical Center's Residency Program, and I currently provide urgent, primary, and occupational health care in Hawai'i and Maui County. I appreciate you and your esteemed committee members taking the time to hear this bill.

As many of you know, we have a severe shortage of physicians in Hawai'i, as well as nurse practitioners, physician assistants and almost all types of healthcare professionals and providers with an estimated 3,500 open positions for needed healthcare workers in the state. This shortage has had very large impact to access to care- especially primary care, disproportionately moreso in our rural and underserved areas- including much of Maui and Hawai'i County where I serve as an independent family medicine physician.

There are many complex issues contributing to our severe physician/provider shortage, but the number one reason is high cost of living and low pay/reimbursement. For physicians with private, independent offices like me, it is very difficult to make ends meet, and our ability to serve the communities/patients who need it most is very much impacted by our ability to maintain a viable business. I have witnessed many solo and small practice owners in Hawai'i who have been unable to secure a successor and have either closed or are in the final months/years of their practices because of the high overhead, low reimbursement and what they describe as a hostile business environment. I am no different and while I am wholly committed to serving my patients and community as long as possible, **I am very realistic that the current system/model is not sustainable.** I have worked in larger systems, for community health centers and for the Native Hawaiian Health systems before joining private practice and then opening my own clinic at a time when most people are closing theirs and leaving the state for greener pastures. I also have had the honor of serving patients in some of the most under-resourced areas of our state and the most geographically isolated parts of the whole state- I can say, first hand, that independent practices are key to maintaining access and quality of care in these areas and often offer the safety net needed for rural communities- places where people know they can get care when they need it. To be absolutely honest, people are dying and suffering preventable complications due to our worsening healthcare situation. We need to consider any and all

possible options to improve the basic business conditions for physicians and providers- and addressing the GET on healthcare services is one that has received overwhelming support in the past.

I firmly believe access to quality primary medical care is the cornerstone of a healthy community. It encompasses essential services such as preventive care, chronic disease management, and acute care needs. These services are fundamental to maintaining individual well-being and preventing the progression of health conditions that could become more serious and costly to treat if left unattended. I am seeing, first-hand, the deaths and complications from disruptions to and lack of care and it is becoming more difficult to provide reasonable levels of care under constant financial duress.

Exempting primary medical care from the general excise tax would alleviate the financial burden on healthcare providers and benefit patients. By reducing the tax burden on healthcare services, providers can allocate more resources towards enhancing patient care, investing in medical technologies, and expanding their practices to reach underserved populations. This would, in turn, help lower barriers to accessing healthcare for vulnerable populations, including low-income individuals and families, especially those on the neighbor islands and rural areas of Hawai'i. Many of these individuals already face significant economic challenges, and adding taxes to essential healthcare services only exacerbates their financial strain. Please note that Hawai'i is one of only two states imposing a tax on Medicare, Medicaid, and TRICARE insurance fees.

I recently extended my own personal resources and opened a branch of my clinic on Moloka'i to provide what care I could for a community already suffering from limited healthcare and resources. With recent serial physician deaths, retirement and subsequent departure of several providers, the patients, families and community suffered immensely - often silently- from delayed and disrupted care, and eventually what we recognize as the absence of reasonable care- or speaking more plainly, negligence.

I am humbly asking for support as an independent primary care practice- please help me survive so I can focus on caring for patients, and continue doing what we can to maintain (and hopefully improve) access to care for our rural, neighbor islands and vulnerable populations.

We need to keep independent practices open to care for the patients in Hawai'i and ensure equal access to good care across the state- **we cannot afford to lose any more of my colleagues to policies & practices that we can address together NOW.** Our families and communities deserve us **all** trying our best to fight for their right to quality healthcare - this **MUST** include considering this tax adjustment to help primary care practices across the state. In conclusion, **I urge you to support HB1675 and exempt primary medical care from the general excise tax.** By doing so, we can allow practices to get beyond just surviving- to thrive- and make healthcare more affordable and accessible for all residents of Hawai'i, promote better health outcomes, and create a more equitable healthcare system for future generations.

Thank you for considering my testimony in support of this important bill and for your time and effort addressing our current healthcare crisis.

`O au iho no me ka ha`aha`a,

Ka`ohimanu Dang Akiona, MD

**HB-1675-HD-1**

Submitted on: 2/26/2024 10:39:03 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
lynne matusow	Individual	Support	Written Testimony Only

Comments:

I strongly support htis bill. The services should never have been taxed. The regressive tax hurts everyone.

Please stop playing games and remove the defective effective date. I fear that if you do not do that now the bill will fail in oncerence committee and there will be repeat debacle of what happened in 2023.

**HB-1675-HD-1**

Submitted on: 2/26/2024 10:43:50 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Shaun Berry MD	Individual	Support	Written Testimony Only

Comments:

I used to have a private practice where I would drive to the homes of homebound patients and see them there (house calls). After five years, I had to give up the practice and seek employment at a large medical organization because I could not support my family on the low income I was making. Not only were the Medicare and Medicaid payment rates very low, but I had to pay the General Excise Tax for all of my patients, because it is fraud to charge it to Medicare or Medicaid patients-I could go to jail. So 4.72% of my income was taken by Hawaii State to pay the excise tax charged on what Medicare paid me for their visit. I could not make a practice work. The best thing you can do to build our health workforce is exempt small practices from the GET.

Kenneth Hayashida, Jr., MD

February 26, 2024

Committee on Finance  
Rep. Kyle Yamashita (D-12), Chairman  
Re. Lisa Kitagawa (D-48), Vice-Chair  
Hawaii State Legislature  
415 S. Beretania Street  
Honolulu, Hawaii 96813

Subject: Consideration of HB1675/HD1 Relating to the General Excise Tax

Dear Chairman Yamashita and Committee members,

This formal letter is to request support for HR1656/HD1 with amendments. Specifically, the bill needs to apply to all healthcare provider licensees in Hawaii, including all privately operating physicians (primary care and sub-specialists), surgeons, dentists, oral surgeons, physical therapists, occupational therapists, speech therapists, optometrists, opticians, psychologists, and behavioral health specialists.

The application of the General Excise Tax by the Hawaii Department of Taxation is a particularly immoral policy, unethical tax, and unique in the United States. Currently, the General Excise Tax is being applied to the injured people of Maui County. It is a highly unethical application of this tax against the fire victims of Maui/Lahaina wherever they may temporarily reside in the state or out.

Simply put, a General Excise Tax should neither apply to sick people at the time of treatment for a disease nor to preventive well services to keep people healthy. Moreover, the existing bill language attempts to apply to primary care only, but the reality is that many physicians, surgeons, and health professionals may do both specialty services and primary care on the same patients at the same visit.

HB1675 needs amendment to fully relieve the injured people of Maui and Hawaii of an immoral tax leveled at those accessing private medical, dental, vision, and mental health services during routine, urgent, and/or emergency treatment of disease. This taxation is unique to the State of Hawaii, distinct to your committee's interpretation of federal regulations, and is long overdue for correction of this problem.

Delays in the repeal of General Excise Taxes for all people seeking private medical care in Hawaii is contributory to suppression of the medical economy and creates significant health equity gaps by taxing the citizen for seeking much needed speciality care. Because people in Hawaii delay going to the health professional for consultation, the cost of disease management

is higher per capita and per case. The citizen does not benefit from tax-free preventive services. Then, the state fails the injured in disasters like hurricanes, floods, fire, and environmental problems by taxing these injured people at the worst possible time, when their homes and community is devastated, including seven members of my own extended family. Some of whom reportedly were narrowly rescued by Maui fire and police while those first responders were directly exposed to life threatening circumstances.

The House Finance committee is urged to remove General Excise Taxation from any and all licensed health professionals, including dentists, optometrists, physical therapists, occupational therapists, speech therapists, psychologists, psychiatrists, physicians, surgeons, associated medical groups (whether single speciality or multi-specialty practices) and individual practices across Hawaii. This policy would align with nearly all other states in the nation.

The existing GET, and your committee, currently permits and approves taxing people who seek private medical care from private physicians, dentists, optometrists, and mental health professionals in the following categories (unlike any other state or region in these United States):

- Elderly / kupuna statewide for getting diseases of aging that need special medical attention, especially from vision, dental, heart, lung, kidney, diabetes, arthritis, neurology, and cancer specialists. Nationwide, these specialty fields are largely private speciality offices and corporations. These specialists are exceedingly over scheduled and under compensated under federal Medicare and Medicaid reimbursements. For most physicians nationwide, they have lacked appropriate Cost of Living Adjustments across more than two decades under Medicare fee schedules since the late 1990s. Incidentally, I am informed that elderly, economically disadvantaged, disabled people are a civil rights protected category that your committee's General Excise Tax policy unfairly targets.
- Emergency care for any person with a medical emergency, especially if emergency diagnostics and interventions are needed such as:
  - a private surgeon needing to perform emergency life saving surgery
  - an obstetrician for emergency ectopic pregnancy complications (so-called "abortion" to save the life of a woman) and any deliveries of premature babies and newborns of Hawaii from private OB/GYN offices and groups
  - Hawaii's cancer patients for getting cancer and needing treatment from a private oncology group
- The people of Red Hill seeking medical specialty care, diagnostic support, and long-term therapies for ingesting water contaminated by potential and known toxins.
- The people impacted by the Lahaina and Maui fire complex disaster of August 2023, especially and including, those citizens and first responders injured from:
  - smoke inhalation needing pulmonary care or asthma/immunology specialists
  - burn patients needing dermatology and other surgical operations from trauma, emergency, and general surgeons

- mental health and behavioral health patients (adult and children) including those needing support services from psychologists, psychiatrists, and other behavioral specialists from the trauma and grief among 10,000 residents
- Any and all parents and guardians in Hawaii caring for children having special health needs, including developmental disabilities, autism spectrum diagnoses, and other health conditions. Many of the pediatric sub-specialty groups in the nation are private, small offices of solo or a few specialty physicians. Due to delays in how COVID was managed nationally and in multiple states, Hawaii has numerous families where elders and caregiving adults lost their lives, leaving the children orphaned. Your committee in leaving GET in place for even one month, advocates for General Excise Taxation on the COVID orphans of Hawaii and the orphaned children of Lahaina/Maui fire disaster. If you truly believe such children and their guardians need special taxation, you have a warped sense of leadership!

Three weeks ago, my retired mother needed emergency care and was transported from Ka'anapali to Maui Memorial Medical center. My mother's health coverage includes a mainland commercial insurance carrier, a Medicare PPO retirement plan through my father's retirement plan, and regular Medicare Part A and B. Due to the State of Hawaii's Department of Taxation's "Tax Facts 98-1", revised January 2023, the medical group on Maui who treated my mother in the hospital post-operatively was forced to forward a tax bill to my elderly, post-operative, recuperating mother for her lifesaving care. I find the passing of tax bills by the State of Hawaii Department of Taxation to kupuna who are post-operative, medically needy, and sitting in a disaster zone to be despicable! How dare you level taxes on the sick elderly, sick children, and single parents of disabled kids across Hawaii? What a despicable disgrace!

Your state Department of Taxation levels a General Excise Tax that is in contradistinction to the "Surprise" medical claims bill already passed by your esteemed legislature and signed into law during prior session. Despite this state law and US federal Medicare laws banning balance billing, the State Department of Taxation publishes "Tax Facts 98-1" at <https://files.hawaii.gov/tax/legal/taxfacts/tf98-1.pdf>. The document specifically directs private practice physicians and care providers to charge their patients the General Excise Tax.

Given the unethical and immoral act of taxing injured victims of fire, hurricane, environmental toxic contamination and unexpected disease, this letter requests you to formally direct the Hawaii Department of Taxation to rescind TF98-1 and exempt all private practice health professionals from General Excise Taxes.

The people of Maui and Hawaii as a whole were negatively impacted by the disaster and, yet, state legislators continue to attempt to tax the unhoused, injured, and victims of the fire disaster. Six months into this disaster, the Hawaii State legislature should amend HR 1675 to include not only the suspension of the GET from all private health professional licensees, but should REFUND the collected GET money from disaster victims immediately! One would think it was bad enough to have a fire destroy over 2500 parcels and structures in Lahaina, but to add taxes because someone is injured, ill, or sick from the disaster is inhumane and un-American!



Regarding taxing visitors, one would hope that people who are kupuna returning to Maui or to Hawaii would not be subject to this tax. Unfortunately, the GET as currently implemented actually penalizes those elderly kupuna from Maui and who then return to Maui in the future by taxing those individuals for the private care received. This is patently unfair to the ohana, kupuna, and the providers of care.

The economy of Maui and Hawaii is being rocked by the absence of post-disaster housing with citizens having had to leave Maui for the mainland because of state policies that discriminate against Maui/Hawaii born people. This discrimination is continuing due to extreme housing shortages, poor economics and absent jobs due to the stalling of tourism during the COVID pandemic/lock downs and the post fire, and due to failure to provide fee simple land for said Maui born people, including insufficient housing for kanaka maoli ohanas. These factors are all contributory to the health equity injustice and gaps for all citizens in the state, especially those victimized by climate-change induced hurricane, flood, and fire natural disasters.

Also contributory to the health inequities across the great state of Hawaii is the continuing diversion of state and county appropriations for healthcare finance from destinations in the state to those outside of the state of Hawaii. Instead of GET being leveled at the sick, elderly, premature babies, expecting mothers, and guardians of orphans, shouldn't your committee be auditing and investigating how previously appropriated funds are managed by contractors and grant receiving corporations?

Language in the existing bill (HB1676/HD1 page 3, line 4 through line 14) stands in apparent contradistinction to publicly available Form 990's for the Kaiser Foundation Hospitals in the calendar years of 2020 through 2022. These three years correlate to the same timing as the COVID pandemic public health emergency, lock downs of the State of Hawaii from tourism and general business, suppression of business in Hawaii and the Pacific Rim due to the emergency, and special emergency appropriations by your committee to health systems and hospitals during the pandemic.

I call the attention of you as chairman of the House Finance Committee to the statements made by Kaiser Foundation Hospitals corporation in their publicly available Form 990 tax returns from 2020 through 2022. These tax returns are easily identified and publicly available on Guidestar. These returns also correlate to the three years of the COVID public health emergency, including years where the State of Hawaii House Finance Committee approved special appropriations to operate Maui Health System and the Maui Memorial Hospital during COVID.

The Kaiser Foundation Hospital Form 990 in 2020 includes posting in Schedule R of over \$347,000,000 "total income" to Kaiser Foundation Hospitals of Oakland, California from "Maui Health System A Kaiser Foundation".

<b>SCHEDULE R</b> <b>(Form 990)</b>	<b>Related Organizations and Unrelated Partnerships</b> ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37. ▶ Attach to Form 990. ▶ Go to <a href="http://www.irs.gov/Form990">www.irs.gov/Form990</a> for instructions and the latest information.	OMB No. 1545-0047
		<b>2020</b> Open to Public Inspection
Department of the Treasury Internal Revenue Service	Name of the organization KAISER FOUNDATION HOSPITALS	Employer identification number 94-1105628

**Part I Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MAUI HEALTH SYSTEM A KAISER FOUNDATION ONE KAISER PLAZA 15L OAKLAND, CA 94612 81-1559375	HEALTH CARE	HI	347,631,112	179,828,362	KFH
(2) KAISER PERMANENTE VENTURES LLC SERIES A ONE KAISER PLAZA 15L OAKLAND, CA 94612 27-2252521	INVESTMENT	DE	3,028,452	103,088,628	KFH
(3) KAISER PERMANENTE VENTURES LLC SERIES C ONE KAISER PLAZA 15L OAKLAND, CA 94612 47-2924619	INVESTMENT	DE	4,529,061	43,405,178	KFH
(4) KAISER PERMANENTE VENTURES LLC SERIES E ONE KAISER PLAZA 15L Oakland, CA 94612 84-2190194	INVESTMENT	DE	0	22,528,429	KFH

In the exact same publicly available Form 990, under Schedule F, Kaiser Foundation Hospitals notes "\$7,389,873,000" dollars in "investments" in foreign nations, including \$1,806,000 in "Russia and the newly Independent States" and \$5,983,398,000 in "Central America and the Caribbean".

<b>SCHEDULE F</b> <b>(Form 990)</b>	<b>Statement of Activities Outside the United States</b> ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16. ▶ Attach to Form 990. ▶ Go to <a href="http://www.irs.gov/Form990">www.irs.gov/Form990</a> for instructions and the latest information.	OMB No. 1545-0047
		<b>2020</b> Open to Public Inspection
Department of the Treasury Internal Revenue Service	Name of the organization KAISER FOUNDATION HOSPITALS	Employer identification number 94-1105628

**Part I General Information on Activities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.

**1 For grantmakers.** Does the organization maintain records to substantiate the amount of its grants or other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No

**2 For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

**3 Activities per Region.** (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in the region	(d) Activities conducted in region (by type) (such as, fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in the region	(f) Total expenditures for and investments in the region
(1) South America			Investments		152,528,000
(2) East Asia and the Pacific			Investments		435,990,000
(3) Europe (Including Iceland and Greenland)			Investments		783,381,000
(4) Russia and the Newly Independent States			Investments		1,806,000
(5) Middle East and North Africa			Investments		25,005,000
(6) North America			Investments		3,084,000
(7) South Asia			Investments		2,604,000
(8) Sub-Saharan Africa			Investments		2,077,000
(9) Central America and the Caribbean			Investments		5,983,398,000
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3a</b> Sub-total . . . . .					7,389,873,000
<b>b</b> Total from continuation sheets to Part I . . . . .					
<b>c Totals</b> (add lines 3a and 3b)					7,389,873,000

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Cat. No. 50082W Schedule F (Form 990) 2020



Despite the language in the existing bill which claims hospital poverty for Maui Memorial Medical

<b>Form 990</b> Department of the Treasury	<b>Return of Organization Exempt From Income Tax</b>		OMB No. 1545-0047 <b>2021</b> <b>Open to Public Inspection</b>	
	Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundation) Do not enter social security numbers on this form as it may be made public. ▶ Go to <a href="http://www.irs.gov/Form990">www.irs.gov/Form990</a> for instructions and the latest information.			
<b>For the 2021 calendar year, or tax year beginning 01-01-2021, and ending 12-31-2021</b>				
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input checked="" type="checkbox"/> Application pending	<b>C</b> Name of organization KAISER FOUNDATION HOSPITALS % CHIEF ACCOUNTING OFFICER Doing business as		<b>D</b> Employer identification number 94-1105628	
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite ONE KAISER PLAZA Suite 15L		<b>E</b> Telephone number (510) 271-6611	
City or town, state or province, country, and ZIP or foreign postal code OAKLAND, CA 94612		<b>G</b> Gross receipts \$ 44,903,487,219		
<b>F</b> Name and address of principal officer: GREGORY A ADAMS ONE KAISER PLAZA 15L OAKLAND, CA 94612		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," attach a list. See instructions. <b>H(c)</b> Group exemption number ▶		
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				
<b>J</b> Website: ▶ www.kp.org				
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation: 1948	<b>M</b> State of legal domicile: CA	
<b>Part I Summary</b>				
<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: to provide high-quality, affordable health care services to improve the health of our members and the communities we serve.			
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .		<b>3</b> 13	
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .		<b>4</b> 12	
	<b>5</b> Total number of individuals employed in calendar year 2021 (Part V, line 2a) . . . . .		<b>5</b> 86,864	
	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .		<b>6</b> 5,213	
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .		<b>7a</b> 41,161,522	
	<b>b</b> Net unrelated business taxable income from Form 990-T, Part I, line 11 . . . . .		<b>7b</b> 0	
	<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .		Prior Year 156,348,548 Current Year 151,125,472
		<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .		26,979,591,079 28,407,328,457
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .		3,050,908,231 3,646,529,808		
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .		24,662,724 23,414,301		
<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .		30,211,510,582 32,228,398,038		
<b>Expenses</b>		<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . . . .		226,800,353 191,931,475
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .		0 0	
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) . . . . .		10,382,377,093 12,565,157,183	
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .		0 0	
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 0			
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .		16,499,507,373 16,054,774,377	
<b>18</b> Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25) . . . . .		27,108,684,819 28,811,863,035		
<b>19</b> Revenue less expenses. Subtract line 18 from line 12 . . . . .		3,102,825,763 3,416,535,003		
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16) . . . . .		Beginning of Current Year 56,349,630,157 End of Year 70,705,925,309	
	<b>21</b> Total liabilities (Part X, line 26) . . . . .		25,041,404,826 28,296,983,564	
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20 . . . . .		31,308,225,331 42,408,941,745	
<b>Part II Signature Block</b>				
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.				
<b>Sign Here</b>	Signature of officer MICHAEL P WALTON Chief Tax Officer		Date 2022-10-27	
	Type or print name and title			
<b>Paid Preparer Use Only</b>	Print/Type preparer's name Firm's name ▶ PricewaterhouseCoopers LLP	Preparer's signature	Date 2022-10-23	
	Firm's address ▶ 2001 MARKET ST SUITE 1800 PHILADELPHIA, PA 19103		Check <input type="checkbox"/> if self-employed Firm's EIN ▶ PTIN P00438748 Phone no. (267) 330-3000	

Center and the Maui Health System, the reality is that the 2021 Form 990 shows that Kaiser Foundation Hospital corporation of Oakland, California, booked \$26.9 billion in "Program service revenue" and \$28.4 billion in 2021. That doesn't exactly fit my definition of a "negative Margin".

To the contrary, the existing tax policy taxes healthcare professionals out of business and allows Hawaii funds to be expropriated out of the state and nation.

The 2020 investment income line 10 shows over \$3 billion in revenue in 2020 and \$3.6 billion (up over \$600,000,000 in “investment income” during COVID). The same returns state that the corporation had total assets rise from \$56.3 Billion to \$70.7 billion between Jan 1, 2020 and Dec 31, 2021.

My congratulations to Kaiser Foundation Hospital on their stellar financial performance during the worst pandemic in over 100 years. In California, the pandemic killed over 10,000 elderly in state’s nursing homes while it orphaned hundreds of Hawaii’s keiki and left Hawaii’s healthcare workers, educators, and kupuna suffering from COVID-19 or, worse, dead from the disease.

All this misery while the Hawaii Department of Taxation charged General Excise Taxes on any COVID-19 sufferer who happened to be treated by a private healthcare worker. Your existing bill currently continues to tax those victims of COVID seeking private specialty care and the Maui fire disaster victims seeking mental health support from psychologists in Hawaii.

In reviewing Kaiser Foundation Hospital’s Form 990 for 2021, Schedule F declares that the corporation placed \$10,690,690,000 in “investments” “outside the United States”, including \$8,641,611,000 placed in “Central America and the Caribbean”, \$1,613,275,000 in “Europe (including Iceland and Greenland), and \$1,081,000 in “Sub-Saharan Africa”. While I appreciate the importance of international collaboration, investment, and global finance; your committee

SCHEDULE F (Form 990)		Statement of Activities Outside the United States			OMB No. 1545-0047
Department of the Treasury Internal Revenue Service		▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16. ▶ Attach to Form 990. ▶ Go to <a href="http://www.irs.gov/Form990">www.irs.gov/Form990</a> for instructions and the latest information.			<b>2021</b> Open to Public Inspection
Name of the organization KAISER FOUNDATION HOSPITALS				Employer identification number 94-1105628	
<b>Part I</b> General Information on Activities Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.					
<b>1</b> For grantmakers. Does the organization maintain records to substantiate the amount of its grants or other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? <span style="float: right;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</span>					
<b>2</b> For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.					
<b>3</b> Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)					
(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in the region	(d) Activities conducted in region (by type) (such as, fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in the region	(f) Total expenditures for and investments in the region
(1) South America			Investments		94,374,000
(2) East Asia and the Pacific			Investments		274,383,000
(3) Europe (Including Iceland and Greenland)			Investments		1,613,275,000
(4) Middle East and North Africa			Investments		21,642,000
(5) North America			Investments		43,413,000
(6) South Asia			Investments		911,000
(7) Sub-Saharan Africa			Investments		1,081,000
(8) Central America and the Caribbean			Investments		8,641,611,000
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3a</b> Sub-total . . . . .					10,690,690,000
<b>b</b> Total from continuation sheets to Part I . . . . .					
<b>c</b> Totals (add lines 3a and 3b)					10,690,690,000

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Cat. No. 50082W Schedule F (Form 990) 2021

needs to identify if or how much of these funds were actually returned to the State of Hawaii and, specifically, Maui County during COVID.

In the Kaiser Foundation Hospitals of Oakland, California Form 990 for 2022 calendar year, the corporation posts "Total income" of \$383,706,243 from Maui Health System.

SCHEDULE R (Form 990)		Related Organizations and Unrelated Partnerships		OMB No. 1545-0047	
Department of the Treasury Internal Revenue Service		<p>▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.</p> <p>▶ Attach to Form 990.</p> <p>▶ Go to <a href="http://www.irs.gov/Form990">www.irs.gov/Form990</a> for instructions and the latest information.</p>		<p><b>2021</b></p> <p>Open to Public Inspection</p>	
Name of the organization KAISER FOUNDATION HOSPITALS				Employer identification number 94-1105628	
<b>Part I Identification of Disregarded Entities.</b> Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MAUI HEALTH SYSTEM A KAISER FOUNDATION ONE KAISER PLAZA - 26TH FLOOR OAKLAND, CA 94612 81-1559375	HEALTH CARE	HI	383,706,243	238,816,821	KFH
(2) KAISER PERMANENTE VENTURES LLC SERIES A ONE KAISER PLAZA - 26TH FLOOR OAKLAND, CA 94612 27-2252521	INVESTMENT	DE	8,313,894	97,970,269	KFH
(3) KAISER PERMANENTE VENTURES LLC SERIES C ONE KAISER PLAZA - 26TH FLOOR OAKLAND, CA 94612 47-2924619	INVESTMENT	DE	-1,532,305	42,002,069	KFH
(4) KAISER PERMANENTE VENTURES LLC SERIES E ONE KAISER PLAZA - 26TH FLOOR OAKLAND, CA 94612 84-2190194	INVESTMENT	DE	0	47,076,748	KFH
(5) MAUI NUI ASC LLC ONE KAISER PLAZA - 26TH FLOOR OAKLAND, CA 94612	HEALTH CARE	HI	0	0	ASC HOLDCO

The 2022 form 990 Schedule F states that Kaiser Foundation Hospitals placed \$11,152,044,000 in foreign "Investments" outside of the United States. This included another \$1,468,000 in "Russian and the Newly Independent States", "\$8,276,911,000 in "Central America and the Caribbean", and "\$2,183,333,000 in Europe (including Iceland and Greenland).

With these IRS Form 990 documents that are "open to public inspection" in mind, does your committee really expect the licensed providers of care in Hawaii to extract General Excise Taxes from citizens of Hawaii?

SCHEDULE F (Form 990)		Statement of Activities Outside the United States				OMB No. 1545-0047	
Department of the Treasury Internal Revenue Service		<p>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.</p> <p>▶ Attach to Form 990.</p> <p>▶ Go to <a href="http://www.irs.gov/Form990">www.irs.gov/Form990</a> for instructions and the latest information.</p>				<p><b>2022</b></p> <p>Open to Public Inspection</p>	
Name of the organization KAISER FOUNDATION HOSPITALS				Employer identification number 94-1105628			
<b>Part I General Information on Activities Outside the United States.</b> Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.							
<p>1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants or other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.</p> <p>3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)</p>							
(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in the region	(d) Activities conducted in region (by type) (such as, fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in the region	(f) Total expenditures for and investments in the region		
(1) South America			Investments		52,807,000		
(2) East Asia and the Pacific			Investments		410,104,000		
(3) Europe (Including Iceland and Greenland)			Investments		2,183,333,000		
(4) Russia and the Newly Independent States			Investments		1,468,000		
(5) Middle East and North Africa			Investments		126,431,000		
(6) North America			Investments		99,526,000		
(7) South Asia			Investments		56,000		
(8) Sub-Saharan Africa			Investments		1,408,000		
(9) Central America and the Caribbean			Investments		8,276,911,000		
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
3a Sub-total . . . . .					11,152,044,000		
b Total from continuation sheets to Part I . . . . .							
c Totals (add lines 3a and 3b)					11,152,044,000		

This letter formally requests that your Committee on Finance review of all appropriations made since 2015 to the “Maui Health System” and demands audits for the Maui Health System Kaiser Foundation Hospital, LLC; Maui Memorial Medical Center; and other directly affiliated, licensed health facilities and corporations. Your committee needs to employ forensic accountants to audit and to identify how much of the income booked by Kaiser Foundation Hospitals of Oakland, California, came from Maui and the state of Hawaii since the inception of the Maui Health System, and how much returned from California as “investment” or “expenses” in Maui and Hawaii.

Moreover, these funds were “investments” sent outside the United States during the COVID pandemic while healthcare providers were infected and dead from the pandemic. I find it preposterous to accept that a corporation is either “non-profit” or “having negative margins” when the exact same corporation is sending over \$28 Billion in “Investments” outside the United States over a three year time period.

Furthermore, it appears false to claim that taxation on such a “non-profit” should be exempt from “county surcharges”. I am informed but can not substantiate that Maui Memorial Medical Center benefits from a \$1 per year lease for all facilities. Is this true?

The State of Hawaii, the Governor’s office, the House and Senate Finance Committee need to receive a forensic accounting audit report with a full explanation of these “investments” outside the United States from and by contracted health facilities and health “plans”.

Had State of Hawaii and County of Maui received these large “Investments” between 2020 and 2022 (instead of Kaiser placing \$23,000,000,000 in “Central America and the Caribbean”), the Lahaina ByPass could have been easily extended with scores of Kuhua village and Lahaina people not dying in the fire.

More importantly, the State of Hawaii and County of Maui could have financed health facilities and health professional hiring to remedy the known Health Professional Shortage Areas in Hawaii.

Your committee needs to audit these books and evaluate legislation to withdraw “Non-Profit” status from corporations who decouple Maui County and State of Hawaii health care funds from the people and citizens of Hawaii. Instead of leveling the General Excise Tax on the elderly kupuna in nursing homes, the expecting mothers looking for a safe delivery of their newborn, the parents of children with disabilities, born premature, or kids with chronic conditions, maybe your committee might consider lifting “non-profit” status on a company that is booking income of \$350 million a year from Maui’s hospital alone?

How different would the economy of Hawaii and of Maui be in 2024 if “county surcharges” and “emergency” “COVID” related funding could have been more appropriately managed by the House and Senate Finance Committees in 2020 to 2022?

How different could the lives have been for 10,000 Lahaina citizens and the \$5 billion in damages from West Maui's disaster zone have been, if the State of Hawaii audited the books of the Maui Memorial Hospital, Maui Health System Kaiser Foundation Hospital, LLC, and Kaiser Foundation Hospital corporation in Oakland, California, to explain these IRS publicly available returns?

Maui County and State of Hawaii could and would have built additional fire stations, backup water pressure systems, improved the HECO electrical grid/lines, and built the necessary fire breaks on State of Hawaii and Kamehameha Schools land in Lahaina to avoid the \$5 billion in damage.

The people of West Maui who are victimized by the August 2023 fire need a refund of their GET payments now. The General Excise Tax on the people of Hawaii needs immediate repeal. And, the People of Hawaii served by our legislature needs to have a full accounting of the funds that left Maui and the State of Hawaii between 2015 to present in these "non-profit" corporations. If non-compliance exists, the state of Hawaii and the County of Maui are owed an explanation.

Sincerely and with Aloha,  
Dr.Kenneth H.Hayashida, Jr.,MD

Retired, Board-Certified Pediatrician  
Former member of Maui County Medical Association & Maui Medical Center staff (2010)  
Hawaii Physicians License MD-15565  
California Physicians License #A056162  
Former Adjunct Faculty, Health Technology Engineering, Keck School of Medicine of USC and  
Viterbi School of Engineering at the University of Southern California  
Chairman of the Board, Keiro Pacifica Community Advisory Board  
Member of the Scientific Committee, University of Hawaii Maui Wildfire Exposure Study  
Member of Hawaii Health CARES Hui  
Co-founder Community Advisory Board on Health Equity



**HB-1675-HD-1**

Submitted on: 2/27/2024 12:12:46 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Bradford Lee	Individual	Comments	Written Testimony Only

Comments:

I am a physician (ophthalmologist/oculoplastic surgeon) and solo MD practice owner.

Health care GET should be waived for all individual physicians, ARNPs, and health care practitioners in Hawaii. I am not sure why this only applies to PCPs.

The cost of living is extremely expensive in Hawaii, we are short of physicians due to cost of living and lower reimbursements, and the GET only compounds the financial burden of obtaining and providing health care for patients and providers in solo practice and small groups.

For patients, it adds to their total out of pocket costs, and their health care consists of their PCP bills and also their specialist and other health care provider bills! Why only waive the GET on primary care?

For providers, charging patients the GET of ~4.7% adds cost to our practice expenses since credit card processing fees are typically 3% or more nowadays, it adds extra complexity for our billers, limits the types of EMR billing software we can use as Hawaii providers, and adds extra accounting fees for paying the monthly GET.

Many of us are UNABLE TO USE AN INTEGRATED EMR with PRACTICE MANAGEMENT SOFTWARE because of the billing complexity of having a state GET tax. Mainland billing companies won't work with Hawaii practices because it is too complicated. My medical practice uses NexTech for our EMR but we could not use their amazing suite of practice management software for billing because of the complexity of the Hawaii GET. Instead we had to use a locally created practice management software called Akamai PM because this was designed to address Hawaii's GET tax! As a result, we have a disjointed system, extra time inputting data and correcting our disjointed unintegrated system, and it makes us inefficient and our options limited to be anticompetitive among practice management systems that work with Hawaii's healthcare GET.

Please realize how the GET on healthcare is terrible for Hawaii patients and physicians and makes docs and other providers not want to move here!

There are smarter waive to raise tax revenues rather than penalizing patients and providers who are seeking and providing healthcare. Tax alcohol, cigarettes, vaping products, fast food, soda,

guns, drunk drivers, medical marijuana, and all the things that are detrimental to health in Hawaii! This will make the population healthier instead of deterring patients from seeking care and providers from providing care in Hawaii!

**HB-1675-HD-1**

Submitted on: 2/27/2024 12:22:28 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Matthew Dykema	Joyful Living, LLC	Support	Written Testimony Only

Comments:

Dear Chairman and Members of the House Finance Committee:

Thank you for hearing HB 1675 providing for a GET exemption for primary care. As part of the Hawaii Physician Shortage Taskforce, as a primary care provider myself, as a health clinic manager, and as a citizen with my own health concerns, we as a community have been waiting for four years to have the opportunity to discuss the GET taxation of healthcare with your House Finance committee. I am unclear why prior bills were not allowed to be heard in your committee, to at least be discussed or the details of such worked out, but I am grateful that you are now considering HB 1675. In the prior years I have emailed and had conversations with Representatives, discussed my concerns with my local Mayor on the Island of Hawaii and pleaded with those I could, that something must be done. I am happy to elaborate on any details of the matter, but to be honest I am tired of seemingly waisting words and thoughts to be eliquent. Therefore to the point:

-Continuing to tax healthcare in the state of Hawaii is anti-progressive and negatively effects the access to quality healthcare and the health and wellbeing of the constituents you are charged with representing and as a government protecting.

-Taxing healthcare is a net revenue loss, as it is one of the factors driving primary care clinicians and high quality innovative healthcare solutions to leave the state, and along with them, the taxable revenue and jobs that they create.

-Applying GET to the Quest, Medicare and Tricare patients is unconscionable. It is against federal law to pass the tax on to the patient/consumer, despite the Hawaii state tax website previously suggesting that this was acceptable. The physician/clinic ends up paying the consumer's tax, and thus creates even smaller margins for fiscal sustainability.

-Hospitals are already exempt from the GET, although they would likely represent a much larger portion of state revenue should they be taxed in place of private physicians and health clinics as their cost have only continued to be inflated and increased over the last several years. If we are trying to be fiscally responsible it makes sense to alleviate the financial burden of primary care physicians, who are most able to prevent patients from requiring hospitalizations in the first place and therefore save of millions of dollars in high cost hospital stays and procedures.

-If you want to continue to have access to healthcare and specifically private-sector primary care for you, your family, and your constituents, you must assist in removing the oppressive GE Tax that is currently in place, and work on other measures to make it financially sustainable to practice medicine in the state of Hawaii.

- The "paradise tax" is literally driving physicians and clinicians to leave the state and go elsewhere. Even those with family ties and roots to the state and those with much invested to stay. It is simply becoming no longer viable for many to practice as a primary care clinicians in Hawaii. Access to healthcare in many parts of the state is severely limited and increased morbidity and mortality has been the consequence. Reduction in the work force and prolonged disability is a reality that many have faced due to the lack of access to quality primary care.

Thank you for your consideration of this bill. I hope that you will take the necessary steps to move forward with it and with other reforms that are needed to help correct our failing healthcare system in our state. We have the opportunity to lead the nation forward in many arenas and healthcare is an opportunity for amazing growth, innovation and reform. Otherwise Hawaii Healthcare will continue to lead the nation in being the worst according to many polls and data analytics. Thank you for your service to the people of Hawaii and the constituents you represent. May Akua bless and keep you and direct your steps and conversations as you have a challenging road to navigate ahead.

Mahalo Nui Loa

Dr. Matthew Dykema

Hilo, HI

**HB-1675-HD-1**

Submitted on: 2/27/2024 1:32:44 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Esther Smith, MD	West Hawaii Independent Physicians IPA	Support	In Person

Comments:

Dear Chairman and Members of the House Finance Committee.

This year 70% of primary care doctors Hawai'i did not see their Medicaid reimbursement increased to Medicare levels. These providers paid through Payment Transformation instead saw an increase that barely covered the last few years of inflation. Our representatives and senators need to understand that the majority of primary care providers did not see what was promised in last year's session.

Our independent clinics also are not eligible for student loan repayment unless we have structured our clinics as non-profit organizations. Non-profit health organizations and hospitals like HMSA, Queen's and Kaiser can include loan repayment in their contracts and they are not subject to GE taxes. They are also the recipients of billions of dollars in contracts and grants from the state.

Removing the GE tax from primary care providers in private practice seems like such a small thing compared to these numbers, but it is significant. GE taxes gross income and healthcare has extremely high overhead. It is estimated that overhead is usually around 60%, my apologies for my personal example but in my own practice one year it was 86%. Therefore, I paid more than 30% of what would have been my take home pay as GE Tax in addition to the usual tax obligations. For the privilege of providing healthcare, in a private practice setting, serving mostly Medicaid and Medicare patients: I may have paid the highest tax rate in the state. My story is not unique, and this counterproductive tax structure is one reason Hawai'i has been ranked the worst state for doctors to practice medicine by WalletHub for years.

**HB-1675-HD-1**

Submitted on: 2/27/2024 6:13:14 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Marsha Lowery ND	Individual	Support	Written Testimony Only

Comments:

I am a licensed Naturopathic Physician, and I have been in private practice for over 12 years on Maui as a primary-care provider. Please make sure the bill includes all physicians including NDs, as there are many of us providing primary-care.

**HB-1675-HD-1**

Submitted on: 2/27/2024 7:06:19 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Joey Kohatsu	Individual	Support	Written Testimony Only

Comments:

I am in **STRONG SUPPORT of HB 1675.**

The healthcare provider shortage in Hawaii is worsening over time. The greatest area of need is in primary care. Access to primary care is an issue across our State but especially on the Neighbor Islands.

Independent (private) practices continue to deliver services to a significant portion of our community. Those in independent (private) practice are asked to pay the state 4% GET plus county surcharge.

Medical services rendered at a "non-profit" hospital based system are already exempt from the GET. There is also precedent where other industries have been afforded an industry specific GET exemption (example: aircraft maintenance and leasing).

A GET exemption would be a welcome lift for the independent practices in our State to combat ever increasing overhead costs and low reimbursement rates. I am hopeful that this legislation would be another key step in addressing the provider shortage in our community.

Thank you for this opportunity to submit written testimony in **STRONG SUPPORT of HB 1675.**

Joey Y. Kohatsu, M.D.

Primary Care Physician- Internal Medicine and Geriatric Medicine

Solo private practice

Honolulu, Hawaii

**HB-1675-HD-1**

Submitted on: 2/27/2024 7:27:12 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT.

MAHALO.



**HB-1675-HD-1**

Submitted on: 2/27/2024 7:55:07 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Edward Gutteling, M.D.	Individual	Support	Written Testimony Only

Comments:

Dear House FIN Committee Members:

1. Thank you for finally agreeing to hear this GET physician and medical provider exemption bill for the Federally funded medical insurance programs, after 3 years of not doing so, and after unanimous passage in every other Senate and House Committee for the last 3 years.
2. As you know, the GET on such Federal programs is **economically crippling** to the rapidly declining medical service delivery in Hawaii, as indicated by the fact that **ALL our (exempt) hospitals would ALL go bankrupt if required to pay it**, as private practices (NOT exempt) are currently burdened.
3. Exempting private practice **primary care** from the GET is **necessary but insufficient..... ALL medical providers are devastated and crippled by this unethical and legally perilous tax**. The Federal government reimburses ALL medical provers as payment in full for the medical services they provide to our most under-served (and lowest paying) half of our community. That includes mental health, dentistry, ALL medical specialties as well. It is unethical for the state of Hawaii to confiscate 4.7% of that, and so deny those resources to the care they were intended by the Federal programs. It is also legally perilous.
4. **Please AMEND this act to include ALL medical providers and physicians who are compensated by the Federal programs, as is the intent of the Federal government, not just “primary care”**

*yours sincerely, with warmest aloha, Edward Gutteling, MD, FAAOS*

**HB-1675-HD-1**

Submitted on: 2/27/2024 8:55:08 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Katsuya Iizuka	Individual	Support	Written Testimony Only

Comments:

It is obvious that we (Hawaii) is having difficulty recruiting/retaining primary care physicians. The biggest reason is cost of living. This would be one hurdle that would make it easier to recruit and retain primary care physicians.

Most PCP's are already full and have closed their panel. Or are retiring in the near future. This will make it even harder for patients to find a PCP. I don't think I need to argue how important it is for every individual to have a trusting PCP for their physical and emotional well being. It affects everything. (work, family, etc).

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:03:05 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Joy Kaaz	Individual	Support	Written Testimony Only

Comments:

We are writing in support HB1675 as a first step in getting rid of GET for ALL medical services. Requiring Healthcare Providers (HCPs) to pay GET for medical services rendered, limits care and health equity. In addition forcing HCPs to pay the GET encourages providers to limit their medical practices, and to stop provide care to those on Medicare, Medicaid and Tricare, and even move their practices to the mainland, further increasing what is already a severe shortage of HCPs. This lack of access to medical care results in delayed care which leads to poor outcomes including needless disability and death and ultimately increased medical costs to the state. We need to encourage more providers to provide care in Hawai'i, not less.

Thank you for your consideration.

Sincerely,

Joy and Rob Kaaz  
Full time Maui residents

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:11:34 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Hazel Abinsay	Individual	Support	Written Testimony Only

Comments:

Aloha,

I am Dr. Hazel Abinsay, a pediatrician in private practice serving the underserved communities of Kalihi and Ewa Beach. I am writing this testimony in **SUPPORT** of HB1675 HD1. Our practice is committed to these locations because we believe in providing quality care to our local underserved populations. However, we face challenges due to the majority of our patients being covered by Medicaid Quest insurance, which offers lower reimbursement rates compared to private insurances. Additionally, we are unable to pass on the General Excise Tax (GE Tax) to our Medicaid patients, unlike our private insurance patients.

Removing the GE Tax would significantly benefit our practice in several ways. Firstly, it would enable us to hire and retain young physicians by offering competitive salaries, thereby preventing the loss of valuable talent to the mainland. Secondly, it would allow us to invest in new technology, enhancing the quality of care we provide to our patients. Lastly, removing the GE Tax would enable us to offer higher, competitive pay to medical assistants, addressing the current shortage of skilled professionals in this field.

If you share our commitment to the well-being of Hawaii's children and the future of our state, I urge you to support local private practice physicians by passing HB1675 HD1. This would allow us to focus on providing excellent medical care without the financial burdens faced by small businesses in Hawaii.

Mahalo for your time and consideration.

Sincerely,

Hazel Abinsay, MD

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:52:47 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Arcelita Imasa	Individual	Support	Written Testimony Only

Comments:

Please pass this bill.

As a primary care physician, this action will help us providers in the community.

Thank you,

ArcelitaImasa, MD

**HB-1675-HD-1**

Submitted on: 2/27/2024 1:16:13 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Joe Schneckenburger	Individual	Support	Written Testimony Only

Comments:

I support this bill. How could anyone be against it? With little effort you could make Hawaii healthcare 4.7% more affordable! Vote yes.

February 27, 2024

Aloha Legislators ,

As a kupuna and resident of Waimea on Hawai'i Island I support this HB 1675 HD 1 as one critical measure to make healthcare services more accessible, especially for Neighbor Islanders. While we need providers of all sorts on Neighbor islands, including specialists, an exemption for primary care providers is a good start. The costs of running a medical practice on the Neighbor Islands is high and we regularly lose providers who cannot make it work financially and move away.

I know you have heard the stories, but here is one re: the shortage of primary care docs and NP's on Hawai'i Island:

*A 70-year old friend of mine, a resident of Pa'auilo, was traveling recently when she passed out in a California airport bathroom. She was hospitalized in California with a septic infection. She returned home after discharge in need of follow-up care, but found her PCP (primary care doc) had moved away from Hawai'i Island. Because phone calls to other doctors went either unanswered or they were not accepting new patients, a friend took her driving around the island, showing up in person at doctors' offices until they were finally able to get an appointment. Eventually she found a NP and physician team to provide her with follow-up care, and she is recovering well; however, it was a scary and upsetting process.*

Please pass this bill!

Mahalo,

Doris Segal Matsunaga  
Waimea, Hawai'i

**HB-1675-HD-1**

Submitted on: 2/27/2024 2:46:38 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dede Heiman	Individual	Support	Written Testimony Only

Comments:

I support this bill which exempts medical services provided by licensed physicians and advanced practice registered nurses acting in the capacity of primary care providers from the general excise tax.



To: Hawaii State House Committee on Finance  
Hearing Date/Time: Wednesday February 28, 2024, 10:00am  
Place: Hawaii State Capitol, CR 308 & Videoconference  
Re: Judith Ann Armstrong supports HB1675 Relating to the General Excise Tax

Dear Chair Rep. Kyle T. Yamashita, Vice Chair Rep Lisa Kitagawa and members of the Committee on Finance

I, Judith Ann Armstrong, support HB1675 Relating to the General Excise Tax

As you well know, there is a significant and growing health care shortage on Hawaii's Neighbor Islands (NI), where 30% of the state's population lives. Hawai'i County is down 187 full-time physicians (40%) Maui County is short 158 full-time physicians (40%). A 2021 analysis found Hawai'i County had the third highest shortage of primary health care professionals in the nation. And Kauai had a 33% shortage of physicians as of December 2020, a problem that worsened post-pandemic. A 2022 report found 75% of Hawai'i rural hospitals were at risk of closing, the highest of any state (1) to (5). As mainly rural communities, NI residents regularly drive long distances for routine care, often must find specialty care on O'ahu or out of state, and are dependent upon air ambulance for transport to Honolulu hospitals for major emergency events (6). Since the cost of all goods and services are higher on NI's, medical providers say the cost of doing business is so high they are closing NI practices & moving to O'ahu or out of state.

As a result, NI residents often experience delayed care leading to health complications, and even loss of life. It is common to hear of NI residents (with medical insurance) who are unable to find a primary care doc who is "accepting new patients"; have long waits for appointments; have long delays to see a specialist who flies in only once a month to see patients, and/or pay out of pocket to fly to Honolulu for specialty care (See Patient Stories). NI residents pay more for health insurance than O'ahu residents because health insurers put us in single island risk pools, rather than combining all Hawaii residents into one risk pool. All residents of Hawai'i pay for these NI difficulties and delays in finding medical care. The higher costs of emergency care, medical complications and morbidity increases costs to the entire health care system. Insurers then raise medical premiums, and this cost is passed on to employers and consumers.

This is a complex problem which will require multiple solutions. While our team preferred more comprehensive versions of this bill that have not progressed (those that would have exempted a wider range of services, including medical, dental and specialty care), this bill will make a critical start towards improved access to health care services.

#### Patient and Provider Stories:

Person 1: A 70 year old Hawaii Island resident passed out in a California airport bathroom and was hospitalized with a septic infection. She returned home to Pa'auilo Mauka after discharge in need of follow-up care but found her PCP had moved away from Hawaii Island. Because phone calls to other doctors went either unanswered or they were not accepting new patients, a friend took her driving around the island, showing up in person at doctors' offices until they were able to get appointments and eventually find a NP and physician team to provide her care.

Person 2: A couple in their late 60s moved from O'ahu to Waimea on Hawaii Island 2 years ago. They were surprised to find that their Kaiser Medicare Advantage plan doubled in cost for less coverage once they moved to Hawaii Island.

Person 3: A young couple on Kauai had a baby on island. He was born healthy except his head was misshapen. There was no doctor on Kauai who could help with this problem. Their pediatrician referred them to a doctor on O'ahu. Their insurance would cover the doctor visits but not any of the travel to and from or overnights on Oahu. The treatment would take at least 6-8 months, an expensive "helmet" and regular visits with the doctor to adjust the helmet frequently enough to reshape the baby's head. They did not have the money for a trip every month. Each trip would require flights, taking off work or an overnight on Oahu to avoid taking off work. Timing was critical because you want to start the treatment very soon before the reshaping is more difficult. This couple fundraised with family and online and was able to do this but not without a lot of stress and financial burden.

Provider 4: The only ophthalmologist on the island A was forced into bankruptcy despite a busy patient schedule. To address this, she worked out an arrangement to be on call with the 3 major hospitals on island. The result is she is seeing patients during the day and driving long distances at night every night to see emergency patients. This is not sustainable for this individual and the island may soon lose its only eye specialist.

Mahalo for your time and attention to this important issue!

References:

(1) <https://nursingeducation.org/blog/counties-with-the-biggest-primary-health-care-worker-shortages/>

(2) [https://www.hawaii.edu/govrel/docs/reports/2022/act18-sslh2009\\_2022\\_physician-workforce\\_annual-report\\_508.pdf](https://www.hawaii.edu/govrel/docs/reports/2022/act18-sslh2009_2022_physician-workforce_annual-report_508.pdf)

(3) <https://bigislandnow.com/2022/11/17/kauai-doctor-shortage-includes-most-specialities-forcing-residents-to-fly-to-oahu/>

(4) <https://www.civilbeat.org/2022/11/hawaii-island-is-getting-new-federal-funds-to-tackle-health-care-shortages-is-it-enough/>

(5) Hawaii County Council, testimony of retired Hilo OB-GYN John Uohara, West Hawaii Today.9.10.23

(6) <https://www.civilbeat.org/2023/06/hawaiis-struggle-to-provide-health-care-for-rural-islands-nearly-turned-tragic-for-this-expectant-mom/>

(7) <https://www.hawaiitribune-herald.com/2023/05/04/hawaii-news/budget-includes-funds-to-boost-medicaid-reimbursement-rates/>

Thank you for this opportunity to testify in support of HB1675.

Sincerely,

Judith Ann Armstrong

**HB-1675-HD-1**

Submitted on: 2/27/2024 5:46:17 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dr Marion Ceruti	Individual	Support	Written Testimony Only

Comments:

I support this bill because it is a good start. However, it does not go far enough and the legislature should not quit until all medical services, such as specialists, are exempt from general excise tax. Some of us who have disabilities must see a specialist on a regular basis. Why should these services be taxed and primary care be tax free? What sense does this make.

Again, HB 1675 HD1 is a good bill, but please, kokua, extend this for all health-care providers, including specialists.

**HB-1675-HD-1**

Submitted on: 2/27/2024 7:52:21 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Myrna Caro	Individual	Support	Written Testimony Only

Comments:

please exempt medical services including CCFFH and care homes from GE Tax.

**HB-1675-HD-1**

Submitted on: 2/27/2024 8:24:50 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

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

Comments:

I am in full support of this HB 1675. And would you please include the Primary Caregivers of the COMMUNITY CARE FOSTER FAMILY HOMES in the proposal of the HB1675. I believe we deserve to be exempt from the GETax . Because of the low reimbursement from the Health Plans in caring for the needy citizens in our residential homes. And also we need to be exempt due to the high costs of living.

Thank you for letting me submit my testimony .

**HB-1675-HD-1**

Submitted on: 2/27/2024 8:40:56 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Alice Abellanida	Individual	Support	Written Testimony Only

Comments:

I support this bill. Exempt primary care providers from GET tax.

**HB-1675-HD-1**

Submitted on: 2/27/2024 8:57:27 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
rufelia s tomas	CCFFH	Support	Written Testimony Only

Comments:

I support this bill because we are only small businesses and our payment is small comparing to the hospitals who receives bigger reimbursements.

We provide care to majority of Medicaid recipients and payment is small.

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:11:04 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Leimomi Khan	Individual	Support	Written Testimony Only

Comments:

Support this legislation. Hawaii has a physician shortage. It is only one of two states to impose a GE tax on the sale of medical services by individual private practice or group private practice physicians. Thi legislation should help in the recruitment of physicians. Please also assure that this legislation includes dentists for which there is also a shortage.



**HB-1675-HD-1**

Submitted on: 2/27/2024 9:21:12 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
William K. Chang	Individual	Support	Written Testimony Only

Comments:

I support HB 1675

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:37:47 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Rueda Ramos	CCFFH (Community Care Foster Family Home)	Support	Written Testimony Only

Comments:

As one of the CCFFH owners/operators, I highly support the GE tax to be exempted/reduced for this particular HB! The current percentage rate we are being assessed is ridiculously outrageous and unfair considering we are only being paid way below minimum wage per hour as to speak (\$49.16 per day or approximately \$2.05 per hour). Your consideration in to this matter would be greatly appreciated, in favor of GE Tax exemption/reduction.

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:50:17 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kathleen Kearns	Individual	Support	Written Testimony Only

Comments:

As a family physician on Maui, I strongly support a GET exemption for healthcare providers who care for patients funded by Medicare, Medicaid and Tricare. This tax creates a significant burden on small private practices, and it is not ethical to pass the tax along to patients.

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:54:51 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Grace Jadulang	Individual	Support	Written Testimony Only

Comments:

I support HB 1675, foster care home operators payments very low compare to other facilities, substitute caregivers ask higher pay than what we get paid from Medicaid, cost of living is very high in Hawaii. I would like to ask all lawmakers to support us to remove GE Tax from medical services.

**HB-1675-HD-1**

Submitted on: 2/27/2024 9:58:29 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Glenn Head	Individual	Support	Written Testimony Only

Comments:

I understand Hawaii is facing a shortage of tax money. Please don't put the burden on our sick and elderly. Eliminate all taxes on medical services and medical supplies.

**HB-1675-HD-1**

Submitted on: 2/27/2024 10:19:39 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jocelyn Rosabia	BIAFHO	Support	Written Testimony Only

Comments:

I support HB1675. Please Add primary caregivers of CCFFH and Care Home for the GETax exemptions. Thank you.

**HB-1675-HD-1**

Submitted on: 2/27/2024 10:38:27 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jodi Liu	Individual	Support	Written Testimony Only

Comments:

Representative Kyle Yamashita and The House Finance Committee,  
Please vote YES on HB 1675. Hawaii is in desperate need of good doctors. There is such a shortage due to the high cost of living, soaring rent/lease costs for office space, high taxes, etc.. We need to alleviate the pressure on those that want to practice medicine but feel they cannot due to the exorbitant cost of living and practicing medicine here. This bill would help to alleviate some of that stress and cost and hopefully encourage many of our good doctors to stay on island or attract others to come here. It's a scary thing when there is a major shortage of medical help and good doctors, especially living on a little island in the middle of the sea where we can't just drive across state to see another doctor.  
Thank you so much for doing the right thing for the people of Hawaii and protecting our health and safety by voting for this bill.

Aloha,

Jodi Liu

Mililani Mauka, Hawaii

**HB-1675-HD-1**

Submitted on: 2/27/2024 10:47:06 PM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Justin Miller	CBT Gym	Comments	Written Testimony Only

Comments:

Aloha

I am writing regarding Bill 1675

Please reconsider the writing of this bill to include mental health providers (Licensed Mental Health Counselors, Licensed Marriage and Family Therapists, Clinical Social Workers and Psychologists) as the bill originally did.

As a private practice owner of a counseling service I was disappointed to learn that the bill had been modified to only include MDs and APRNs.

The current reality is that Mental Health Professionals are incentivized to see patients in other states as these services will then not be subject to GET. Doing the same work for less money to support our very own state's citizen's doesn't make sense and is a contributor to practitioner burn out.

Many mental health practitioners are leaving the state and we are then left with even less providers for overwhelming demand.

More clinicians are choosing to opt out of Medquest entirely as the reimbursement rates are already very low and subjecting these services to GET hurts providers AND hurts patients as patients have increasingly less providers to provide care for them.

Not having timely access to mental health services due to lack of providers contributes to far greater financial and societal costs later.

Please I urge you to reconsider amending the bill to include all mental health professionals.

Kind regards,

Justin Miller, LMHC  
CBT Gym



**HB-1675-HD-1**

Submitted on: 2/28/2024 6:54:28 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
sherill andres	Individual	Support	Written Testimony Only

Comments:

Add CCFFH and carehome GE for tax exceptions

**HB-1675-HD-1**

Submitted on: 2/28/2024 7:02:04 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
MARFE RETUNDO	CCFFH	Support	Written Testimony Only

Comments:

Aloha,

As one of a CCFFH in big island, a small business is Hawaii. I would like to include CCFFH and EARCH on this bill. Thank you for reading my testimony.

Mahalo,

Marfe Retundo

**HB-1675-HD-1**

Submitted on: 2/28/2024 8:31:30 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Laeton J Pang, MD, MPH, FACR, FACRO, FACCC, FASTRO	Individual	Support	Written Testimony Only

Comments:

As a physician practicing for 30 years in Hawai'i, I am writing to urge you to vote to eliminate medical services from the excise tax. This exemption would alleviate the burden on lower income families and allow people to have better access to care.

It appears that the state's premise of the GET tax is a levy on medical and dental services like other "services" in the state with the department of taxation advising that the "merchant" in this case providers are responsible for paying and pass on to the consumer. This may be reasonable for routine care, but in many cases the consumer is an unfortunate patient with debilitating or life threatening disease, who is already being saddled with a myriad of other stressors due to their illness. In these cases, state tax policy is misguided at best; and in my opinion, morally bankrupt, indefensible, and unconscionable at worst.

In addition, the premise is patently illegal, places the provider in jeopardy with federal law, threatens patient care, access, quality of care, is shrinking the tax base, and may invite federal inquiry on state tax policy as the reality and end result is that the provider ends up paying for the tax out of pocket for Medicare, Medicaid, and Tricare patients, resulting in a further buzz cut of around 15% (not 4.712%) on top of already low reimbursement.

Providers particularly on our neighbor islands are forced into the difficult decision of refusing these patients, moving to the mainland, retiring, or closing up their practices altogether as staffing/practice costs and cost of living soar without a single federal inflationary adjustment in compensation for decades making their "businesses" insolvent.

HR 1675 does not in itself go far enough as it only exempts primary care. Clearly, based on lack of specialty services on our neighbor islands and long waits to get into many specialists offices on Oahu, the entire GET on gross medical income needs to be repealed. The investment being made to pay tuitions for new graduates to attract providers to Hawai'i needs to be protected. Without addressing the underlying reasons for the provider shortage, the \$35 million will be lost as these new providers will leave once their obligation is completed.

Please feel free to contact me if you've further questions.

Sincerely,

Laeton J Pang, MD, MPH, FACR, FACRO, FACCC, FASTRO

**HB-1675-HD-1**

Submitted on: 2/28/2024 9:13:43 AM

Testimony for FIN on 2/28/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Rosa L Jaime	Individual	Support	Written Testimony Only

Comments:

As a concerned citizen, I ask that you support the bill to exempt medical services from Hawaii's general excise tax. We have a doctor shortage and urgently need to find ways to keep our physicians from moving to the mainland. I hope that you would cover specialists also.