



**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

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**

S.B. 1035 SD2 HD1 (HSCR 1576) Relating to the General Excise Tax

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

**Wednesday, April 3, 2024
2:15 p.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 General Excise Tax (GET) or
9 face increasing shortages and serious health consequences for our population, and particularly
10 our neighbor islands. This is not exaggerated.

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

1 HB 1035 SD2 HD1 would exempt independent primary care practices from the GET for
2 Medicare, Medicaid, and Tricare patients, who are among the most expensive and vulnerable
3 patients. The GET currently does not apply to hospitals or to physicians and other
4 professionals employed by hospitals, Kaiser Permanente, and other larger systems. However,
5 independent practices, critically important for access to care, are the “endangered species” of
6 the workforce shortage of health professionals, who are retiring early in larger numbers, and
7 often departing for the mainland to improve financial viability, with the opportunity for both
8 higher incomes and the absence of a GET tax burden.

9 The result is an increasing access to care problem affecting most severely neighbor
10 island and rural populations, kūpuna, and high-risk patients. Lower access to care results in
11 poorer health outcomes and higher health care costs. We believe the impact of losing
12 essential health care providers for Medicaid patients will increase emergency and
13 hospitalization rates, increasing state Medicaid 40% matching contributions likely significantly
14 more than the GET gain from these practices.

15 In our view, the GET exemption for independent medical practices should apply to
16 affected primary and specialty practices and all independent nurse and other practices. We
17 must encourage recruitment and most importantly, retention of both primary and specialty
18 physicians, advanced practice nurses, physician assistants, and other health care
19 professionals in short supply.

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

23 Regarding fiscal implications, physician and clinician private practices generate
24 significant ancillary income to Hawai'i beyond GET taxes including income taxes from the

1 clinicians and their staff hires, and from the economic development they create in the
2 communities they serve. Their medical care prevents avoidable expensive emergency
3 department visits and inpatient admissions, for which the state pays 40% of Medicaid (Med-
4 QUEST) costs. We must fix this outdated policy that is already further reducing our growing
5 shortages of physicians, nurses, and other clinicians here.

6 Mahalo for the opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Finance
Wednesday, April 3, 2024 at 2:15 p.m.

By

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

And

Michael Bruno, Provost
University of Hawai'i at Mānoa

SB 1035 SD2 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 SB 1035 SD2 HD1 which exempts medical and dental services provided by health care providers to patients who receive Medicaid, Medicare or TRICARE benefits 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.

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:

S.B. No. 1035, S.D. 2, H.D. 1, Relating to the General Excise Tax.

BEFORE THE:

House Committee on Finance

DATE: Wednesday, April 3, 2024

TIME: 2:15 p.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 S.B. 1035, S.D. 2, H.D. 1, for your consideration.

S.B. 1035, S.D. 2, H.D. 1, amends section 237-24.3, Hawaii Revised Statutes (HRS), adding a new general excise tax (GET) exemption for health care services or related goods paid by Medicare, Medicaid, or TRICARE to a hospital, infirmary, medical clinic, health care facility, pharmacy, or a medical or dental practitioner.

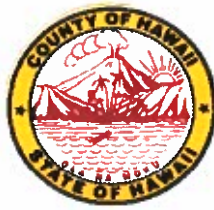
Definitions for "Medicaid," "Medical or dental practitioner," "Medicare," and "TRICARE" are included in the measure. A "Medical or dental practitioner" is a physician or osteopathic surgeon licensed pursuant to chapter 453, HRS ("Medicine and Surgery"), a dentist licensed under chapter 448, HRS ("Dentistry"), an advanced practice registered nurse licensed pursuant to chapter 457, HRS ("Nursing"), and a pharmacist licensed pursuant to chapter 461, HRS ("Pharmacists and Pharmacy").

The measure clarifies that the exempted services may be performed by a physician's assistant, nurse, or other employee under a medical or dental practitioner's direction rather than having to be specifically rendered by the medical or dental practitioner.

The bill has a placeholder effective date of June 30, 3000, and is applicable for taxable years beginning after December 31, 2023.

If this measure is passed, the Department requests that it take effect on January 1, 2025, to allow for necessary form, instruction, and computer system changes, and to educate taxpayers about this new exemption.

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 Hawaii
Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawaii 96720 • (808) 961-8211 • Fax (808) 961-6553
KONA: 74-5044 Ane Keohokalole Hwy., Bldg C • Kailua-Kona, Hawaii 96740
(808) 323-4444 • Fax (808) 323-4440

April 1, 2024

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

Hawaii State Legislature
415 S. Beretania Street
Honolulu, Hawaii 96813

Subject: **S.B. 1035, SD2, HD1 - RELATING TO GENERAL EXCISE TAX**
Hearing Date: Wednesday, April 3, 2024, at 2:15 p.m.
Time/Place of Hearing: Via Videoconference, Conference Room 308

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

On behalf of the County of Hawaii, I express my **strong support** for **S.B. 1035 SD2, HD1**, which exempts medical and dental providers from the general excise tax if they are serving patients who receive Medicaid, Medicare, or TRICARE benefits.

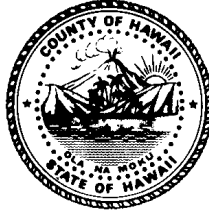
We believe S.B. 1035 SD2, HD1 will result in more cost-effective services to patients and provide necessary tax relief for physicians who struggle to maintain their practices here in Hawaii while delivering quality healthcare in our community.

If passed, S.B. 1035 SD2 HD1 will have a significant impact on Hawaii Island where small medical practices are integral to serving such a large rural geographic area. We support legislative initiatives that remove barriers to help our physicians thrive.

I **strongly support** the passage of **S.B.1035, SD2, HD1**. Thank you for the opportunity to testify on this important measure.

Mitchell D. Roth
Mayor
County of Hawaii

Dr. Holeka Goro Inaba
Council Member, District 8, N. Kona



Office: (808) 323-4280
Email: holeka.inaba@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

County of Hawai'i
West Hawai'i Civic Center, Bldg. A
74-5044 Ane Keohokalole Hwy.
Kailua-Kona, Hawai'i 96740

April 1, 2024

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

Re: Support for SB1035 SD2 HD1 Relating to The General Excise Tax
Hearing: April 3, 2024 at 2:15 p.m.

Aloha,

On behalf of myself and Council District 8 in North Kona, I am expressing our strong support for SB1035 SD2 HD1, which would exempt medical and dental services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits from general excise tax.

The current general excise tax structure presents an incongruity in the treatment of medical service providers. While services provided at nonprofit hospitals, infirmaries are exempt, the same services provided by individual or group practices face full taxation. The disparity unfairly impacts healthcare providers, particularly those serving patients under government programs like Medicare, Medicaid and TRICARE.

This measure aims to address the inconsistency by exempting medical and dental service providers receiving payments from Medicare, Medicaid, and TRICARE from the general excise tax. This measure promotes fairness in taxation and encourages cost-effective patient outcomes.

Passing SB1035 SD2 HD1, is essential for supporting healthcare providers and ensuring access to quality healthcare for all residents of Hawai'i Island. We urge you to consider our support for this critical legislation.

Sincerely,

DR. HOLEKA GORO INABA, Council Member
District 8, North Kona

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

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL

COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

www.MauiCounty.us

April 2, 2024

TO: Honorable Chair Kyle T. Yamashita, Vice-Chair Lisa Kitagawa, and members of the Committee on Finance

FROM: Tamara Paltin
Maui County Councilmember

DATE: April 2, 2024

SUBJECT: **SUPPORT FOR SB 1035, RELATING TO THE GENERAL EXCISE TAX**

Thank you for the opportunity to testify on this important measure. The purpose of this measure is to exempt medical and dental service providers who receive Medicare, Medicaid, and TRICARE payments from the general excise tax to encourage cost-effective patient outcomes.

I **SUPPORT** the measure for the following reasons:

1. Our State's current taxation on healthcare is contributing to a critical shortage of healthcare workers, particularly on the neighbor islands.
2. According to a survey carried out by Community First in 2022, about half of Hawaii's healthcare providers are considering leaving the profession or state, or at least cutting back on their hours.
3. On Maui, the shortage of doctors is dire at 43%. This has no doubt contributed to poor health outcomes for our community.

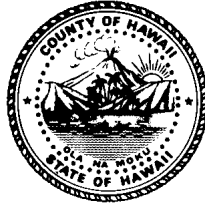
Please consider taking this step to support our healthcare providers and our community.

Respectfully Submitted,

A handwritten signature in black ink that reads "Tamara A. M. Paltin". The signature is written in a cursive, flowing style.

TAMARA PALTIN
Councilmember

Jennifer Kagiwada
Council Member District 2 South Hilo



Office: (808) 961-8272
jennifer.kagiwada@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL - DISTRICT 2

25 Aupuni Street • Hilo, Hawai'i 96720

DATE: April 2, 2024
TO: House Committee on Finance
FROM: Jennifer Kagiwada, Council Member
Council District 2
SUBJECT: SB 1035 SD2 HD1

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

I am writing to you in strong support of SB 1035 SD2 HD1. This bill exempts medical and dental services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits from the general excise tax. This is an important exemption as the participants in these three programs often have the most difficulty in accessing healthcare, especially on our Neighbor Islands. Hawai'i has an estimated unmet need of over 770 full-time-equivalent physicians. This shortage continues to increase with more physicians retiring, or closing their local practices due to the high costs of living and doing business in Hawai'i; meanwhile demand for health care continues to increase with our aging population. Medical services rendered at nonprofit hospitals or infirmaries 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 inconsistency in the economic impact to health care providers. This bill would be beneficial towards eliminating the disparity in compensation as well as easing the financial burden of caring for patients with Medicare, Medicaid and TRICARE. Passing this bill may encourage more physicians to practice and remain in Hawai'i.

I ask that you please **pass SB 1035**

Mahalo for your time and consideration,

Jenn Kagiwada



'Ahahui o nā Kauka

677 Ala Moana Blvd., Suite 1015

Honolulu HI 96813

Phone 808.548.0270

E-mail huikauka@gmail.com

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April 1, 2024

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Group Testimony in Support of SB 1035 SD2HD1 RELATING TO THE GENERAL EXCISE TAX.

'Ahahui o nā Kauka is an organization of Native Hawaiian physicians dedicated the health of the people of Hawai'i and Native Hawaiians in particular. We support SB 1035 SD1HD2 as it is anticipated to increase access to quality health care for all Medicaid, Medicare, and Tricare recipients including many Native Hawaiians by allowing more physicians and other healthcare professionals to accept patients covered by these types of insurance.

SB-1035-HD-1

Submitted on: 4/1/2024 4:11:08 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jerald Garcia, MD	HAWAII INSTITUTE FOR PAIN	Support	Written Testimony Only

Comments:

Aloha House Finance Committee Chairman Kyle Yamashita and Vice-Chairman Lisa Kitagawa:

I am an Oahu-based anesthesiologist and interventional pain specialist who flies two days a week to service the people of Maui. The wait time for Maui-based patients to avail of my services is at least two months just to see me and another two months to have their appropriate treatment/procedure scheduled. Some of those who can afford it, fly to Oahu in order to expedite their medical care. I do not feel that it is fair for patients living in any of the outer islands to have their medical care either delayed or cost more (by virtue of travel expenses) simply because of their geographic residence. I have tried twice to bring a physician with my same training and board certification to be Maui-based so that the Maui community will at least have a full-time anesthesiologist and interventional pain specialist at their service. These two attempts often initially brings joy and relief to my Maui patients but there is always an expression of concern as to how long they will stay on island because many of them have been "burned before." And sure enough, both of these highly specialized physicians eventually leave Maui and bring their talents back to the mainland, where there are better work and living opportunities. I do not blame them because ultimately, they too have to prioritize what is best for them and their families. Both of those physicians realized this after a year of working and living in Maui. You can imagine each time, the disappointment of our patients on having to lose yet again another physician to the mainland. It has gotten to the point that I do not wish to bring to Maui another physician because I do not want to set my patients up for disappointment. This is why I fly to Maui two days a week in addition to the three days a week I devote to helping my patients on Oahu.

I believe that the above scenario is a microcosm of the general state of physician and health care access in our state, which I would characterize as deficient, to say the least. We all know about the physician shortage but it is never humanized by graphs and numbers. It is humanized by individual experiences as above that you just have to imagine multiplied a hundred-fold, even a thousand-fold. Different stories, different experiences of inadequate or delayed medical care for our kupuna, our keiki, our fellow Hawaiians.

There is a near-unanimous consensus from varying social, civic and medical groups that SB 1035 HD2 SD1 is an important bill that will serve as both a concrete and symbolic initial step into solving this health care shortage issue. Why tax health care services for the neediest patients in our state (Medicare, Medicaid and Tricare)? It simply does not make sense, especially when you are trying to attract top talent - the best medical professionals, the top specialists in the country. I hope you join your colleagues from other committees in supporting this bill and

moving it forward. This significant step would not only boost the morale of our medical community but also give hope to our patients. Maybe someday, when all islands are teeming with medical providers and specialists because the environment is now conducive for them to live and work and Hawaii becomes competitive against what mainland institutions offer such talent, the people of Hawaii will no longer have to wait months to receive the treatment they deserve. Maybe they will simply have to drive (instead of fly) to see their specialist. You have a hand in this prospect and I hope you will find it within you to pass SB 1035 HD2 SD1 THIS YEAR. Your affirmative vote sends a message to the people of Hawaii that you and your colleagues are serious about solving our state's health care access crisis.

I am happy to answer questions should you have any. I am truly appreciative of your time.

Jerald Garcia, MD



Hawaii Medical Association

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

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

Date: April 3, 2024
From: Hawaii Medical Association
Elizabeth Ann Ignacio MD, HMA President

**Re: SB 1035 SD2 HD1 Relating to the General Excise Tax
Position: Support**

The purpose of this measure is to exempt medical and dental service providers who receive Medicare, Medicaid, and TRICARE payments 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. 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 physicians is approximately 757 full-time equivalents (FTE) for the state, with percentage shortages most profound in Maui County.

	Hawai'i County	Honolulu County	Kaua'i County	Maui County	Statewide
Shortage	206(183)	318(382)	52(45)	181(167)	757(776)
Percent	41% (37%)	13%(15)	30%(26)	43%(40)	21%(22)

University of Hawaii System Annual Report. Report to the 2024 Legislature.

While efforts toward expansion of healthcare training programs and loan repayment play a vital role in physician recruitment and retention, physicians currently practicing in Hawaii are still struggling. Many physician practices do not 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). Healthcare providers must absorb this tax, which federal law forbids passing to patients.

(continued)

2024 Hawaii Medical Association Officers

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

2024 Hawaii Medical Association Public Policy Coordination Team

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

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 medical services of Medicare, Medicaid and TRICARE providers, as a reasonable and essential step in the future survival and sustainability of our Hawaii healthcare.

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

References and Quick Links:

University of Hawaii System Annual Report. Report to the 2024 Legislature.
https://www.hawaii.edu/govrel/docs/reports/2024/act18-sslh2009_2024_physician-workforce_annual-report_508.pdf Accessed April 1, 2024.

Lyte B. 'It's Horrendous': The Deaths Of 2 Doctors Deepen The Void In Rural Health Care Access.
[Honolulu Civil Beat. Jan 20, 2023.](#)

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

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

2024 Hawaii Medical Association Officers

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

2024 Hawaii Medical Association Public Policy Coordination Team

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



Testimony to the House Committee on Finance
Wednesday, April 3, 2024
2:15 a. m.
State Capitol Conference Room 308 and via videoconference

Re: SB 1035 SD 2 HD 1 Relating to the General Excise Tax

Dear Chair Yamashita, Vice Chair Kitagawa, Honorable Members of the House Committee on Finance:

I am Gary Simon, a member of the board of the Hawai'i Family Caregiver Coalition, whose mission is to improve the quality of life of those who give and receive care by increasing community awareness of caregiver issues through continuing advocacy, education, and training. I am testifying as an individual who has worked in healthcare for over thirty years, and I am offering testimony on behalf of the Hawai'i Family Caregiver Coalition.

The **Hawai'i Family Caregiver Coalition strongly supports SB 1035 SD 2 HD 1**, which exempts medical and dental services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits from the general excise tax (GET).

Access to healthcare by patients with Medicare, Medicaid and TRICARE coverage is decreasing as physicians retire, relocate to the mainland, or opt to not participate in government insurance programs due to low reimbursements and the GET. Hawaii needs to remove barriers and provide incentives for physicians to practice here in the State.

We urge you to support SB 1035 SD 2 HD 1, and we urge you to recommend its passage.

Thank you for seriously considering the bill.

Very sincerely,

A handwritten signature in black ink that reads "Gary Simon".

Gary Simon



Email gsimon@aar.org



Zachary Thielen MD, FAAOS
Member
Maui Orthopedic Institute, LLC
1830 Wells St. Suite 103
Wailuku, HI 96793
Ph: 808-649-1487
Fax: 808-437-2512
4/2/2024

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

SB1035, SD2, HD1 Relating to the General Excise Tax

Dear Members of the House Committee on Finance,

I am writing to express my strong support for SB1035, SD2, HD1, which seeks to exempt Medical services provided to Medicare, Medicaid and Tricare beneficiaries 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 health care facilities in West Maui. Access to medical care on our island is in a precarious place. A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis.

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.

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 and the revenues from our General Excise Tax generated by our business and economic activity beyond our clinical care, and our income tax, will drop to zero as our businesses close and we move out of state. 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.

Sincerely,
Zachary Thielen MD, FAAOS



SB1035 SD2 HD1 Remove GET for Medical Services
COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Wednesday, Apr 3, 2024: 2:15: Room 308 Videoconference

Hawaii Substance Abuse Coalition Strongly Supports SB1035 SD2 HD1:

Aloha Chair, Vice Chair and Distinguished Members. My name is Alan Johnson, the Chairperson of the Hawaii Substance Abuse Coalition (HSAC), a statewide coalition for substance abuse and co-occurring mental health disorder treatment and prevention agencies.

HSAC Supports Removing GET from Medical services for Advanced Practice Registered Nurses, Physician Assistants (Physician Associates), and Physicians services as well as exempt amounts received by a hospital, infirmary, medical clinic, health care facility, pharmacy, or medical practitioner for goods or services purchased under the Medicare, Medicaid or TRICARE programs from the imposition of the general excise tax (GET). The measure further clarifies that the exempted services may be performed by a physician's assistant, nurse, or other employee under a medical practitioner's direction rather than having to be specifically rendered by the medical practitioner.

There is a major decline in our Hawaii physician workforce. A large number of the physician practices do not have the financial capacity to continue providing quality care in the face of ever decreasing (inflation erodes value of prices) Medicare/ Medicaid reimbursements coupled with the General Excise Tax (GET).

Similar to how federal law forbids passing this tax to patients, Hawaii can help reduce our shortage of behavioral healthcare staff by not taxing these medical services to healthcare providers.

Hawaii is in desperate need to increase the number of providers that are able to accept Medicare/Medicaid patients. The patients are the ones who suffer. Patients with limited income and Medicaid/Medicare health care coverage need as many physicians as possible to accept coverage even if they are underinsured. Working together we can address even more significant efforts such as increasing Medicaid/Medicare reimbursement rates so that Hawaii people can access quality healthcare and build a workable healthcare workforce. Together we can help all of Hawaii to live a healthy life.

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

Joyful Living, LLC



JOYFUL LIVING, LLC
MATTHEW S. DYKEMA D.O
1248 KINOOLE ST #101
HILO, HI 96720-4171
PH: (808)935-8398 FAX: (808)934-8151

Dear Congressman and Congresswoman:

As way of introduction, I am Dr. Matthew Dykema, a family medicine physician in Hilo. I am writing to express my support of SB1035 which seeks to exempt medical services from the Hawaii State General Excise Tax. I moved to Hawaii in 2012 to work at Bay Clinic, an FQHC (federally Qualified Health Center). I served as a family physician there for 4 years, prior to taking over a well-established private practice of a retiring physician in May 2017. My goal and vision of being a healthcare provider in Hilo is to offer compassionate and excellent care to all my patients and provide them with support and education, to foster an environment for healing, and to equip my patients to live their best life possible. I have the honor of caring for many diverse families: Mothers, Fathers, Children, Grandchildren, Grandparents and Great-Grandparents, over many social spectrums, ethnicities, and educational levels. These are your constituents who chose you to represent them and to make decisions on their behalf, in their best interest. It is my honor to care for them and help them in their most vulnerable times, and to help them navigate their health needs, as life comes and goes. I know that you also are honored to serve and represent them. You have a tremendous duty and responsibility to navigate the present, and to look forward to the future to ensure it is sustainable and that the needs of your constituents are met and cared for across all generations.

Over the last 11 years, of practicing medicine on Hawaii Island, I have seen the landscape of healthcare evolve, locally and nationwide. Unfortunately, the shortage of physicians has grown and access to quality primary healthcare continues to diminish. The trend seems to be larger health care institutes buying out smaller clinics for financial gain. Older physicians are either getting sick, dying, or retiring, and younger physicians are rightfully hesitant to come to our islands. Indeed, many younger physicians I know who had practices in Hilo have either left private practice, no longer accept insurance, or have closed their practices and moved to the mainland. It used to be that if you were a physician, you could expect to make a reasonable living for yourself and provide for your family. You could open a small business/practice and expect to do relatively well for yourself if you did a decent job of caring for those you served. I have found that in the state of Hawaii in recent years this is not at all the case. Due to increased regulations, reporting, administrative burdens, increased cost of operations, and decreasing reimbursements, it is now financially very challenging to cover the bottom line as a private family physician, let alone to be profitable. While I hope that I will be able to continue to practice medicine in Hilo for many decades to come, it is hard to see how the current market for healthcare is sustainable for more than a few more years. As reimbursements continue to drop, cost of living/operations increases, and administrative burdens increase, it is hard to see things adding up fiscally.



JOYFUL LIVING, LLC
MATTHEW S. DYKEMA D.O
1248 KINOOLE ST #101
HILO, HI 96720-4171
PH: (808)935-8398 FAX: (808)934-8151

The demand for quality healthcare is greater than ever before in our state, however the supply of quality physicians and healthcare providers continues to be severely limited, as the market simply does not value physicians, and other healthcare providers. This is clearly demonstrated in the unusual taxation of healthcare services, and the extremely low reimbursements. The Hawaii state Medicaid program doesn't even reimburse at the already low Medicare rates for most services. Hawaii Medicare reimbursements are unfairly set to be amongst the lowest in the country, despite having amongst the highest cost of living and operations. In addition to low reimbursements, currently physicians must pay the GET on the services they provide for Medicare and Tricare patients, as we cannot pass that along to patients to pay, as federal law prohibits this. Additionally, we are absorbing the tax for most Medicaid patients. Depending on the interpretation of the law, perhaps we could pass the tax along to our Medicaid patients, but most physicians I know do not do this, as these are already the patients who are most financially vulnerable, and doing so may very well create yet another barrier to them receiving needed care.

It is with these things in mind that I would ask you to support and pass SB1035 to help provide some fiscal relief for small medical practices; large hospital-based practices are already exempt. While SB1035 does not fully fix our broken healthcare system it is a step in the right direction to line up with the other 49 states in our union and offer some hope to those of us who feel called to provide care to the people of Hawaii. As physicians, we want to be here, we want to care for the underserved. We want to care for you, your parents, your grandparents, and your children. However, if things do not change, it will likely become financially impossible for many small medical practices and physicians to remain open to care for those who need it most.

Thank you for your consideration in these matters and for your service to our community.

Sincerely,

Dr. Matthew Dykema, D.O. (Doctor of Osteopathy)

Joyful Living LLC, Owner, CEO



April 1, 2024

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

COMMITTEE ON FINANCE

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Rep. Darius K. Kila	Rep. David Alcos III
Rep. Bertrand Kobayashi	Rep. Gene Ward

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

Subject: Support for SB1035

Dear House Finance Committee,

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 Hawai'i'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 SB1035 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

SB-1035-HD-1

Submitted on: 4/2/2024 8:28:45 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kristi Lopez	Kristi Lopez, MD - Aloha Gastroenterology, LLC	Support	Written Testimony Only

Comments:

Dear esteemed legislators,

Thank you for reviewing my submission. I am one of the younger gastroenterologist in the state of Hawai'i who founded Aloha Gastroenterology, LLC - a group gastroenterology(GI) practice. I am also one of the only GI doctors that is growing a group private practice and expanding to neighbor islands this year. The GET impedes our practice's ability to equally serve all people of the state. Because of the lower reimbursements of Medicare, Medicaid and Tricare and the imposed tax, it is economically unfeasible to equally care for these patients. While I do participate with these insurances, many of my colleagues and other specialty providers are already not accepting patients with these insurances. This creates a greater disparity in access to care for this population. Essentially, this creates two classes of insurance, those with commercial insurance versus those with Medicare, Medicaid and Tricare. Unfortunately, this population includes many of my own friends and family members - aunts, uncles and even my parents. I am in full support of this bill and appreciate your time and attention to this matter.

April 3, 2024

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

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: April 3, 2024; 2:15 p.m., Conference Room 308/Videoconference

Re: Testimony in Support of SB 1035 SD2 HD1 – Relating to the General Excise Tax

The Hawaii Association of Health Plans (HAHP) appreciates the opportunity to express our support of SB 1035 SD2 HD1. HAHP is a statewide partnership that unifies Hawaii's health plans to improve the health of Hawaii's communities together. A majority of Hawaii residents receive their health coverage through a plan associated with one of our organizations.

HAHP appreciates the effort of this legislature to proactively find solutions to address Hawaii's physician shortage and rising costs for all residents. SB 1035 SD2 HD1 would be a step in the right direction by exempting medical services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits 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 some of our most vulnerable residents.

Thank you for the opportunity to testify on SB 1035 SD2 HD1.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members



Philippine Medical Association of Hawai'i

94-837 Waipahu Street, Waipahu, HI 96797

P.O.Box 1294, Pearl City, Hawai'i 96782 • Ph: 888-674-7624

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

Rhea Bautista, MD

Executive Director

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

Subject: Strong Support for SB1035, SD2, HD1 RELATING TO THE GENERAL EXCISE TAX

Aloha Esteemed Committee Members,

My name is Rainier Dennis D. Bautista, MD, DABFM, FAAFP, and I am the President of the Philippine Medical Association of Hawaii, as well as a primary physician serving the islands of Kauai and Oahu. Today, I stand united with a broad coalition of health professionals and patients across our islands to express our resolute support for SB1035, SD2, HD1, a bill that represents a beacon of hope for healthcare in Hawaii.

For years, the General Excise Tax (GET) has disproportionately affected our healthcare providers, imposing a financial strain that hampers our ability to offer affordable and accessible care, particularly to the underserved, sick, and elderly. This tax creates an inequitable burden, not shared by hospitals, nonprofits, and government healthcare facilities, placing private practice physicians and dentists at a significant disadvantage.

Our state is unique in its imposition of this tax on healthcare, a policy that exacerbates the already critical shortage of healthcare professionals. This shortage is most acute on our neighbor islands and in rural areas, where the need for medical care is great but the financial viability of practice is challenged by this tax. The work of Dr. John Wade and the Hawaii Physician Shortage Task Force have clearly demonstrated the economic forces driving this crisis, with the GET playing a significant role in the exodus of healthcare professionals from our state.

The urgency of this issue cannot be overstated. As we have seen, legislative attempts to reform the GET on healthcare have been supported unanimously in the past, only to falter due to various crises or procedural hurdles. It is a stark reminder of the challenges we face in making substantive policy changes, even when there is broad consensus on the need for action.

We are at a critical juncture. With Hawaii being named the #1 worst state for physicians to practice, and with the support of Governor Dr. Josh Green, who has acknowledged the financial feasibility of providing tax relief to medical professionals, the time for action is now. The projected surplus in our state budget provides a unique opportunity to enact meaningful reform without compromising other essential services.

SB1035 is not merely a tax exemption; it is a vital step toward ensuring the sustainability of our healthcare system. By removing this financial barrier, we can begin to address the root causes of our physician shortage, improve access to care, and enhance the quality of life for all residents of Hawaii.

As President of the PMAH and on behalf of our healthcare community, I implore you to support SB1035. This bill has garnered unanimous support at every stage because it addresses a fundamental injustice: the taxation of essential healthcare services provided to our most vulnerable populations. We ask that you not only advance this bill through your committee but also champion its enactment into law, ensuring that this critical reform does not fall victim to the procedural impediments that have thwarted progress in the past.

In closing, I thank you for your commitment to the health and well-being of Hawaii's people. Your support for SB1035 will be a testament to that commitment and a significant step forward in our collective efforts to build a healthier, more equitable Hawaii.

Mahalo for your consideration and your service to our state.

Best regards,

Rainier Dennis D. Bautista, MD

President, Philippine Medical Association of Hawaii

SB-1035-HD-1

Submitted on: 4/2/2024 9:42:49 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Christopher Regala	Ear, Nose, & Throat Clinics of Oahu	Support	Written Testimony Only

Comments:

To: The Honorable Chair Kyle T. Yamashita and the Honorable Vice Chair Lisa Kitagawa

And the Members of the House Committee on Finance

Bill: SB1035, SD2, HD1 RELATING TO THE GENERAL EXCISE TAX

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

My name is Christopher Regala, MD, and I stand in strong support of SB1035, SD2, HD1. I am a sole practicing physician at Ear, Nose, & Throat Clinics of Oahu located in Aiea. My practice has greatly impacted by the inequitable GET. In 2020, I had to downsize my practice and closed my Wahiawa office due to spiraling costs, reduced reimbursements, and the COVID pandemic.

Despite years of persistent efforts by the doctors and legislators of Hawai‘i, the imposition of this tax continues to impede our state’s ability to provide affordable and accessible healthcare to our community. This tax is applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and healthcare providers in Hawai‘i.

A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis. As your committee and both the health committees of the Senate and House have noted for five years, there is a shortage of private practice physicians and dentists who can afford to help the underserved, especially through Medicaid, Medicare, and Tricare.

It's noteworthy that only one state other than Hawai‘i imposes this tax on healthcare. Most state leadership have recognized that the inequitable General Excise Tax (GET) causes financial hardship on private practice capacity and sustainability, especially for the sick and elderly. Currently, no economic analysis can justify exempting hospitals, nonprofits, and government hospitals from this tax while burdening private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in

Hawai'i, exacerbating shortages of vital licensed healthcare professionals and skills in our state. This presents a significant economic challenge for physicians and dentists who choose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade's research, notably "The Perfect Storm," analyzes the economic reasons behind the state's struggle to recruit and retain physicians. The conclusions of this analysis are further supported by the work of the Hawai'i Physician Shortage Task Force, which found that many healthcare professionals are compelled to leave due to economic reasons. The collateral damage to our state's economic base will persist as each physician or dentist who closes shop or leaves the islands will cost the state hundreds of thousands in lost income taxes and millions over the span of their careers in terms of job creation and consumer spending.

Let's take a moment to reflect on recent attempts to reform the GET taxation of healthcare:

For 15 years, Dr. Withy and AHEC have diligently reported on serious doctor shortages in Hawai'i to the Legislature. In 2023, these shortages worsened on Maui and the Big Island.

Hawai'i bears the unfortunate distinction of having the highest percentage of residents in HPSA in America, with primary care provider shortages at their worst. Shortages of specialists are often staggering, reaching 50-100% on Neighbor Islands.

In 2020, our GET bill aimed at addressing the healthcare crisis was unanimously supported. However, it tragically faltered due to the emergence of another crisis – COVID-19. While the Legislature sought shelter, our understaffed medical workforce valiantly stood on the pandemic's front lines.

Fast forward to 2023, and once again, every single lawmaker who had the opportunity to vote for GET reform did so. Yet, despite a substantial \$3 billion budget surplus, the bill met its demise because FIN refused to allocate a mere 30 minutes for its consideration at that time.

Then, in 2024, every lawmaker unanimously supported HB1675. But inexplicably, the Senate Ways and Means Committee has yet to schedule the measure for a hearing. It begs the question: are lawmakers prohibited from voting on measures to support healthcare providers and why?

We are all navigating exceedingly challenging circumstances – grappling with oppressive taxation, severe under-reimbursements, and unconscionable insurance contracts. Yet somehow, this status quo is passively accepted as “just the way things are in Hawai'i.”

Coincidentally, in 2024 Becker's Hospital Review named Hawai'i as the #1 worst state for physicians to practice.

It's time for change. It's time for action. It's time to address these systemic challenges head-on and pave the way for a healthcare system that truly serves the needs of our communities.

Recently, Governor Dr. Josh Green has affirmed that there is enough funding available for both medical professionals and families to receive tax breaks. With over \$900 million in projected surplus for this year and over \$600 million for next year, there is ample room for legislative action. We don't just need an infusion of millions of dollars into our healthcare systems or to a few hospitals; we require systemic fixes to our healthcare system and its taxation to recruit and retain the professionals necessary to serve our people here in Hawai'i.

The doctors and dentists of Hawai'i humbly ask that each member of this committee supports SB1035 to promote the economic sustainability of our fragile healthcare system. It's not enough to merely pass it through the committee; it must be seen through to enactment, avoiding legislative technicalities that have stalled similar bills for four years running. SB 1035 has passed all the House and Senate Committees unanimously because it is unconscionable to tax the sick and elderly. Please complete the work necessary to provide our communities with the best healthcare possible. There's so much more work to do on the healthcare front, but we have to get going with SB 1035, the GET exemption for healthcare services for Medicare, Medicaid and Tricare patients, as a good start towards our state leadership's commitment to the health and wellness of our communities.

Thank you for considering this important issue.

Sincerely,

Christopher Regala, MD

SB-1035-HD-1

Submitted on: 4/2/2024 11:00:15 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Leonard Yu	Maui Plastic Surgery	Support	Written Testimony Only

Comments:

Please pass this bill as its costs to patients is an added and unnecessary burdern for patients that are already saddled with high costs of living here in Hawaii. Medical and dental procedure taxation is not done in many states.



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

**The State Legislature
House Committee on Finance
Wednesday, April 3, 2024
Conference Room 308, 2:15 p.m.**

TO: The Honorable Kyle Yamashita, Chair
FROM: Keali'i S. López, State Director
RE: Support of S.B. 1035 SD 2, HD1 Relating to General Excise Tax

Aloha Chair Yamashita, and Members of the Committee:

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

AARP supports S.B. 1035 SD2, HD1 which exempts medical services provided by health care providers to patients who receive Medicaid, Medicare or TRICARE benefits from the general exercise .

According to Hawaii Physician Workforce Assessment Project annual report to the 2023 state Legislature, it is estimated that Hawaii has an unmet need of 776 full-time-equivalent physician with the greatest area of need in primary care but there are also significant shortages in specialty care. This shortage continues to escalate with more physicians retiring, and/or moving and closing their local practices due to the high cost in Hawaii; meanwhile the demand for health care continues to increase especially with an aging population. Having access to quality, timely healthcare services and a robust healthcare workforce is critical to keeping all Hawaii residents healthy and well. There are approximately 279,000 Medicare beneficiaries in Hawaii and AARP strongly encourages the State to explore all different avenues and opportunities in supporting Hawaii's health care providers in their care for all patients especially kūpuna, residents in rural areas and others with limited income and health care coverage. Thank you very much for the opportunity to testify in support of **S.B. 1035, SD2, HD1**.

¹ "Annual Report on Findings from the Hawai'i Physician Workforce Assessment Project: Report to the 2023 Legislature," University of Hawai'i, December 2022.

SB-1035-HD-1

Submitted on: 4/2/2024 11:30:39 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Shelley Ham MD	PHOENIX CENTER INC	Support	Written Testimony Only

Comments:

This bill would be a good first step in helping recruit and retain physicians to Hawaii.

SB-1035-HD-1

Submitted on: 4/2/2024 11:31:54 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Randy Kurohara	Community First Hawaii	Support	Written Testimony Only

Comments:

Community First Hawaii is a 501(c)(3) non-profit organization that serves as a catalyst for community-led solutions to improve healthcare access, affordability, quality, and health outcomes for Hawai'i Island residents. We are in strong support of this much needed tax measure that will help provide a more sustainable environment for our private practice providers on Hawai'i Island and throughout the state. We need to provide a fair and equitable playing field for all providers to be successful at (and continue to practice) and this is a step in the right direction. We appreciate your consideration and supportive vote on this much needed measure. Mahalo



Hawai'i Island Chamber of Commerce

1321 Kino'ole Street
Hilo, Hawai'i 96720
Phone: (808) 935-7178
Fax: (808) 961-4435
E-mail: admin@hicc.biz
www.hicc.biz

Hawai'i Island Chamber of Commerce Government Affairs Committee

Before the House Committee on
FINANCE

Wednesday, April 3, 2024
2:15 PM State Capitol Room 308 & Via Videoconference

In consideration of **Senate Bill 1035 SD2 HD1** **Relating to General Excise Tax**

In late 2023, the Hawai'i Island Chamber of Commerce (HICC) consulted with Dr. Lynda Dolan and Dr. Dan Belcher to better understand the challenges facing private practice physicians in the state. HICC learned that while federal and state facilities are exempt from paying general excise taxes (GET) for their services, private practice physicians are required to pay these taxes. The taxes are sometimes passed to patients, however the federal government prohibits private physicians from passing the GET on to Medicare and Medicaid patients, thus compounding private physicians' overhead costs

Hawai'i currently has one of the lowest Medicare and Medicaid reimbursement rates in the nation and 50% of patients in the state are covered by Medicare and Medicaid. Across the state, we are short over 1,000 doctors, 300 on Hawai'i Island alone. We should be doing all we can to accommodate physicians practicing in Hawai'i.

As such, we strongly encourage you to support the exemption for all medical practices from paying GET. This will benefit not only our practicing physicians and their patients but also make it more attractive for future physicians to want to work and stay in Hawai'i. Hawai'i is just one of only two states in the nation that taxes medical care, and the results are being felt as physicians choose to practice elsewhere, retire, or change careers. Private physicians in East Hawai'i care for 1/3 of our island population and are critical to our health care needs and the needs of our employers, employees, and their families. If we can't get the needed health coverage on the island, business will choose to go somewhere else.

Thank you for doing all you can to support our local physicians so they can provide the healthcare that is critically needed in the State and on Hawai'i Island.

April 3, 2024, 2:15 p.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 SB1035 SD2 HD1 — RELATING TO THE GENERAL EXCISE TAX

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

The Grassroot Institute of Hawaii would like to offer its **support** for [SB1035 SD2 HD1](#), which would provide a state general excise tax exemption for medical and dental services provided to patients who receive Medicare, Medicaid, or TRICARE benefits.

With this bill, the Legislature could lighten the tax burden on both patient and health care providers. At present, Hawaii is the only state to tax gross receipts on patient copayments and deductibles,¹ 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.²

¹ 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.

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

Applying the GET to TRICARE, Medicare and Medicaid beneficiaries is especially burdensome for doctors. As explained in the Grassroot report, the tax 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: Create 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.³

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

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.⁷ The largest area of need is in primary care, but there are significant shortages across multiple specialities.

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

⁴ [Ibid](#), p. 2.

⁵ [Ibid](#).

⁶ [Ibid](#).

⁷ ["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 here 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 Medicare, Medicaid and TRICARE services would be, but it would at least remove a major burden for existing local practices.

If this bill were to encourage 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, orchards and aircraft maintenance and leasing 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 health services rendered to Medicare, Medicaid and TRICARE beneficiaries, 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

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: SB1035 SD2 HD1 – Relating to the General Excise Tax,
in Support with amendments

Hearing: April 3, 2024, 2:15p.m.

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

As the President of the Hawaii Association of Professional Nurses (HAPN), I am privileged to present our testimony in support of SB1035, SD2, HD1. HAPN stands in solidarity not only with our members but also with countless community organizations, private practices throughout the state, and all residents of Hawaii who receive healthcare. We are at a critical juncture where the supply of healthcare providers significantly lags behind the demand for healthcare services. It is with this understanding that HAPN advocates for the removal of the General Excise Tax (GET) on all services provided by Advanced Practice Registered Nurses, Physician Assistants (Physician Associates), and Physicians. Additionally, **we request an amendment to remove the sunset clause set for January 1, 2026, to ensure long-term stability and support for healthcare provision in our state.**

Our commitment to supporting patient access to care has never wavered, yet we are witnessing an alarming erosion of care availability, driven by clinic closures and the departure of healthcare providers. These challenges stem from a myriad of factors, including the migration of providers to more favorable business environments, retirements, and the unsustainable financial model burdened by poor insurance reimbursements across private, state, and federal plans. The Access to Care statewide survey, conducted by the Hawai'i Rural Health Association and Community First, reveals a disconcerting trend: nearly half of healthcare providers are considering leaving the profession or the state. This is a direct consequence of Hawaii's unique position as the only American state that taxes all medical care, placing an untenable burden on healthcare providers who are prohibited from passing this tax onto patients by federal Medicare and TriCare policies. This taxation on gross revenues, even in the absence of profit, threatens the viability of many healthcare practices.

In the face of these challenges, HAPN has been a steadfast advocate for the advancement of healthcare access and the recognition of the full scope of practice for APRNs in Hawaii, leading to full practice authority. Our efforts have been geared towards improving the physical and mental health of our communities, with APRNs opening clinics to provide the high-quality care our patients deserve. APRNs have become integral to the healthcare landscape in Hawaii, and we remain committed to standing by our patients.

Given the critical role that APRNs, Physician Assistants, and Physicians play in our healthcare ecosystem, it is imperative that this bill be passed with the requested amendment to remove the sunset clause. This action will provide the necessary stability for healthcare practices to invest in hiring and support staff, knowing there is permanence in this support.

We appreciate the opportunity to share the perspective of HAPN with your committee and thank you for your enduring support of the nursing profession in our beloved Aloha State. The passage of this bill, inclusive of our amendment request, will mark a significant step forward in addressing the systemic challenges facing healthcare access and delivery in Hawaii.

Respectfully,
Dr. Jeremy Creekmore, APRN
HAPN President

SB-1035-HD-1

Submitted on: 4/2/2024 1:14:23 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Joseph Kohn MD	We Are One, Inc. - www.WeAreOne.cc - WAO	Support	Written Testimony Only

Comments:

STRONGLY SUPPORT **SB1035 SD2 HD1**. Health care costs are out of control especially the cost of doing business as a health care provider.

The [#WeThePeopleAmendment](#) (HJR 54) seeks to end corporate rule by firmly establishing that constitutional rights belong to human beings only, not to corporations, and that money is not a form of protected speech! TOGETHER WE ARE UNSTOPPABLE

www.MoveToAmend.org

[#EliminateCorporateTerrorism](#)

We're all being played.

[#Classism](#) is Enemy #1

[#WeThePeopleAmendment](#) [#28thAmendment](#)

When all people are recognized by The Constitution as more important than corporate profits, everything will change.

Neoliberalism is not the answer. (And it's still better than Neofascism.)

www.MoveToAmend.org

www.WeAreOne.cc

[#ClassismIsEnemy1](#)

[#RefuseFascism](#)

[#TaxTheRich](#) (that's where the money is)

[#UniversalBasicIncome](#)

[#MedicareForAll](#)

[#4hrWorkWeek](#)

[#PublicBanking](#)

www.MoveToAmend.org

SB-1035-HD-1

Submitted on: 4/2/2024 2:07:46 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jason Ching	Oahu Pediatric Dentistry	Support	In Person

Comments:

Date: Wednesday, April 3, 2024

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

Bill: SB1035, SD2, HD1 - Pertaining to the General Excise Tax

From: Jason Ching D.D.S., CEO of Oahu Pediatric Dentistry

Subject: Support for SB1035, SD2, HD1

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

I am writing to you as Jason Ching, the CEO of Oahu Pediatric Dentistry, to express our unwavering support for SB1035. This legislation is crucial for overcoming the ongoing challenges faced by Hawaii's healthcare sector, particularly in offering affordable and accessible medical services. For the past several years, medical professionals alongside lawmakers have battled the adverse impacts of the General Excise Tax (GET) on healthcare provision, especially for the less fortunate, the ailing, and those in dire need of medical attention.

Our practice, which dedicates 40% of its services to Medicaid beneficiaries, finds the financial strain of GET, combined with the low Medicaid reimbursement rates, increasingly unsustainable. This situation is echoed across the state, with a significant consensus among health professionals and the affected populace regarding the healthcare access crisis exacerbated by GET.

The tax not only imposes an unjust burden on those committed to serving the community but also contributes to the dwindling number of private practitioners able to afford care for Medicaid, Medicare, and Tricare patients. Hawaii stands nearly alone in this taxation approach, an anomaly that has prompted reconsideration in other states due to its detrimental effect on healthcare sustainability.

The differential treatment in tax imposition—exempting hospitals and non-profits while taxing private practices—lacks logical economic foundation and disproportionately impacts the

availability of skilled healthcare professionals. The resulting scarcity not only hampers our ability to serve the underserved but also poses a broader economic challenge.

In light of these considerations, we earnestly request your support for SB1035, aiming to fortify Hawaii's healthcare system's economic viability. Your backing is essential for ensuring equitable healthcare access and sustainability.

Thank you for your attention to this critical matter.

Sincerely,

Jason Ching D.D.S., Pediatric Dentist., CEO of Oahu Pediatric Dentistry



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

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

Hearing: Wednesday, April 3, 2024, 2:15 PM, Conference Room 308

RE: **SB1035 SD2 HD1 Relating to the General Excise Tax**

AlohaCare appreciates the opportunity to provide testimony in **support of SB1035 SD2 HD1**. This measure exempts from the general excise tax medical and dental services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits.

Founded in 1994 by Hawai'i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 84,000 Medicaid and dual-eligible health plan members on all islands. Approximately 40 percent of our members are keiki. We are Hawai'i's only health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality, whole-person care for all.

AlohaCare is committed to improving access to care and strengthening the Medicaid program. As you may know, Medicaid enrollment in our State has grown by over 46% from 327,000 enrollees in March 2020 to 476,000 in January 2024. This tremendous growth has put a further strain on our State's already challenged provider capacity. The Hawai'i Physician Workforce Assessment Project Report indicates that Hawai'i is in need of at least 750 doctors, with the greatest statewide shortage being in primary care specialties.

AlohaCare applauds the Legislature for their wisdom in enacting Medicaid reimbursement rate increases in 2023. While not focused solely on Medicaid, this measure is an innovative proposal to recognize and reward current and future providers serving residents enrolled in government-sponsored programs. We support this measure which we believe will indirectly benefit Hawai'i's Medicaid program by investing in our state's healthcare workforce and improving access to care for all residents of Hawai'i.

Mahalo for this opportunity to testify in **support of SB1035 SD2 HD1**.



321 North Kuakini Street, Suite 306
Honolulu, Hawaii 96817

House of Representatives, State of Hawaii
Committee on Finance
415 South Beretania Street
Honolulu, HI 96813

RE: Support to Exempt Medical and Dental Service Providers from General Excise Tax

Dear Representative Yamashita:

My name is Dr. Alexander Buls and I am a physician and community member residing in your district. I represent a group of over 40 anesthesiologists and another 20 nurse anesthetists. As anesthesiologists supporting Queen's Health System, Hawaii Pacific Health, and a number of other facilities across the island of Oahu, we provide even the most vulnerable patient population with critical, life-saving medical services.

Each year, the ability to recruit and retain enough providers to support the population gets more difficult. Healthcare workers in our state are challenged by a low reimbursement environment from insurance carriers, as compared to other regions on the mainland. Many prospective physicians learn about these challenges, coupled with high cost of living, and elect to practice elsewhere. This is especially true for physicians coming out of training and preparing to start families, leaving Hawaii with a healthcare workforce supply skewed toward near-retirement aged physicians. Without a residency program in the state, we often lose excellent anesthesiologist prospects once medical students leave the state to enter residency elsewhere.

Hospital-based specialties like anesthesiology and radiology are less visible to the public, and are essential to the day-to-day operation of the healthcare systems. Shortages because of the inability to attract practitioners in these specialties lead to longer wait times and decreased flexibility in scheduling for outpatient- and same-day procedures, longer hospital length-of-stay for inpatients, and causing burnout among the existing group of practitioners on island because of the ever-increasing demands.

When it comes to the state of Hawaii's general excise tax, the non-profit hospital systems we support are exempt; however, physicians that the hospitals require to provide critical services are not exempt. We believe that granting this exemption to medical and dental service providers helps to mitigate the challenges we face working and living in Hawaii. I appreciate your help and ask that you please support Measure SB 1035.

Sincerely,

Dr. Alexander Buls

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Temporary Exemption for Medical Services for Medicare; Medicaid; TRICARE

BILL NUMBER: SB 1035 SD 2 HD 1

INTRODUCED BY: House Committees on Health & Homelessness and Economic Development

EXECUTIVE SUMMARY: Exempts medical and dental services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits from the general excise tax.

SYNOPSIS: Amends section 237-24.3, HRS, by adding a new paragraph providing an exemption for amounts received by a hospital, infirmary, medical clinic, health care facility, pharmacy, or a medical or dental practitioner for health care related goods or services purchased under the Medicare, Medicaid, or TRICARE program. Services need not be performed by a medical or dental practitioner but may be performed by a physician's assistant, nurse, or other employee under the medical or dental practitioner's direction.

Defines “medical or dental practitioner” as a physician or osteopathic physician, licensed pursuant to chapter 453; a dentist licensed under chapter 448; an advanced practice registered nurse licensed pursuant to chapter 457; or a pharmacist licensed pursuant to chapter 461.

Defines “Medicaid” as the program established under Title XIX of the Social Security Act of 1935, as amended.

Defines “Medicare” as the program established under Title XVIII of the Social Security Act of 1935, as amended.

Defines “TRICARE” as the program of the Department of Defense military health system managed by the Defense Health Agency, or any successor program.

EFFECTIVE DATE: June 30, 3000; shall apply to taxable years beginning after December 31, 2023.

STAFF COMMENTS: As stated in the bill’s preamble, 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>) . TRICARE has a similar prohibition (32 CFR sec. 199.14(j)(1)), as explained at https://www.tricare-west.com/content/hnfs/home/tw/prov/res/provider_news/clarification-on-hawaii-general-excise-tax-reimbursement.html. We understand that Medicaid has a similar prohibition as well.

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 (https://www.hawaii.edu/govrel/docs/reports/2021/act18-sslh2009_2021_physician-workforce_annual-report_508.pdf) 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.

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.

The Foundation does believe that there is evidence supporting an industry-specific GET exemption here, which would be appropriate to correct the unfairness of its application to private doctors and clinics as opposed to nonprofit hospitals and clinics.

Digested: 4/2/2024

SB-1035-HD-1

Submitted on: 4/2/2024 5:29:52 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
JOSIE MALOTT	Kenny R. Malott M.D. Inc	Support	Written Testimony Only

Comments:

Aloha Members of Hawaii State Legislation,

My husband and I are in support of Legislation bill SB1035 SD2 HD1, exempting Physicians from paying GET on government insurance reimbursements where we are not allowed to collect from patients.

I have managed my husbands medical practice for 30 years in the same location in North Kihei. I have expressed the need for this bill for many years. We live in a state where we are considered rural, thus reimbursement from government agency is less than the populated states on the mainland. Further, we have paid 4% GET on government insurance payments where we are not allowed to bill patients. All this on top of a lower rate of reimbursements and living in a state where the cost of living is the highest in the nation.

There have been times where we have thought about returning to the mainland where we could be paid more, not suffer the headaches of a small working pool and the expense of running a business in Hawaii, and our children could get a good public education, But We are still here.

We love Hawaii and our patients and have had a commitment to our community for 30 years. We'd like to retire some day soon, but economically we are not in a place where we could and maintain living in Hawaii which we now consider home. This is in part due to having to pay GET on top of lower reimbursements rates and not being able to collect from patients with government insurance coverage. My estimate in over the 30 years is having to pay over \$2,000,000.00 where we could not collect the 4 % from patients with government insurance or having the exemption. When I think about this it is quite discouraging.

I have tried to recruit physicians to Maui to eventually take over my husbands practice. I have had a few who have been seriously interested but when they find out the lack of reimbursement and expense of GET and cost of living, They have declined. Medical practitioners come to Maui and after a 2-5 year average they return to the mainland due to all of the above. It has seriously been a hardship and I encourage all of you to VOTE IN FAVOR as our future of having quality and diverse health care depends on it.

Thank for your time, Please help keep medical practitioners in Hawaii.

Respectfully, Josie Malott, Office Administrator for Kenny R. Malott MD Inc, Kihei, Hawaii

808-870-5004

SB-1035-HD-1

Submitted on: 4/2/2024 6:51:49 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Shauna Raboteau	Healing Tides Primary Care	Support	Written Testimony Only

Comments:

I am in support of this bill because as a co-owner of a small primary care practice, we are struggling to make a decent income due to the excessive amount of GET taxes we have to pay. If medical/dental businesses were excluded, then it would incentivize more local physicians to stay on island to provide medical care to our local community. This is desperately needed given the shortage of physicians in the state.

SB-1035-HD-1

Submitted on: 4/2/2024 8:44:32 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
John & Rita Shockley	Free Access Coalition	Support	Written Testimony Only

Comments:

Aloha!

The Free Access Coalition SUPPORTS SB1035. Medical providers in Hawaii need tax relief to keep viable in our State.

Hawaii is the only state in the nation still taxing medical providers for patients that are Federally insured and only one of two States in the nation taxing medical services for any insurances, the monthly added expense is very much a part of the problem for the present and future of healthcare in Hawaii on all islands. Please keep our medical providers and quality healthcare available for all people in Hawaii!"

Please pass SB1035 to keep health care providers financially able to continue servicing the people of Hawaii.

Mahalo for your time.

SB-1035-HD-1

Submitted on: 4/3/2024 8:13:40 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jenny Welham	Dr. Jenny Welham representing Island Pediatrics of Honolulu	Support	Written Testimony Only

Comments:

Subject: Testimony in Support of **SB1035 SD2 HD1** - Exemption of GE Taxes for Medical and Dental Services

I am a board certified pediatrician practicing in Honolulu and am representing Island Pediatrics of Honolulu. I write to express strong support for [**SB1035 SD2 HD1**, which seeks to exempt general excise (GE) taxes for medical and dental services. As healthcare providers dedicated to the well-being of our community’s children, we understand the critical role that financial barriers play in accessing quality healthcare.

The current imposition of GE taxes on medical and dental services disproportionately affects families and individuals who are already facing significant healthcare expenses. By removing these taxes, **SB1035 SD2 HD1** will make essential healthcare services more affordable and accessible, particularly for those most in need.

Moreover, this exemption would alleviate some of the financial strain on healthcare practices, allowing us to focus more resources on patient care and less on navigating fiscal challenges. This is especially important in our state, where the shortage of healthcare providers is an ongoing concern.

Ultimately, the passage of **SB1035 SD2 HD1** represents a commitment to the health and future of our residents. It is a step towards ensuring that all children, regardless of their family’s financial situation, have access to the medical and dental care they deserve.

I urge the committee to recognize the profound impact that this bill would have on the health of our community and to pass it into law.

Thank you for considering our perspective on this vital issue.

Mahalo,

Dr. Jenny Welham, MD

Fellow of the American Academy of Pediatrics



April 3, 2024

Testimony in Support of SB 1035 SD2 HD1, Relating to the General Excise Tax

Committee on Finance
Wednesday, April 3, 2024
2:15 PM | Conference Room 308

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

Hawaii Dental Service (HDS) **supports** SB 1035 SD2 HD1, Relating to the General Excise Tax. 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, dentists are not able to pass on the general excise tax to Medicaid patients, which leaves the dentist solely responsible for the tax burden. The general excise tax exemption for dentists will provide an opportunity to adjust one variable in the many that directly affect dental practices serving this vulnerable population. As more dentists accept Medicaid, oral healthcare will become more accessible for more patients in communities across our islands.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Diane S. L. Paloma".

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

SB-1035-HD-1

Submitted on: 4/1/2024 2:52:16 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Lynn Murakami Akatsuka	Individual	Support	Written Testimony Only

Comments:

I strongly support the passage of SB 1035, SD 2, HD 1 this legislative session. It is imperative for our communities statewide to retain our current private practice physicians and other medical professionals noted in the bill from closing their practices and leaving Hawai'i permanently. This bill provides the economic relief and gives fair compensation that solo practices and clinics across all the islands in the State of Hawaii.

The data shows the urgency of the passage of this bill. Thank you for the opportunity to testify in strong support of SB 1035, SD 2, HD 1.

SB-1035-HD-1

Submitted on: 4/1/2024 3:22:01 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jerris Hedges	Individual	Support	Written Testimony Only

Comments:

Aloha House Finance Committee Members,

For those living on the neighbor islands, SB1035 SD2 HD1 may be one of the most important bills before the 2024 legislature. This bill will do much to support the practice of medicine on neighbor islands and help slow the loww of practitioners from the neighbor islands.

As others have noted, there are over 100 pages of testimony in support of reforming Hawaii's unfortunate status as the only state in the nation taxing healthcare providers caring for Medicare, Medicaid and TriCare patients.

I urge you to help our neighbor island citizens retain access to health care providers by passing SB1035 SD2 HD1.

Jerris R. Hedges, MD

Professor & Dean Emeritus

UH John A. Burns, School of Medicine

SB-1035-HD-1

Submitted on: 4/1/2024 3:53:50 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Allen Novak	Individual	Support	Written Testimony Only

Comments:

I wish to testify in support of SB 1035.

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 SB 1035.

Allen Novak

SB-1035-HD-1

Submitted on: 4/1/2024 4:05:16 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jamie Boling	Optimum Health and Wellness Hawaii	Support	Written Testimony Only

Comments:

[REDACTED]

Subject: Request for Elimination of General Excise Tax (GET) for Health Care Providers

I hope this letter finds you in good health and high spirits. I am writing to you as an Advanced Practice Registered Nurse (APRN) in the state of Hawai‘i, to bring to your attention a significant concern that impacts not only my professional practice but also the broader healthcare community and the patients we serve.

The General Excise Tax (GET) currently imposed on healthcare providers in Hawai‘i presents a significant financial burden, particularly for independent practitioners like myself. While we understand the importance of taxes in supporting essential public services, we believe that healthcare, as a critical public service, should be exempt from such additional financial obligations.

The imposition of the GET on health care providers potentially hinders our ability to provide the highest quality of care to our patients. The additional financial strain could lead to increased healthcare costs, which would inevitably be passed on to our patients. In a state where the cost of living is already high, this additional burden could potentially restrict access to necessary healthcare for many residents.

Furthermore, this tax may discourage talented healthcare professionals from practicing in Hawai‘i, thereby exacerbating the ongoing shortage of healthcare providers in our state. This concern is particularly salient in rural areas, where access to quality healthcare is already limited.

We, therefore, request your consideration and support in advocating for the elimination of the GET for healthcare providers. We believe that this action will not only alleviate the financial strain on healthcare providers but also contribute to enhancing the health and well-being of the residents of Hawai‘i.

Thank you for your attention to this critical issue. We are confident that with your support, we can work towards creating a more sustainable and accessible healthcare environment in our state.

Sincerely,

Jamie Kopera Boling, MPH, MSN, APRN-Rx, FNP-BC, PMHNP-BC

Owner, Optimum Health and Wellness Hawai'i, LLC.

74 Kihapai

Kailua, HI, 96734

P: 808-490-3250

SB-1035-HD-1

Submitted on: 4/1/2024 4:33:43 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Penelope Dodson	Individual	Support	Written Testimony Only

Comments:

Chair, Vice Chair, and Members of the Committee on Finance:

My name is Penelope Dodson, and I am a pediatric dentist who has been in private practice for over twenty years. I am writing to express my strong support for SB1035, which would exempt medical and dental services provided to patients who receive Medicaid, Medicare, or TRICARE benefits from the general excise tax (GET) for taxable years beginning after December 31, 2023.

As a healthcare provider, I have witnessed firsthand the challenges faced by many of my patients who rely on these critical government programs for their healthcare needs. Medicaid, Medicare, and TRICARE provide essential coverage for low-income individuals, seniors, and military families. However, the application of the GET on medical and dental services for these patients places an additional financial burden on both the patients and the providers.

By exempting these services from the GET, SB1035 would help ensure that our most vulnerable populations have better access to the care they need without facing additional costs. This exemption would also provide relief for healthcare providers like myself, who often struggle with the administrative and financial burdens associated with serving these patient populations.

Moreover, this exemption would encourage more healthcare providers to participate in these government programs, thereby increasing access to care for those who need it most. As a pediatric dentist, I am particularly concerned about the oral health of our keiki, and I believe that this measure would help ensure that more children from low-income families can receive the dental care they need to maintain healthy smiles and overall well-being.

In conclusion, I would like to urge the Committee to support SB1035 and pass this critical measure. By exempting medical and dental services provided to Medicaid, Medicare, and TRICARE beneficiaries from the GET, we can improve access to care, support our healthcare providers, and, ultimately, promote better health outcomes for our community.

Thank you for the opportunity to provide this testimony.

Sincerely,

Penelope J Dodson, DDS, MS, MPH
Pediatric Dentist

Member (Partial List):

Hawaii Dental Association

American Dental Association

Hawaii Oral Health Coalition member

Hawaii Oral Health Institute member

Hawaii Dental Hui-Communications Director

Hawaii Medical Reserve Corps

SB-1035-HD-1

Submitted on: 4/1/2024 5:25:28 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

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

Comments:

I am in **STRONG SUPPORT of SB 1035 SD2 HD1**

Access to health care is a significant issue across the 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 GET plus county surcharge. Medical services rendered at a "non-profit" hospital based system are already exempt from the State 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 (private) practices in our community. We are struggling with ever increasing overhead costs and low reimbursement rates.

This legislation would be another key step in addressing the provider shortage in our community; especially those established in practice who may not be eligible for other programs like the Hawaii State Loan Repayment Program (HSLRP).

Thank you for this opportunity to submit written testimony in **STRONG SUPPORT of SB1035 SD2 HD1.**

Joey Y. Kohatsu, M.D.

Primary Care Physician- Internal Medicine and Geriatric Medicine

Solo private practice

Honolulu, Hawaii

SB-1035-HD-1

Submitted on: 4/1/2024 7:20:09 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

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

Comments:

Dear Chair Yamashita and Committee members,

Mahalo for voting to pass HB1675 unanimously and for hearing SB1035!
Our Neighbor Islands have a severe shortage of doctors, nurses, APRNs and physician assistants. AHEC estimates that Hawai'i needs 3000 healthcare professionals. If we could recruit and retain these badly needed providers, then tens of thousands of additional jobs could be created for our communities. These new providers would be paying income, corporate, and property taxes.

The need for these new healthcare professionals is acute especially on Maui.

https://www.kitv.com/news/local/mauis-doctor-shortage-crisis-physicians-rally-to-eliminate-tax-burden/article_97a3989c-ee01-11ee-bff5-ef2459fdadfd.html

The President of the Hawai'i Tax Foundation expresses support for SB1035, as does Senator Dela Cruz and Governor Green.

<https://www.hawaiifreepress.com/Articles-Main/ID/40737/GET-on-Health-Care-Revisited>

<https://www.hawaiinewsnow.com/2024/04/02/deadline-looms-lawmakers-evaluating-best-use-limited-money-tax-breaks/>

Aloha,

Scott Grosskreutz, M.D.

SB-1035-HD-1

Submitted on: 4/1/2024 7:27:43 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Laeton J Pang	Individual	Support	Written Testimony Only

Comments:

I'm writing as a practicing physician in Hawaii since 1994 to support this bill to promote patient access to care and help address the provider shortage, not just for primary care but also for specialists. The provider shortage is alarming on our neighbor islands and becoming a real issue on Oahu as well. Reports from Maui and the Big Island on patient wait times, delays in diagnosis, timely evaluation, and worsened outcomes are quite concerning.

Thank you for agreeing to consider this important bill as the GET is one of the key factors making practices in Hawaii unsustainable. The investment being made to pay tuitions for new graduates to attract providers to Hawaii needs to be protected. Without addressing the underlying reasons for the provider shortage, those monies will be lost as these new providers will leave once their obligation is fulfilled. Please feel free to contact me for further information.

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

SB-1035-HD-1

Submitted on: 4/1/2024 9:19:10 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

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

Comments:

I am writing in VERY STRONG SUPPORT for SB1035 SD2 HD1. Taxation, insurances, covid, and more have changed independent medical practices greatly. Providers are having to retire earlier, create additional sources of revenue while practicing medicine, or leave practicing medicine in Hawaii since costs to run a practice here cannot even be covered due to much less income from insurances and more expenses with taxation. Since Hawaii is the only state in the nation still taxing medical providers for patients that are federally insured and only one of two states in the nation taxing medical services for any insurances, the monthly added expense is very much a part of the problem for the present and future of healthcare in Hawaii on all islands. Please keep our medical providers and quality healthcare available for all people in Hawaii!

SB-1035-HD-1

Submitted on: 4/1/2024 9:30:18 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Laurie Tom	Individual	Support	Written Testimony Only

Comments:

Dear Chairman Yamashita and Vice-chair Kitagawa,

I am writing to express my strong support for SB1035 and to urge members of the House Committee on Finance to consider its passage. This bill presents a crucial opportunity to address a critical issue of health care expenses.

One of the critical issues exacerbated by the current tax is its imposition of additional costs and taxes on people including those injured by the Maui fire disaster and other disasters including first responders. Taxation on essential medical care and services not only adds to their financial burden but also raises significant ethical and civil liberty concerns. The lack of compensation from government programs like Medicare, Medicaid and TRICARE for the tax differential, places an unfair economic burden on healthcare providers and compromises access to care including for vulnerable populations.

By exempting from taxation healthcare services rendered under Medicare, Medicaid and TRICARE, SB 1035 would provide much needed relief to sick, injured and disabled people such that they are treated fairly and equitably under the law. This exemption would alleviate the financial burden placed on healthcare professionals, caregivers and families.

You are aware of the physician shortage in Hawaii and difficulty with access to health care in general, primary care and specialty care. One reason is the cost of running a practice in the setting of Hawaii's high cost of living. Physicians are leaving Hawaii to practice elsewhere where they are compensated more or retiring sooner than necessary. Only independent medical practices are assessed GET. Hospitals and health centers are not assessed GET, and they are also able to charge facility fees, which independent practices are not. Every little bit helps the independent practitioner. The percentage of independent physician practices continues to decline.

I strongly urge you and your fellow committee members to prioritize this important issue and support the passage of SB 1035. Your leadership on this matter will have a positive impact on the health and well being of our state's residents, particularly those within protected classes who are disproportionately affected by the Hawaii General Excise Tax.

Thank you for the opportunity to submit testimony on this critical issue. I look forward to your continued support and advocacy for accessible healthcare in Hawaii.

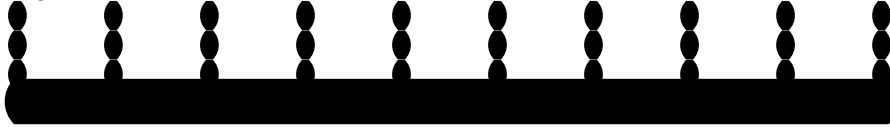
Sincerely,

Laurie K. S. Tom, M.D.

Private practice, Endocrinology, Diabetes and Metabolism

ALISTAIR W BAIROS, MD

General Surgery, Wound Care Specialist



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

S.B. 1035, SD2, HD1 - Relating to the GET

**Testimony of Alistair Bairos, M.D.
Country Surgeon
Wednesday, April 3, 2024. 2:15 PM**

Position: STRONG, UNWAVERING SUPPORT

Why?: NO KA PONO!!!

Aloha Chair Yamashita. Vice Chair Kitagawa and members of the Committee on Finance:

On behalf of the many thousands of Big Island patients I've had the honor to care for during the past 35 years, and on behalf of the [dwindling] number of my Big Island healthcare colleagues – medical and dental – I urge you all to pass this important measure.

Passage of this bill will substantially improve the chances that residents of rural Hawai'i will find a healthcare practitioner when they need one; failing to pass this bill will perpetuate the inverse effect.

Dr Kelley Withy's Physician Manpower survey – *directly authorized by the Hawai'i Legislature* – has documented the dire and dwindling state of physician person-power for over a decade, yet minimal efforts have been made to effectively address the issue.

Passage of S.B.1035, SD2, HD1 will be a substantial first step towards. PLEASE, for the love and health of your constituents, pass this bill!

Mahalo and aloha,

Ali Bairos, MD

Alistair W Bairos, MD, CWSP, FACCWS

President

American Board of Wound Management

1800 M Street, NW | Suite 400S | Washington, DC 20036

Phone: 202.457.8408 | Fax: 202.530.0659 | Cell: 808.960.3383

alibaba@hawaii.rr.com | www.abwmcertified.org

Signed electronically 04/01/2024, 9:35:13 PM

Date: Wednesday April 3, 2024

To: The Honorable Chair Kyle T. Yamashita and the Honorable Vice Chair Lisa Kitagawa
And the Members of the House Committee on Finance

Bill: **SB1035, SD2, HD1** RELATING TO THE GENERAL EXCISE TAX

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

My name is Dr Stephanie Yan and I stand in strong support of SB1035, SD2, HD1.

Despite years of persistent efforts by the doctors and legislators of Hawaii, the imposition of this tax continues to impede our state's ability to provide affordable and accessible healthcare to our community. This tax is applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and healthcare providers in Hawaii.

A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis. As your committee and both the health committees of the Senate and House have noted for five years, there is a shortage of private practice physicians and dentists who can afford to help the underserved, especially through Medicaid, Medicare, and Tricare.

It's noteworthy that only one state other than Hawaii imposes this tax on healthcare. Most state leadership have recognized that the inequitable General Excise Tax (GET) causes financial hardship on private practice capacity and sustainability, especially for the sick and elderly. Currently, no economic analysis can justify exempting hospitals, nonprofits, and government hospitals from this tax while burdening private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in Hawaii, exacerbating shortages of vital licensed healthcare professionals and skills in our state. This presents a significant economic challenge for physicians and dentists who choose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade's research, notably "The Perfect Storm," analyzes the economic reasons behind the state's struggle to recruit and retain physicians. The conclusions of this analysis are further supported by the work of the Hawaii Physician Shortage Task Force, which found that many healthcare professionals are compelled to leave due to economic reasons. The collateral damage to our state's economic base will persist as each physician or dentist who closes shop or leaves the islands will cost the state

hundreds of thousands in lost income taxes and millions over the span of their careers in terms of job creation and consumer spending.

Let's take a moment to reflect on recent attempts to reform the GET taxation of healthcare:

- For 15 years, Dr. Withy and AHEC have diligently reported on serious doctor shortages in Hawai'i to the Legislature. In 2023, these shortages worsened on Maui and the Big Island.
-
- Hawai'i bears the unfortunate distinction of having the highest percentage of residents in HPSA in America, with primary care provider shortages at their worst. Shortages of specialists are often staggering, reaching 50-100% on Neighbor Islands.
-
- In 2020, our GET bill aimed at addressing the healthcare crisis was unanimously supported. However, it tragically faltered due to the emergence of another crisis – COVID-19. While the Legislature sought shelter, our understaffed medical workforce valiantly stood on the pandemic's front lines.
-
- Fast forward to 2023, and once again, every single lawmaker who had the opportunity to vote for GET reform did so. Yet, despite a substantial \$3 billion budget surplus, the bill met its demise because FIN refused to allocate a mere 30 minutes for its consideration at that time.
- Then, in 2024, every lawmaker unanimously supported HB1675. But inexplicably, the Senate Ways and Means Committee has yet to schedule the measure for a hearing. It begs the question: are lawmakers prohibited from voting on measures to support healthcare providers and why?

We are all navigating exceedingly challenging circumstances – grappling with oppressive taxation, severe under-reimbursements, and unconscionable insurance contracts. Yet somehow, this status quo is passively accepted as “just the way things are in Hawai'i.”

Coincidentally, in 2024 Becker's Hospital Review named Hawaii as the #1 worst state for physicians to practice.

It's time for change. It's time for action. It's time to address these systemic challenges head-on and pave the way for a healthcare system that truly serves the needs of our communities.

Recently, Governor Dr. Josh Green has affirmed that there is enough funding available for both medical professionals and families to receive tax breaks. With over \$900 million in projected surplus for this year and over \$600 million for next year, there is ample

room for legislative action. We don't just need an infusion of millions of dollars into our healthcare systems or to a few hospitals; we require systemic fixes to our healthcare system and its taxation to recruit and retain the professionals necessary to serve our people here in Hawaii.

The doctors and dentists of Hawaii humbly ask that each member of this committee supports SB1035 to promote the economic sustainability of our fragile healthcare system. It's not enough to merely pass it through the committee; it must be seen through to enactment, avoiding legislative technicalities that have stalled similar bills for four years running. SB 1035 has passed all the House and Senate Committees unanimously because it is unconscionable to tax the sick and elderly. Please complete the work necessary to provide our communities with the best healthcare possible. There's so much more work to do on the healthcare front, but we have to get going with SB 1035, the GET exemption for healthcare services for Medicare, Medicaid and Tricare patients, as a good start towards our state leadership's commitment to the health and wellness of our communities.

Thank you for considering this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephanie Yan', written in a cursive style.

Dr Stephanie Yan

SB-1035-HD-1

Submitted on: 4/1/2024 10:29:51 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

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

Comments:

Dear Honorable Chair Kyle Yamashita, Vice Chair Lisa Kitagawa, and Members of the House Committee on Finance,

I thank you for this opportunity to submit testimony in support of SB 1035 SD2 HD1, Relating to the General Excise Tax which would exempt medical services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits from Hawaii State's general excise tax.

This measure would play a role in helping to keep healthcare providers in Hawaii. You have heard from other testimony that we face a significant loss of healthcare providers and the inability to attract other healthcare providers to come to Hawaii.

Healthcare is a fundamental part of people's lives and a well-functioning healthcare sector is a prerequisite for a well-functioning economy.

The continuing shortage of healthcare providers is adversely impacting the health of all communities in Hawaii.

Please vote YES on SB1035 SD2 HD1.

SB-1035-HD-1

Submitted on: 4/1/2024 10:48:21 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Soren Carlsen	Maui Urology, llc	Support	Written Testimony Only

Comments:

To: The Honorable Chair Kyle T. Yamashita and the Honorable Vice Chair Lisa Kitagawa

And the Members of the House Committee on Finance

Bill: SB1035, SD2, HD1 RELATING TO THE GENERAL EXCISE TAX

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

My name is Dr. Soren Carlsen, and I stand in strong support of SB1035, SD2, HD1.

Despite years of persistent efforts by the doctors and legislators of Hawaii, the imposition of this tax continues to impede our state's ability to provide affordable and accessible healthcare to our community. This tax is applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and healthcare providers in Hawaii.

A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis. As your committee and both the health committees of the Senate and House have noted for five years, there is a shortage of private practice physicians and dentists who can afford to help the underserved, especially through Medicaid, Medicare, and Tricare.

It's noteworthy that only one state other than Hawaii imposes this tax on healthcare. Most state leadership have recognized that the inequitable General Excise Tax (GET) causes financial hardship on private practice capacity and sustainability, especially for the sick and elderly. Currently, no economic analysis can justify exempting hospitals, nonprofits, and government hospitals from this tax while burdening private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in Hawaii, exacerbating shortages of vital licensed healthcare professionals and skills in our state. This presents a significant economic challenge for physicians and dentists who choose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade's research, notably "The Perfect Storm," analyzes the economic reasons behind the state's struggle to recruit and retain physicians. The conclusions of this analysis are further supported by the work of the Hawaii Physician Shortage Task Force, which found that many healthcare professionals are compelled to leave due to economic reasons. The collateral damage to our state's economic base will persist as each physician or dentist who closes shop or leaves the islands will cost the state hundreds of thousands in lost income taxes and millions over the span of their careers in terms of job creation and consumer spending.

Let's take a moment to reflect on recent attempts to reform the GET taxation of healthcare:

For 15 years, Dr. Withy and AHEC have diligently reported on serious doctor shortages in Hawai'i to the Legislature. In 2023, these shortages worsened on Maui and the Big Island. I've personally discussed this with Dr Withy on more than one occasion and we are in agreement on numerous obvious hurdles preventing successful physician recruitment and retainment.

Hawai'i bears the unfortunate distinction of having the highest percentage of residents in HPSA in America, with primary care provider shortages at their worst. Shortages of specialists are often staggering, reaching 50-100% on Neighbor Islands.

In 2020, our GET bill aimed at addressing the healthcare crisis was unanimously supported. However, it tragically faltered due to the emergence of another crisis – COVID-19. While the Legislature sought shelter, our understaffed medical workforce valiantly stood on the pandemic's front lines.

Fast forward to 2023, and once again, every single lawmaker who had the opportunity to vote for GET reform did so. Yet, despite a substantial \$3 billion budget surplus, the bill met its demise because FIN refused to allocate a mere 30 minutes for its consideration at that time.

Then, in 2024, every lawmaker unanimously supported HB1675. But inexplicably, the Senate Ways and Means Committee has yet to schedule the measure for a hearing. It begs the question: are lawmakers prohibited from voting on measures to support healthcare providers and why?

We are all navigating exceedingly challenging circumstances – grappling with oppressive taxation, severe under-reimbursements, and unconscionable insurance contracts. Yet somehow, this status quo is passively accepted as “just the way things are in Hawai'i.”

Coincidentally, in 2024 Becker's Hospital Review named Hawaii as the #1 worst state for physicians to practice.

It's time for change. It's time for action. It's time to address these systemic challenges head-on and pave the way for a healthcare system that truly serves the needs of our communities.

Recently, Governor Dr. Josh Green has affirmed that there is enough funding available for both medical professionals and families to receive tax breaks. With over \$900 million in projected surplus for this year and over \$600 million for next year, there is ample room for legislative action. We don't just need an infusion of millions of dollars into our healthcare systems or to a few hospitals; we require systemic fixes to our healthcare system and its taxation to recruit and retain the professionals necessary to serve our people here in Hawaii.

The doctors and dentists of Hawaii humbly ask that each member of this committee supports SB1035 to promote the economic sustainability of our fragile healthcare system. It's not enough to merely pass it through the committee; it must be seen through to enactment, avoiding legislative technicalities that have stalled similar bills for four years running. SB 1035 has passed all the House and Senate Committees unanimously because it is unconscionable to tax the sick and elderly. Please complete the work necessary to provide our communities with the best healthcare possible. There's so much more work to do on the healthcare front, but we have to get going with SB 1035, the GET exemption for healthcare services for Medicare, Medicaid and Tricare patients, as a good start towards our state leadership's commitment to the health and wellness of our communities.

Thank you for considering this important issue.

Sincerely,

Soren Carlsen,MD
Maui Urology, LLC

SB-1035-HD-1

Submitted on: 4/2/2024 4:56:07 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Dr Michael Krishna Rao	Individual	Support	Written Testimony Only

Comments:

As a private practice surgeon in a specialty that the state for years has noted severe shortages in (colorectal surgery) the general excise tax is a major harm in being able to run a successful practice and care for those who need it most. Historically in hawaii there were only two non-kaiser surgeons in my specialty both of whom refused to take medicaid due to the double hit of not only the poor reimbursement but then the additional GET paid by the physician. Since I have moved back and started my practice I have taken on this flood of medicaid patients which the state unfairly balances on me simply because I am trying to do what is right for the people of hawaii. This burden is not shared by employed physicians or those who refuse to see medicaid patients (which more and more physicians will do). Compounding this the inflation of costs of running the practice with overall declining reimbursements makes a real situation where running a medical practice in Hawaii does not make any sense worsening our physician shoratge. GET is the icing on this cake. I would humbly request that you consider the importance that physicians play in caring for the community and start thinking about how you can address the multiple problems we face starting with eliminating this unfair tax.

SB-1035-HD-1

Submitted on: 4/2/2024 5:39:10 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Danilene Nishikawa	Individual	Support	Written Testimony Only

Comments:

I am writing in VERY STRONG SUPPORT for SB1035 SD2 HD1. Taxation, insurances, covid, and more have changed independent medical practices greatly. Providers are having to retire earlier, create additional sources of revenue while practicing medicine, or leave practicing medicine in Hawaii since costs to run a practice here cannot even be covered due to much less income from insurances and more expenses with taxation. Since Hawaii is the only state in the nation still taxing medical providers for patients that are federally insured and only one of two states in the nation taxing medical services for any insurances, the monthly added expense is very much a part of the problem for the present and future of healthcare in Hawaii on all islands. Please keep our medical providers and quality healthcare available for all people in Hawaii.

SB-1035-HD-1

Submitted on: 4/2/2024 6:02:53 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

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

Comments:

As a practicing physician in Hawai'i since 2013, I'm writing in support of this bill.. I favor more comprehensive GET reform exempting all gross medical income from the general excise tax which is one of several contributing factors to Hawai'i's medical provider shortage. The GET tax exemption on gross medical income needs to be extended to specialists as well since it prevents oncologists and other specialists from being able to sustain their practices and robs patients of access and continuity of care.

Patient access, quality of care, and healthcare outcomes are all in jeopardy and reflects poorly on our state which championed nearly universal health care coverage. Hawai'i has fallen behind the times. A healthcare crisis is already upon us on the neighbor islands affecting one-third of our population, and is starting to impact Oahu as well.

The Hawai'i State Department of Taxation has stated that it believes providers can pass along the tax to our patients. This premise is patently illegal, places the provider in jeopardy with federal law and may invite federal inquiry on state tax policy. Making a cancer patient with private insurance pay the GET tax only adds to the enormous stress they are already undergoing.

Tuition waivers while helpful to recruit new providers are not a long-term solution if not coupled with measures to address the other underlying causes of why providers are closing their practices and moving to the mainland.

Sincerely,

Richard Lee , Radiation Oncologist.

Damien Tavares MD
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

April 2, 2024

Representative Kyle Yamashita, Chairman
Representative Lisa Kitagawa, Vice-Chair
House Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Chairman Yamashita and Vice-Chair Kitagawa,

I am writing to express my strong support for Senate Bill 1035 and to urge the members of the House Committee on Finance to consider its passage. This bill presents a crucial opportunity to address a critical issue of health care expenses faced by the Lahaina/Maui fire victims and other vulnerable populations seeking health services in Hawaii.

One of the critical issues exacerbated by the current tax is its imposition of additional costs and taxes on people injured by disaster, including first-responders. Taxation on essential medical care and services for these individuals not only adds to their financial strain but also raises significant ethical and civil liberty concerns due to unfair and disproportionate financial burdens on injured and disabled citizens, their caregivers, and their families. These discrepancies, compounded by the lack of compensation from government programs like Medicare, Medicaid, and TRICARE for the tax differential, places an unfair economic burden on healthcare providers and compromises access to care for vulnerable populations.

By exempting from taxation healthcare services rendered under Medicaid, Medicare, and Tricare, SB 1035 would provide much-needed relief to sick, injured, and disabled people such that they are treated fairly and equitably under the law. This exemption would alleviate the financial burden placed on healthcare professionals, caregivers and families, allowing them to focus on providing the care and support needed by their families and community. This is particularly impactful on neighboring islands where specialty services may not be provided at all.

I urge you and your fellow committee members to prioritize this important issue and support the passage of Senate Bill 1035. Your leadership on this matter will have a positive impact on the health and well-being of our state's residents, particularly those within protected classes who are disproportionately affected by the Hawaii General Excise Tax.

Thank you for considering my perspective on this critical issue. I look forward to your continued advocacy for accessible healthcare in Hawaii.

Sincerely,

Damien Tavares MD



Kelley Withy, MD, PhD

April 2, 2024

RE: SB1035

IN SUPPORT

Dear Chair Dela Cruz, Vice Chair Moriwaki, 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 are soon closing 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, especially Maui, where we are seeing increases in suicides!!! 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 already, so 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! 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!!

SB-1035-HD-1

Submitted on: 4/2/2024 9:15:03 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
daven chun	Individual	Support	Written Testimony Only

Comments:

Daven Chun

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4/2/2024

Representative Kyle Yamashita, Chairman
Representative Lisa Kitagawa, Vice-Chair
House Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Chairman Yamashita and Vice-Chair Kitagawa,

I am writing to express my strong support for Senate Bill 1035 and to urge the members of the House Committee on Finance to consider its passage. This bill presents a crucial opportunity to address a critical issue of health care expenses faced by the Lahaina/Maui fire victims and other vulnerable populations seeking health services in Hawaii. (FYI: my mother has been displaced from her Lahaina home)

One of the critical issues exacerbated by the current tax is its imposition of additional costs and taxes on people injured by disaster, including first-responders. Taxation on essential medical care and services for these individuals not only adds to their financial strain but also raises significant ethical and civil liberty concerns due to unfair and disproportionate financial burdens on injured and disabled citizens, their caregivers, and their families. These discrepancies, compounded by the lack of compensation from government programs like Medicare, Medicaid, and TRICARE for the tax differential, places an unfair economic burden on healthcare providers and compromises access to care for vulnerable populations.

By exempting from taxation healthcare services rendered under Medicaid, Medicare, and Tricare, SB 1035 would provide much-needed relief to sick, injured, and disabled people such that they are treated fairly and equitably under the law. This exemption would alleviate the financial burden placed on healthcare professionals, caregivers and families, allowing them to focus on providing the care and support needed by their families and community. This is particularly impactful on neighboring islands where specialty services may not be provided at all.

I urge you and your fellow committee members to prioritize this important issue and support the passage of Senate Bill 1035. Your leadership on this matter will have a positive impact on the health and well-being of our state's residents, particularly those within protected classes who are disproportionately affected by the Hawaii General Excise Tax.

Thank you for considering my perspective on this critical issue. I look forward to your continued advocacy for accessible healthcare in Hawaii.

Sincerely,

Daven Chun

SB-1035-HD-1

Submitted on: 4/2/2024 9:29:45 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Marquita Granda	Individual	Support	Written Testimony Only

Comments:

Aloha,

I wish to testify in support of SB1035. I am a psychiatric mental health nurse practitioner from Kaua'i but now live on Hawai'i island due to the housing crisis that significantly worsened over the last few years on Kaua'i. It was always my dream to serve local communities and I recently moved back from Oregon to do so. I opened a private practice and am shocked at the difference in insurance reimbursement rates between Oregon and Hawai'i. We are reimbursed significantly less in Hawai'i. In order to support my family, I have considered outsourcing my services to Oregon and Washington, where I am licensed and exempt from paying GET. I am sad that I have to choose between supporting my community and supporting my family, I have never felt so conflicted. Passing this bill would ease some of this hardship. Mahalo for your consideration.

Alan A. Parsa, MD FACE

[REDACTED]
[REDACTED]
[REDACTED]

4/1/24

Representative Kyle Yamashita, Chairman
Representative Lisa Kitagawa, Vice-Chair
House Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Chairman Yamashita and Vice-Chair Kitagawa,

I am writing to express my strong support for Senate Bill 1035 and to urge the members of the House Committee on Finance to consider its passage. This bill presents a crucial opportunity to address a critical issue of health care expenses faced by the Lahaina/Maui fire victims and other vulnerable populations seeking health services in Hawaii.

One of the critical issues exacerbated by the current tax is its imposition of additional costs and taxes on people injured by disaster, including first-responders. Taxation on essential medical care and services for these individuals not only adds to their financial strain but also raises significant ethical and civil liberty concerns due to unfair and disproportionate financial burdens on injured and disabled citizens, their caregivers, and their families. These discrepancies, compounded by the lack of compensation from government programs like Medicare, Medicaid, and TRICARE for the tax differential, places an unfair economic burden on healthcare providers and compromises access to care for vulnerable populations.

By exempting from taxation healthcare services rendered under Medicaid, Medicare, and Tricare, SB 1035 would provide much-needed relief to sick, injured, and disabled people such that they are treated fairly and equitably under the law. This exemption would alleviate the financial burden placed on healthcare professionals, caregivers and families, allowing them to focus on providing the care and support needed by their families and community. This is particularly impactful on neighboring islands where specialty services may not be provided at all.

I urge you and your fellow committee members to prioritize this important issue and support the passage of Senate Bill 1035. Your leadership on this matter will have a positive impact on the health and well-being of our state's residents, particularly those within protected classes who are disproportionately affected by the Hawaii General Excise Tax.

Thank you for considering my perspective on this critical issue. I look forward to your continued advocacy for accessible healthcare in Hawaii.

Sincerely,

Alan A. Parsa, MD FACE

SB-1035-HD-1

Submitted on: 4/2/2024 9:45:03 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Layne Novak	Individual	Support	Written Testimony Only

Comments:

I wish to testify in support of SB 1035

The pool of healthcare providers in private, independent practice has diminished. This is concerning as it creates an increasing shortage of healthcare providers in rural settings.

The In recent years, physicians and other healthcare providers have chosen to be employees of large healthcare facilities. The majority of healthcare providers do not pay excise tax as they work for a not-for-profit facility. However, the private healthcare provider, who is likely to be the only local source of healthcare in rural and underserved areas, is currently subject to excise tax. These private practices typically have a small margin of income over expense. And some have no margin, which results in many rural practices closing. **Since excise tax is assessed on gross revenue rather than profit margin, the excise tax is a major factor affecting the ability of a private practice to sustain itself. More private practices are finding that they cannot.**

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.

Please help save medical practices in Hawaii by supporting SB 1035..

Allen Novak



Date: Wednesday April 3, 2024

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

Bill: **SB1035, SD2, HD1** RELATING TO THE GENERAL EXCISE TAX

Testifier: Dr. Don Sand DDS

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

My name is Dr. Don Sand, a frontline dentist to the underserved a consultant and currently serving on 3 local state medical/dental access associations as well as 2 national dental access associations,

Over 25 Hawaii private practice dentists in our Dental Hui are in strong support of the intent of **SB1035, SD2, HD1**

Despite five years of persistent efforts by the doctors and legislators of Hawaii, this tax continues to hinder our state's ability to provide **affordable and accessible healthcare** to our community. This tax is being applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and health providers in Hawaii.

As your committee has noted and the health committees both in the Senate and House have noted for 5 years, there is a shortage of private practice physicians and dentists who can afford to help the underserved especially through Medicaid, Medicare and Tricare.

Only one state other than Hawaii exerts this tax on health care. Most state leadership have found that the inequitable GET tax causes financial hardship on the private practice capacity and sustainability. Currently no economic analysis can begin to explain the business logic of exempting from this tax the hospitals, nonprofits and government hospitals while taxing the private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in Hawaii, worsening the shortages of important licensed healthcare professionals and skills in Hawaii. This creates a more severe economic challenge for the physicians and dentists who chose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade, a physician, researched and wrote the **Perfect Storm**, an analysis of the economic reasons behind the state of Hawaii struggles to recruit and retain physicians. The conclusions of the analysis was supported by the work of the **Hawaii Physician shortage task force** which found that many healthcare professionals are having to leave just for economic reasons. The collateral damage to our state's economic base will continue to suffer as each physician or dentist who needs to close shop or leave the islands will cost the state millions in lost future consumer spending and job creation.

The doctors and dentists of Hawaii humbly ask that each member in this committee please support SB1035 to promote economic sustainability of the fragile health care in Hawaii

Thank you for considering this important issue, Dr. Sand DDS



Hugo Higa M.D., LLC

2 April 2024

To: The Honorable Chair Kyle T. Yamashita and the Honorable Vice Chair Lisa Kitagawa
And the Members of the House Committee on Finance

Bill: SB1035, SD2, HD1 RELATING TO THE GENERAL EXCISE TAX

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

My name is Hugo Higa, and I stand in strong support of SB1035, SD2, HD1.

Despite years of persistent efforts by the doctors and legislators of Hawaii, the imposition of this tax continues to impede our state's ability to provide affordable and accessible healthcare to our community. This tax is applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and healthcare providers in Hawaii.

A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis. As your committee and both the health committees of the Senate and House have noted for five years, there is a shortage of private practice physicians and dentists who can afford to help the underserved, especially through Medicaid, Medicare, and Tricare.

It's noteworthy that only one state other than Hawaii imposes this tax on healthcare. Most state leadership have recognized that the inequitable General Excise Tax (GET) causes financial hardship on private practice capacity and sustainability, especially for the sick and elderly. Currently, no economic analysis can justify exempting hospitals, nonprofits, and government hospitals from this tax while burdening private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in

Hawaii, exacerbating shortages of vital licensed healthcare professionals and skills in our state. This presents a significant economic challenge for physicians and dentists who choose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade's research, notably "The Perfect Storm," analyzes the economic reasons behind the state's struggle to recruit and retain physicians. The conclusions of this analysis are further supported by the work of the Hawaii Physician Shortage Task Force, which found that many healthcare professionals are compelled to leave due to economic reasons. The collateral damage to our state's economic base will persist as each physician or dentist who closes shop or leaves the islands will cost the state hundreds of thousands in lost income taxes and millions over the span of their careers in terms of job creation and consumer spending.

Let's take a moment to reflect on recent attempts to reform the GET taxation of healthcare:

For 15 years, Dr. Withy and AHEC have diligently reported on serious doctor shortages in Hawai'i to the Legislature. In 2023, these shortages worsened on Maui and the Big Island.

Hawai'i bears the unfortunate distinction of having the highest percentage of residents in HPSA in America, with primary care provider shortages at their worst. Shortages of specialists are often staggering, reaching 50-100% on Neighbor Islands.

In 2020, our GET bill aimed at addressing the healthcare crisis was unanimously supported. However, it tragically faltered due to the emergence of another crisis – COVID-19. While the Legislature sought shelter, our understaffed medical workforce valiantly stood on the pandemic's front lines.

Fast forward to 2023, and once again, every single lawmaker who had the opportunity to vote for GET reform did so. Yet, despite a substantial \$3 billion budget surplus, the bill met its demise because FIN refused to allocate a mere 30 minutes for its consideration at that time.

Then, in 2024, every lawmaker unanimously supported HB1675. But inexplicably, the Senate Ways and Means Committee has yet to schedule the measure for a hearing. It begs the question: are lawmakers prohibited from voting on measures to support healthcare providers and why?

We are all navigating exceedingly challenging circumstances – grappling with oppressive taxation, severe under-reimbursements, and unconscionable insurance contracts. Yet somehow, this status quo is passively accepted as "just the way things are in Hawai'i."

Coincidentally, in 2024 Becker's Hospital Review named Hawaii as the #1 worst state for physicians

to practice.

It's time for change. It's time for action. It's time to address these systemic challenges head-on and pave the way for a healthcare system that truly serves the needs of our communities.

Recently, Governor Dr. Josh Green has affirmed that there is enough funding available for both medical professionals and families to receive tax breaks. With over \$900 million in projected surplus for this year and over \$600 million for next year, there is ample room for legislative action. We don't just need an infusion of millions of dollars into our healthcare systems or to a few hospitals; we require systemic fixes to our healthcare system and its taxation to recruit and retain the professionals necessary to serve our people here in Hawaii.

The doctors and dentists of Hawaii humbly ask that each member of this committee supports SB1035 to promote the economic sustainability of our fragile healthcare system. It's not enough to merely pass it through the committee; it must be seen through to enactment, avoiding legislative technicalities that have stalled similar bills for four years running. SB 1035 has passed all the House and Senate Committees unanimously because it is unconscionable to tax the sick and elderly. Please complete the work necessary to provide our communities with the best healthcare possible. There's so much more work to do on the healthcare front, but we have to get going with SB 1035, the GET exemption for healthcare services for Medicare, Medicaid and Tricare patients, as a good start towards our state leadership's commitment to the health and wellness of our communities.

Thank you for considering this important issue.


Sincerely,

SB-1035-HD-1

Submitted on: 4/2/2024 10:17:31 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Shaun Berry MD	Individual	Support	Written Testimony Only

Comments:

Please support this measure. As a family physician, I had a practice going to the homes of homebound patients for five years. I had to close that practice because it was primarily Medicare patients and I could not make enough to keep it open. The patients were so appreciative because it was extremely difficult for them or their caregivers to get medical care. They told me I was a 'Godsend' and were very very disappointed when I closed my practice. But with the low pay and the GET tax on top of it, I could no longer afford to continue this practice. In a state with few nursing homes, home care doctors are needed. I hope that you pass this bill so that it is a possibility for physicians, nurse practitioners and physician assistants to pursue in the future.

SB-1035-HD-1

Submitted on: 4/2/2024 10:28:51 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Travis Dang	Individual	Support	Written Testimony Only

Comments:

I am in support because many practices are struggling to stay open due to high costs, which then leads to significant barriers to access to healthcare. Any help in alleviating these costs will lead to improved access and therefore overall improvement in the health of the state. Aloha!

SB-1035-HD-1

Submitted on: 4/2/2024 10:32:59 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Beth Jarrett	Jarrett Surgery LLC	Support	Written Testimony Only

Comments:

I am in support of this measure as the demand on physician time and salary have been increasing with no significant increase in compensation. Physicians are uniquely required to accept lack of payment from up to 40% (my number over the past several years) nonpayment with no ability to write off these debts on their taxes. GE tax for physicians adds insult to injury. Please exempt physicians from paying GE tax!!

SB-1035-HD-1

Submitted on: 4/2/2024 10:39:53 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Keith Marrack	Individual	Support	Written Testimony Only

Comments:

I strongly encourage you to support the exemption of all medical practices from the GET. This will benefit current physicians and make it more attractive for future physicians to want to work and stay in Hawai'i. We are one of only two states in the nation that tax medical care, and the results are being felt as physicians choose to practice elsewhere, retire, or change careers. Private physicians in East Hawai'i take care of about 1/3 of all patients. They are critical to our health care needs and the needs of prospective employers and employees. If we can't get the needed coverage on the island, business will choose to go somewhere else.

Mahalo,

Keith

SB-1035-HD-1

Submitted on: 4/2/2024 10:42:53 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Graeme Reed	Individual	Support	Written Testimony Only

Comments:

As physicians we are paid by medical insurance companies and not directly by customers (patients). The insurance companies refuse to add GET to there payments to us and so we are left having to pay this out of our own budget. the result is not only are we paying GET on our rents, our utilities and all other expenses but we are also paying GET on our income. This is not a GET but an added income tax imposed before expenses and consequently quite crippling for the small practice.

SB-1035-HD-1

Submitted on: 4/2/2024 11:14:41 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kent Yamamoto	Individual	Support	Written Testimony Only

Comments:

As a physician who was born at Queens Medical Center and raised in Pearl City, I am in support of SB1035 because of the rising cost of running a medical business, and at the same time, medicare and medicaid reimbursements are declining. I have known several born-and-raised-in-Hawaii physicians who have relocated because of this fact. Rising cost to run a physician clinic is due to rising staff wages, which is a given due to the rise in minimum wages. We are now required by Medicare to utilize electronic medical records. This has resulted in a significant jump in monthly baseline cost for software support and updates. Rent in Hawaii continues to rise making it difficult for private practice MD's, which have forced some to retire early, at the end of their lease.

Unlike other businesses which can impose higher cost upon their customers to counterweight the above issues, medical practices who have contracts with Medicare and Medicaid cannot. We are contractually obligated to specific fees which as mentioned above, continue to decline.

As local physicians, it is our Giri or Kuleana to care for the people of Hawaii. After 12 years of schooling on the mainland, in 2006, I was finally able to return home. Nowadays, with the rising cost, it's even harder for new local physicians to return home. We need our local physicians back home. Please consider passing this important bill, and thank you for your time.

Sincerely,

Kent Yamamoto MD

SB-1035-HD-1

Submitted on: 4/2/2024 11:34:54 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Julius Pham	Individual	Support	Written Testimony Only

Comments:

I am in support because healthcare providers are in a financial crisis. The cost of living in Hawaii is too high relative to the costs of providing services. Providers are choosing to practice elsewhere, leading to a shortage in high quality healthcare providers in the state. This measure will give some financial relief and hopefully, mitigate this issue.

SB-1035-HD-1

Submitted on: 4/2/2024 11:37:28 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kristine Wallerius Chung	Individual	Support	Written Testimony Only

Comments:

Aloha Finance Chair and Committee Members,

I am writing in VERY STRONG SUPPORT for SB1035 SD2 HD1. Taxation, insurances, covid, and more have changed independent medical practices greatly. Providers are having to retire earlier, create additional sources of revenue while practicing medicine, or leave practicing medicine in Hawaii since costs to run a practice here cannot even be covered due to much less income from insurances and more expenses with taxation. Since Hawaii is the only state in the nation still taxing medical providers for patients that are federally insured and only one of two states in the nation taxing medical services for any insurances, the monthly added expense is very much a part of the problem for the present and future of healthcare in Hawaii on all islands. Please keep our medical providers and quality healthcare available for all people in Hawaii!

As a senior citizen this is especially important to us to maintain an adequate pool of providers and to save on the cost of medical care in our already limited budgets.

Mahalo nui loa,

Kristine Chung

SB-1035-HD-1

Submitted on: 4/2/2024 11:45:56 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jon Cooney	Individual	Support	Written Testimony Only

Comments:

I support GE exempt status for small business medical offices as a matter of survival for those patients who have insurance plans not favored by the large hospital chains.

Beth Ananda-Stout

I am testifying in support of SB 1035

The numbers of healthcare providers in practice are, as you are aware, abysmally low. The shortage of healthcare providers in practices throughout the state are low, and this is especially profound in neighbor isles and rural settings. The health of Hawaii's people is impinged due to the obvious shortage particularly of healthcare providers in private, independent practices. This is concerning as it creates an increasing shortage of healthcare providers in rural settings. Most healthcare providers do not pay excise tax as they work for a not-for-profit facility or as employees in larger health care corporations. However, the private healthcare provider, who is likely to be the only local source of healthcare in rural and underserved areas, is currently subject to excise tax. These private practices typically have a small margin of revenue. Furthermore, the difficulties with insurance reimbursements, costs of running a practice, and the like have resulted in many rural practices unfortunately closing. More private practices are finding that they cannot sustain.

Since excise tax is assessed on gross revenue rather than profit margin, the excise tax is a major factor affecting the ability of a private practice to sustain itself.

Hawaii has a severe shortage of healthcare providers, with some of the worst shortages of healthcare providers in the United States. The shortage is replete on the neighbor islands, with Hawaii Island noting a shortage of at least 40%, with a population with complex medical and psychosocial issues. Healthcare provider practices are under considerable stress to sustain ongoing clinical practice due to the intensity of rising costs, falling reimbursements from medical insurance, deficiencies in securing insurer payments, amid more volume and complexity of patient needs. As compared to other states, Hawaii uniquely taxes health care services with the General Excise tax which is passed on to the clinician practice rather than the patient. This raises the obligation of taxation for gross revenues, even when the practice either functions under a deficit or barely breaks even for fully providing healthcare services. While Hawaii has one of the highest costs of living in the nation, reimbursement is one of the lowest. In addition, the patient population, for example, on Hawaii Island, has predominantly a Medicaid or Medicare insurance. Furthermore, 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. On the island of Hawaii, this percentage is even higher, with many practices having 80-90% of their population with Medicaid/Medicare. By federal law, this 4.7% GET tax cannot be passed on to patients. When considering net income, the impact of a 4.7% GET on practice gross receipts is a far greater consequence to net income. This is a financial reality that erodes medical/health practice and contributes to the further erosion of a robust health care system in Hawaii.

I live on the Big Island and have resided in the state of Hawaii since 1980. Over the years I have been both a recipient of care and provided care in women's health, primary care, and psychiatric care for our residents. I can readily attest to the foregoing in terms of the needs and

ways to foster sustainable healthcare that meets the profound needs of people throughout the state, but in particular in more rural areas.

Please help save health care practices in Hawaii by supporting SB 1035.

Beth Ananda-Stout PhD APRN

SB-1035-HD-1

Submitted on: 4/2/2024 11:52:11 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Malia Shimokawa	Individual	Support	Written Testimony Only

Comments:

I am in support of SB1035 as General Excise Taxes are a financial burden on independent private practices. We are trying our best to serve our communities in primary care and because we are unable to pass on GET to our patients (unlike a retail shop), we pay thousands in GET which has threatened our ability to continue to provide primary care to those in need. I love my job, I love caring for pediatric patients and their families.

Sincerely,
Malia Shimokawa, MD FAAP
Pediatrics

SB-1035-HD-1

Submitted on: 4/2/2024 12:10:20 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Aimee Grace	Individual	Support	Written Testimony Only

Comments:

Aloha, my name is Aimee Malia Grace, MD, MPH, FAAP, and I am a pediatrician and public health/health policy professional writing in my own capacity.

I strongly support this effort and encourage you to please pass it. We need to support our rural health workforce and this critical measure would not only actually financially support our providers, but would give them the understanding that the legislature sees and cares about their needs, thus providing significant moral support as well.

Please pass this bill.

Mahalo,

Aimee

SB-1035-HD-1

Submitted on: 4/2/2024 12:21:35 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Dwight Lin, MD	Individual	Support	Written Testimony Only

Comments:

Dear Honorable Members of the Hawaii State Legislature,

I am writing to express my full support for the passing of SB1035, which seeks to eliminate the general excise tax (GET) on private practice medical clinics in Hawaii. As a healthcare professional deeply invested in the well-being of our community, I urge you to consider the critical importance of this legislation in supporting the sustainability of private practice medical clinics in our state.

The imposition of the general excise tax has placed an undue financial burden on private practice medical clinics, threatening their ability to provide essential healthcare services to our residents. The current economic challenges compounded by the impact of the COVID-19 pandemic have significantly strained the resources of these clinics, making it increasingly difficult for them to maintain operations and continue delivering high-quality care to patients.

If SB1035 is not passed, we anticipate a detrimental domino effect that will result in the closure of more medical clinics across Hawaii. This, in turn, will lead to a severe shortage of healthcare facilities, leaving many individuals and families without access to vital medical services. Furthermore, the potential exodus of physicians from the state due to the financial strain caused by the GET could exacerbate the existing shortage of healthcare providers, ultimately compromising the health and well-being of our community.

It is crucial to recognize the invaluable role that private practice medical clinics play in ensuring accessible, personalized, and comprehensive healthcare for the people of Hawaii. These clinics are often deeply rooted in their communities, providing essential services tailored to the specific needs of their patients. By alleviating the financial burden imposed by the GET, SB1035 will empower these clinics to continue serving their communities and contribute to the overall healthcare infrastructure of our state.

I implore you to consider the far-reaching implications of this legislation and the potential consequences of not passing SB1035. Your support for the elimination of the GET on private practice medical clinics will not only safeguard the future of these vital healthcare institutions but also demonstrate a commitment to the well-being of all residents of Hawaii.

In conclusion, I urge you to stand in favor of SB1035 and take proactive measures to support private practice medical clinics in Hawaii. Your decisive action in passing this critical legislation

will have a lasting and positive impact on the accessibility and quality of healthcare services in our state.

Thank you for your attention to this urgent matter. I am available to provide any additional information or support needed to advance this important initiative.

Sincerely,

Dwight Lin, MD

SB-1035-HD-1

Submitted on: 4/2/2024 12:23:55 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Stacy Ammerman	Maui Lani Physicians and Surgeons	Support	Written Testimony Only

Comments:

To: The Honorable Chair Kyle T. Yamashita and the Honorable Vice Chair Lisa Kitagawa

And the Members of the House Committee on Finance

Bill: SB1035, SD2, HD1 RELATING TO THE GENERAL EXCISE TAX

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

My name is Stacy Ammerman, DO, and I stand in strong support of SB1035, SD2, HD1.

Despite years of persistent efforts by the doctors and legislators of Hawaii, the imposition of this tax continues to impede our state’s ability to provide affordable and accessible healthcare to our community. This tax is applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and healthcare providers in Hawaii.

A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis. As your committee and both the health committees of the Senate and House have noted for five years, there is a shortage of private practice physicians and dentists who can afford to help the underserved, especially through Medicaid, Medicare, and Tricare.

It's noteworthy that only one state other than Hawaii imposes this tax on healthcare. Most state leadership have recognized that the inequitable General Excise Tax (GET) causes financial hardship on private practice capacity and sustainability, especially for the sick and elderly. Currently, no economic analysis can justify exempting hospitals, nonprofits, and government hospitals from this tax while burdening private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in Hawaii, exacerbating shortages of vital licensed healthcare professionals and skills in our state. This presents a significant economic challenge for physicians and dentists who choose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade's research, notably "The Perfect Storm," analyzes the economic reasons behind the state's struggle to recruit and retain physicians. The conclusions of this analysis are further supported by the work of the Hawaii Physician Shortage Task Force, which found that many

healthcare professionals are compelled to leave due to economic reasons. The collateral damage to our state's economic base will persist as each physician or dentist who closes shop or leaves the islands will cost the state hundreds of thousands in lost income taxes and millions over the span of their careers in terms of job creation and consumer spending.

Let's take a moment to reflect on recent attempts to reform the GET taxation of healthcare:

For 15 years, Dr. Withy and AHEC have diligently reported on serious doctor shortages in Hawai'i to the Legislature. In 2023, these shortages worsened on Maui and the Big Island.

Hawai'i bears the unfortunate distinction of having the highest percentage of residents in HPSA in America, with primary care provider shortages at their worst. Shortages of specialists are often staggering, reaching 50-100% on Neighbor Islands.

In 2020, our GET bill aimed at addressing the healthcare crisis was unanimously supported. However, it tragically faltered due to the emergence of another crisis – COVID-19. While the Legislature sought shelter, our understaffed medical workforce valiantly stood on the pandemic's front lines.

Fast forward to 2023, and once again, every single lawmaker who had the opportunity to vote for GET reform did so. Yet, despite a substantial \$3 billion budget surplus, the bill met its demise because FIN refused to allocate a mere 30 minutes for its consideration at that time.

Then, in 2024, every lawmaker unanimously supported HB1675. But inexplicably, the Senate Ways and Means Committee has yet to schedule the measure for a hearing. It begs the question: are lawmakers prohibited from voting on measures to support healthcare providers and why?

We are all navigating exceedingly challenging circumstances – grappling with oppressive taxation, severe under-reimbursements, and unconscionable insurance contracts. Yet somehow, this status quo is passively accepted as “just the way things are in Hawai'i.”

Coincidentally, in 2024 Becker's Hospital Review named Hawaii as the #1 worst state for physicians to practice.

It's time for change. It's time for action. It's time to address these systemic challenges head-on and pave the way for a healthcare system that truly serves the needs of our communities.

Recently, Governor Dr. Josh Green has affirmed that there is enough funding available for both medical professionals and families to receive tax breaks. With over \$900 million in projected surplus for this year and over \$600 million for next year, there is ample room for legislative action. We don't just need an infusion of millions of dollars into our healthcare systems or to a few hospitals; we require systemic fixes to our healthcare system and its taxation to recruit and retain the professionals necessary to serve our people here in Hawaii.

The doctors and dentists of Hawaii humbly ask that each member of this committee supports SB1035 to promote the economic sustainability of our fragile healthcare system. It's not enough

to merely pass it through the committee; it must be seen through to enactment, avoiding legislative technicalities that have stalled similar bills for four years running. SB 1035 has passed all the House and Senate Committees unanimously because it is unconscionable to tax the sick and elderly. Please complete the work necessary to provide our communities with the best healthcare possible. There's so much more work to do on the healthcare front, but we have to get going with SB 1035, the GET exemption for healthcare services for Medicare, Medicaid and Tricare patients, as a good start towards our state leadership's commitment to the health and wellness of our communities.

Thank you for considering this important issue.

Sincerely,

Stacy Ammerman, DO, FACOG

SB-1035-HD-1

Submitted on: 4/2/2024 12:36:21 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

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

Comments:

Aloha, Finance Committee Chair Yamashita and Finance Committee. I have written and spoken numerous times about this bill and the other Task Force members will provide you with statistic upon statistic about the importance of this bill. I will choose to use this communication to relay one of 10 experiences I had today, before lunch, that were shaped by the limited health care resources available to my community.

I have a patient who is a beautiful young woman who has been struggling with a facial tumor for a few years now. She had her initial surgery in Oahu but unfortunately when it grew back her surgeon was no longer working in Hawai'i. I refered her to all of the available surgeons for her diagnosis, she had MRI's that could only be obtained in Honolulu and despite numerous flights and visits no one here felt they could help her.

I had to refer her to the mainland, and it took some months to get her there, it took more time for her to be scheduled for her procedure.

Today, she called to let us know that the previously benign tumor was now malignant and she needed some labs before she could start radiation therapy. She's a young mother. This was avoidable.

May the passage of SB 1035 be the start of the end of stories like this. Please, once this bill has passed your committee, champion it all the way through into law. My patient deserved better. My patients deserve better. Your constituents deserve better.

Esther Yu Smith, MD Kealakekua, Big Island.

SB-1035-HD-1

Submitted on: 4/2/2024 1:01:16 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kristen Tamura	Individual	Support	Written Testimony Only

Comments:

My name is Dr. Kristen Tamura MD, and I stand strong support of SB1035, SD2, HD1. As a solo private doctor in Maui, I humbly ask that each member of this committee to support healthcare provider like myself taking care of the patient on the this Island. The way you can do this is by helping us stay in business by your supports of SB1035 to promote the economic sustainability of our fragile healthcare system. As a nephrologist, majority of my patient populations are elderly on medicare and medicaid from End Stage Kidney Disease on dialysis, chronic kidney disease. The GET taxation is unfair and cause financial hardship on private practice like myself. This is a challenging circumstance with oppressive taxation and severely under-reimbursements and unfair insurance contract. I am not surprise why alot of my colleagues have left the practice on the Island. On Maui we have about 43% shortage of doctors. This number will only continue to go up if the government will continue to ignored and accepted as "just the way things are in Hawaii"

Thank your for considering this improtant issue.

Sincerely,

Kristen Tamura MD

Nephrology Specialty

SB-1035-HD-1

Submitted on: 4/2/2024 1:02:38 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Maria Termulo, md	Individual	Support	Written Testimony Only

Comments:

To: The Honorable Chair Kyle T. Yamashita and the Honorable Vice Chair Lisa Kitagawa

And the Members of the House Committee on Finance

Bill: SB1035, SD2, HD1 RELATING TO THE GENERAL EXCISE TAX

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

My name is Noël termulo md and Maria termulo md

stand in strong support of SB1035, SD2, HD1.

Despite years of persistent efforts by the doctors and legislators of Hawaii, the imposition of this tax continues to impede our state’s ability to provide affordable and accessible healthcare to our community. This tax is applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and healthcare providers in Hawaii.

A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis. As your committee and both the health committees of the Senate and House have noted for five years, there is a shortage of private practice physicians and dentists who can afford to help the underserved, especially through Medicaid, Medicare, and Tricare.

It's noteworthy that only one state other than Hawaii imposes this tax on healthcare. Most state leadership have recognized that the inequitable General Excise Tax (GET) causes financial hardship on private practice capacity and sustainability, especially for the sick and elderly. Currently, no economic analysis can justify exempting hospitals, nonprofits, and government hospitals from this tax while burdening private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in Hawaii, exacerbating shortages of vital licensed healthcare professionals and skills in our state.

This presents a significant economic challenge for physicians and dentists who choose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade's research, notably "The Perfect Storm," analyzes the economic reasons behind the state's struggle to recruit and retain physicians. The conclusions of this analysis are further supported by the work of the Hawaii Physician Shortage Task Force, which found that many healthcare professionals are compelled to leave due to economic reasons. The collateral damage to our state's economic base will persist as each physician or dentist who closes shop or leaves the islands will cost the state hundreds of thousands in lost income taxes and millions over the span of their careers in terms of job creation and consumer spending.

Let's take a moment to reflect on recent attempts to reform the GET taxation of healthcare:

For 15 years, Dr. Withy and AHEC have diligently reported on serious doctor shortages in Hawai'i to the Legislature. In 2023, these shortages worsened on Maui and the Big Island.

Hawai'i bears the unfortunate distinction of having the highest percentage of residents in HPSA in America, with primary care provider shortages at their worst. Shortages of specialists are often staggering, reaching 50-100% on Neighbor Islands.

In 2020, our GET bill aimed at addressing the healthcare crisis was unanimously supported. However, it tragically faltered due to the emergence of another crisis – COVID-19. While the Legislature sought shelter, our understaffed medical workforce valiantly stood on the pandemic's front lines.

Fast forward to 2023, and once again, every single lawmaker who had the opportunity to vote for GET reform did so. Yet, despite a substantial \$3 billion budget surplus, the bill met its demise because FIN refused to allocate a mere 30 minutes for its consideration at that time.

Then, in 2024, every lawmaker unanimously supported HB1675. But inexplicably, the Senate Ways and Means Committee has yet to schedule the measure for a hearing. It begs the question: are lawmakers prohibited from voting on measures to support healthcare providers and why?

We are all navigating exceedingly challenging circumstances – grappling with oppressive taxation, severe under-reimbursements, and unconscionable insurance contracts. Yet somehow, this status quo is passively accepted as “just the way things are in Hawai'i.”

Coincidentally, in 2024 Becker's Hospital Review named Hawaii as the #1 worst state for physicians to practice.

It's time for change. It's time for action. It's time to address these systemic challenges head-on and pave the way for a healthcare system that truly serves the needs of our communities.

Recently, Governor Dr. Josh Green has affirmed that there is enough funding available for both medical professionals and families to receive tax breaks. With over \$900 million in projected surplus for this year and over \$600 million for next year, there is ample room for legislative

action. We don't just need an infusion of millions of dollars into our healthcare systems or to a few hospitals; we require systemic fixes to our healthcare system and its taxation to recruit and retain the professionals necessary to serve our people here in Hawaii.

The doctors and dentists of Hawaii humbly ask that each member of this committee supports SB 1035 to promote the economic sustainability of our fragile healthcare system. It's not enough to merely pass it through the committee; it must be seen through to enactment, avoiding legislative technicalities that have stalled similar bills for four years running. SB 1035 has passed all the House and Senate Committees unanimously because it is unconscionable to tax the sick and elderly. Please complete the work necessary to provide our communities with the best healthcare possible. There's so much more work to do on the healthcare front, but we have to get going with SB 1035, the GET exemption for healthcare services for Medicare, Medicaid and Tricare patients, as a good start towards our state leadership's commitment to the health and wellness of our communities.

Thank you for considering this important issue.

Maria Termulo MD

Noel Termulo MD

SB-1035-HD-1

Submitted on: 4/2/2024 1:10:12 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Erlaine Bello	Individual	Support	Written Testimony Only

Comments:

Born and raised here, I have practiced medicine in the State of Hawaii since 1987 both inpatient and outpatient Internal Medicine and Infectious Diseases. I work part time for the Medical School and at The Queen's Medical Center but have always had a separate private practice. I participate with all insurance plans. I have great concern that as I move toward retirement, there will be no one to take my practice or to provide me and my loved ones with quality care. The overhead for the clinical practice of medicine in Hawaii is onerous and is a major deterrent to attracting and retaining physicians. We have a physician shortage in most specialties. In particular young physicians starting out in the current financial environment and with high cost of living here are put off by the differential in the cost of running a practice here compared to many places on the Mainland even as our insurance payments for services are also lower. The elimination of the GET would be a small step in the right direction toward ensuring the availability of physicians who provide quality care.

SB-1035-HD-1

Submitted on: 4/2/2024 1:11:46 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kaohimanu Lydia K Dang Akiona MD	Kohala Coast Urgent Care LLC/Molokai Family & Urgent Care	Support	Written Testimony Only

Comments:

Date: Wednesday April 3, 2024

To: The Honorable Chair Kyle T. Yamashita and the Honorable Vice Chair Lisa Kitagawa

And the Members of the House Committee on Finance

Bill: SB1035, SD2, HD1 RELATING TO THE GENERAL EXCISE TAX

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

My name is Ka`ohimanu Dang Akiona, and I stand in strong support of SB1035, SD2, HD1. I am a Family Medicine Physician, was among the first class of graduates at Hilo Medical Center's Family Medicine Residency Program, and I currently provide full-spectrum primary, urgent, and occupational health care including worker's compensation in Hawai'i County and Maui County on Moloka'i. I appreciate all of you and your esteemed committee members taking the time to hear this bill.

Despite years of persistent efforts by the doctors and legislators of Hawaii, the imposition of this tax continues to impede our state's ability to provide affordable and accessible healthcare to our community. This tax is applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and healthcare providers in Hawaii.

A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis. As your committee and both the health committees of the Senate and House have noted for five years, there is a shortage of private practice physicians and dentists who can afford to help the underserved, especially through Medicaid, Medicare, and Tricare.

It's noteworthy that only one state other than Hawaii imposes this tax on healthcare. Most state leadership have recognized that the inequitable General Excise Tax (GET) causes financial hardship on private practice capacity and sustainability, especially for the sick and elderly. Currently, no economic analysis can justify exempting hospitals, nonprofits, and government hospitals from this tax while burdening private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in Hawaii, exacerbating shortages of vital licensed healthcare professionals and skills in our state. This presents a significant economic challenge for physicians and dentists who choose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade's research, notably "The Perfect Storm," analyzes the economic reasons behind the state's struggle to recruit and retain physicians. The conclusions of this analysis are further supported by the work of the Hawaii Physician Shortage Task Force, which found that many healthcare professionals are compelled to leave due to economic reasons. The collateral damage to our state's economic base will persist as each physician or dentist who closes shop or leaves the islands will cost the state hundreds of thousands in lost income taxes and millions over the span of their careers in terms of job creation and consumer spending.

Let's take a moment to reflect on recent attempts to reform the GET taxation of healthcare:

For 15 years, Dr. Withy and AHEC have diligently reported on serious doctor shortages in Hawai'i to the Legislature. In 2023, these shortages worsened on Maui and the Big Island.

Hawai'i bears the unfortunate distinction of having the highest percentage of residents in HPSA in America, with primary care provider shortages at their worst. Shortages of specialists are often staggering, reaching 50-100% on Neighbor Islands.

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- and ALL medical care including dental care- from the general excise tax **would alleviate the financial burden on healthcare providers and immediately and directly 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.

In 2020, our GET bill aimed at addressing the healthcare crisis was unanimously supported. However, it tragically faltered due to the emergence of another crisis – COVID-19. While the Legislature sought shelter, our understaffed medical workforce valiantly stood on the pandemic's front lines.

Fast forward to 2023, and once again, every single lawmaker who had the opportunity to vote for GET reform did so. Yet, despite a substantial \$3 billion budget surplus, the bill met its demise because FIN refused to allocate a mere 30 minutes for its consideration at that time.

Then, in 2024, every lawmaker unanimously supported HB1675. But currently, the Senate Ways and Means Committee has yet to schedule the measure for a hearing. It begs the question: are lawmakers prohibited from voting on measures to support healthcare providers and why?

We are **ALL** navigating exceedingly challenging circumstances – grappling with oppressive taxation, severe under-reimbursements, and unconscionable insurance contracts. Yet somehow, this status quo is passively accepted as “just the way things are in Hawai’i.”

Coincidentally, in 2024 Becker's Hospital Review named Hawaii as the #1 worst state for physicians to practice.

It's time for change. It's time for action. It's time to address these systemic challenges head-on and pave the way for a healthcare system that truly serves the needs of our communities.

Recently, Governor Dr. Josh Green has affirmed that there is enough funding available for both medical professionals and families to receive tax breaks. With over \$900 million in projected surplus for this year and over \$600 million for next year, there is ample room for legislative action. We don't just need an infusion of millions of dollars into our healthcare systems or to a few hospitals; we require systemic fixes to our healthcare system and its taxation to recruit and retain the professionals necessary to serve our people here in Hawaii.

The doctors and dentists of Hawaii humbly ask that each member of this committee supports SB1035 to promote the economic sustainability of our fragile healthcare system. It's not enough to merely pass it through the committee; it must be seen through to enactment, avoiding legislative technicalities that have stalled similar bills for four years running. SB 1035 has passed all the House and Senate Committees unanimously because it is unconscionable to tax the sick and elderly. Please complete the work necessary to provide our communities with the best healthcare possible. There's so much more work to do on the healthcare front, but we have to get going with SB 1035, the GET exemption for healthcare services for Medicare, Medicaid and Tricare patients, as a good start towards our state leadership's commitment to the health and wellness of our communities.

Thank you for considering this important issue.

Sincerely,

Ka`ohimanu Dang Akiona, MD

SB-1035-HD-1

Submitted on: 4/2/2024 1:15:57 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Tyler McMurry	Individual	Support	Written Testimony Only

Comments:

This testimony is in support of this bill. Currently the GE tax disproportionately affects private practices, as hospital affiliated practices are not required to pay it. With the global decrease in Insurance reimbursements this year it is putting undo strain on private practices, and small medical businesses. It is also decreasing the access to vaccines causing a public health issue. This bill starts to address the issue of taxed healthcare, but will need to be expanded so as to not be limited only to government subsidized insurance products.

Mahalo for your consideration on this matter,

Tyler S. McMurry, DO

Family Medicine

SB-1035-HD-1

Submitted on: 4/2/2024 1:16:56 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Deborah Agles	Individual	Support	Written Testimony Only

Comments:

Doctors need tax relief. Low reimbursements and a high tax rate makes Hawaii an unattractive business climate. The GET on rendered medical treatment is not compassionate or human. Many other states have deleted taxes on food and medical care; this is the correct thing to do, not just for docs, but for patients.

SB-1035-HD-1

Submitted on: 4/2/2024 1:19:56 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
William Wong	Individual	Support	Written Testimony Only

Comments:

I am in support of this bill as it is a long overdue action that has not only contributed to our State's failure to retain physicians, but prevents successful recruitment of new doctors to come and practice in our state. All other States in the country have not assessed GET for medical and dental services as they are necessities like food, clothing, and housing. This tax is not reimbursible by Medicare or medicaid, and not collectible from the patient. It is in essence an additional 4.5% pay cut for healthcare providers, on top of the annual reduction in payments which is projected to be another 10% this year. This has to end now or we will lose the few remaining doctors.

William Wong Jr. MD

Hawaii Vision Clinic

Past President of the Hawaii Medical Association and Honolulu County Medical Society

Faculty, UH-JABSOM

SB-1035-HD-1

Submitted on: 4/2/2024 1:20:25 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Thomas Weiner	Individual	Support	Written Testimony Only

Comments:

I support the repeal of GET tax for medical providers. Hawaii is the only state that imposes a tax on healthcare. Healthcare should be a fundamental right. The state should not be putting any financial barrier to patient's access to healthcare. This is a regressive tax affecting middle class Hawaiian's by putting excessive costs on an already exceedingly expensive healthcare system. Furthermore, it creates an additional financial hardship to physicians trying to do the right thing and see patients with medicare and medicare, which reimburses much less than most private payers. Hawaii has a shortage of doctors, with one of the highest cost of living and lowest physician reimbursements in the nation. Hawaii is consistently ranked one of the worst places to practice as a doctor. Please end the taxation of healthcare in our state and make it easier for Hawaiian's to receive healthcare and doctor's to see medicare and medicaid patients in our state.

April 2, 2024

Committee on Finance
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair
Wednesday April 3, 2024
Hawaii State Capitol, Rm. 308

RE: Testimony in support of SB 1035

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

I am writing in **strong support of SB1035** a bill to exempt private medical and dental practices from GET when caring for Medicare, Medicaid, and Tricare patients. As you are well aware Hawaii is one of only two states in the nation imposing this restrictive tax on private practices caring for people with government insurance. Healthcare facilities and physicians who are employed by healthcare facilities are exempt from this tax placing an undue tax burden on those physicians and dentists in private practice. Patients with government insurance have a very difficult time finding physicians who accept their insurance and the GET burden associated with this decreases their choices. The physician shortage in Hawaii is at a crisis level. It is imperative that the state do everything it can to encourage and support physicians to stay in practice. Passing SB1035 and creating a level playing field for private practices and large group/hospital practices is an essential and overdue measure to support physicians caring for patients with government insurance. **This has an especially large effect on the physician shortage on neighbor islands where private practices account for a larger proportion of practices.**

Respectfully submitted,
Nicole Apoliona, M.D.

SB-1035-HD-1

Submitted on: 4/2/2024 1:42:57 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Mark Nishihara	Pearl City Medical Associates, Inc.	Support	Written Testimony Only

Comments:

I am in support of this proposed bill because of the heavy financial burden placed on independent medical practices (I am one of 10 physicians in an independent medical practice, Pearl City Medical Associates, Inc), with the rising costs of rent, utilities, etc making it difficult for our practice to be profitable given our extremely high overhead costs.

SB-1035-HD-1

Submitted on: 4/2/2024 1:48:16 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG STRONG SUPPORT!!!

WILL HELP THOSE THAT HELP THE THOUSANDS.

MAHALO!

[REDACTED]

Representative Kyle Yamashita, Chairman
Representative Lisa Kitagawa, Vice-Chair
House Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Chairman Yamashita and Vice-Chair Kitagawa,

I am writing to express my strong support for Senate Bill 1035 and to urge the members of the House Committee on Finance to consider its passage. Thank you to the chair, vice-chair, and committee for the opportunity to submit written testimony as you consider the merits of exempting professional health care services from the General Excise Tax.

This hearing helps to address critical costs relevant to the survival of thousands of Lahaina/Maui fire victims and other vulnerable populations across the state.¹ My family has a 110 year history in Lahaina and has lost multiple multi-generational homes, apartments, and business sites in the fire disaster of August 2023.

A critical issue exacerbated by the current General Excise Tax is the imposition of additional costs on people injured by disasters and accidents, including first-responders.² Taxation on essential medical care and services raises significant ethical and civil liberty concerns due to unfair and disproportionate financial burdens being leveled on injured and disabled citizens, their caregivers, and their families.

SB 1035 provides much-needed relief to sick, injured, and disabled people under Medicaid, Medicare, and Tricare coverage, such that they are treated fairly and equitably under the law. This exemption would alleviate a difficult administrative burden placed on healthcare professionals, a financial cost on caregivers and families, and allows families and communities to focus on providing the care and support needed. This is particularly impactful on neighboring islands like Maui where dental, vision, primary care, mental health and specialty services are either in shortage or not available at all.

¹ "Initial Findings of the Maui Wildfire Exposure Study", University of Hawaii Economic Research Organization, University of Hawaii Manoa John Burns School of Medicine, February 8, 2024

² "Tax Facts 98-1 - General Excise Tax on Medical and Dental Services", Department of Taxation, State of Hawaii, (revised January 2023) <https://files.hawaii.gov/tax/legal/taxfacts/tf98-1.pdf>

The health professional shortages in Hawaii are compounded by the lack of compensation from government programs like Medicare, Medicaid, and TRICARE for the Hawaii GET.³ This costs employment of additional healthcare workers and administrative staff across the state and undermines economic recovery. The Hawaii GET is an unfair economic burden on healthcare providers and further compromises access to care for vulnerable populations.

The economic impact of caregiving that is not funded or recognized by the state is profound. The GET implementation requires healthcare professionals to pass along the tax to elderly, disabled, and/or ill patients of limited economic means. This negatively impacts those families and hiring of caregivers to help with local employment. The tax also withdraws funds from the medical offices by taxing 4.75% on Gross earnings. This reduces available funds per month for employment of additional staff at the local level. Instead of hiring more staff and putting more people to work in healthcare, the GET withdraws hundreds of millions of dollars of funding from the local economies.

If SB1035 is passed, a GET exemption on healthcare will inject those funds directly into existing families with limited income and small health businesses across the state. Passage of SB1035 may allow healthcare professionals to build services across the state more rapidly than state funded non-profit networks or hospitals can address. This may become a life saving factor in the challenged disaster response over the 2024-2026 time frame.

I urge you and your fellow committee members to prioritize this important issue and support the passage of Senate Bill 1035. Your leadership on this matter will have a positive impact on the health and well-being of our state's residents, particularly those within protected classes who are disproportionately affected by the Hawaii General Excise Tax.

Thank you for considering this bill and the impact on such critical issues across our county and state. I look forward to your continued advocacy for accessible healthcare in Hawaii.

Sincerely,

Kenneth Hayashida, Jr., MD

³ "Designated Health Professional Shortage Areas Statistics, Second Quarter of Fiscal Year 2024, Designated HPSA Quarterly Summary", As of March 31, 2024, Bureau of Health Workforce, Health Resources and Services Administration (HRSA), US Department of Health & Human Services

SB-1035-HD-1

Submitted on: 4/2/2024 1:54:10 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Jasmine Kelly	Individual	Support	Written Testimony Only

Comments:

As an independent primary care physician serving the community in Hawaii, I am writing to strongly advocate for exemption from the General Excise Tax (GET) for small businesses like mine.

Operating a small primary care practice in Hawaii comes with its own set of challenges, not the least of which is the ever-increasing cost of doing business. With the impending rise in the minimum wage and the potential decrease in Medicare payments, small businesses like mine are facing a future of uncertainty and financial strain.

The rise in the minimum wage will undoubtedly impact our operational costs, as we strive to provide fair compensation to our hardworking staff. While we fully support the effort to improve the standard of living for all workers, it presents a significant challenge for small businesses already operating on tight margins.

Additionally, the prospect of decreasing Medicare payments poses a serious threat to our ability to continue providing quality care to our patients. As reimbursement rates dwindle, we are forced to do more with less, stretching our resources to the limit and potentially compromising the level of care we can offer.

In this context, the imposition of the General Excise Tax only adds insult to injury. By taxing not only our revenue but also our day-to-day operational expenses, the GET further exacerbates the financial burden on small businesses like mine.

Exempting small businesses, particularly healthcare providers, from the GET would provide much-needed relief in these uncertain times. It would allow us to redirect resources towards

essential investments in patient care, staff training, and technology upgrades, ensuring that we can continue to meet the evolving needs of our community.

Furthermore, supporting small businesses through GET exemption aligns with the state's goals of fostering economic growth and entrepreneurship. By alleviating unnecessary tax burdens, we can promote the sustainability of small businesses like mine and contribute to the overall prosperity of Hawaii.

In conclusion, I urge policymakers to consider the significant impact that GET exemption would have on small businesses, particularly in the healthcare sector. By providing relief from excessive taxation, we can ensure the continued availability of quality healthcare services for the people of Hawaii, despite the challenges posed by rising costs and decreasing reimbursements.

April 2, 2024

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

Thank you for your consideration of SB1035 (Companion Bill to HB662) as it relates to GET exemption of medical services provided by health care providers to patients who receive Medicare, Medicaid, and TRICARE benefits.

We have a physician shortage in Hawaii, particularly on the neighbor islands.¹ It is increasingly difficult to obtain a visit with a primary care physician or a specialist, especially if you have Medicare, Medicaid, or TRICARE. There is an access disparity between patients who have Medicare, Medicaid, and TRICARE compared with patients who have private commercial insurance. Most of us will become patients with Medicare coverage in our lifetime, so this problem applies to the broad Hawaii community.

Many GET exemption already exists in the state of Hawaii with items number 1-11 of the Hawaii Revised Statutes Section 237-24.3 in this measure already exempt^{2,3}. This measure seeks to exempt medical services for patients with Medicare, Medicaid, and TRICARE. Hawaii is only one of two states in America that imposes gross receipt tax on *all* healthcare services, and *we are the only state that taxes gross reimbursements on Medicare and TRICARE services*^{4,5}. In Hawaii, **medical practices visibly pass-through the GE tax to patients with private/commercial insurance**. This GE tax is particularly financially impactful to patients requiring recurring medical treatment such as recurrent chemotherapy infusion, regular allergy shots, rehabilitation care, multiple cardiac testing for cardiovascular disease, or regular office visits to treat their diabetes. It is also impactful for patients who require high-cost emergency care and surgeries for trauma including victims of the Maui wildfire. **How is it ethical to tax patients for medical care that is medically necessary in addition to their copays and premiums? Why are we one of the few states taxing patients for being sick or injured?**

Hawaii has the lowest rate of Medicare acceptance in the entire Nation⁶. The Hawaii GE tax is contributory because **the GE tax cannot be passed on to patients with Medicare⁷/Medicaid⁸/TRICARE⁹**. Hawaii already has one of the lowest Medicare reimbursements in the nation¹⁰ and the GE tax amplifies this further, making Hawaii's effective net Medicare reimbursement rate the lowest in the country¹¹. Taken together with the fact that reimbursement rates are significantly higher for private insurance¹² and that we have a concerning physician workforce shortage in Hawaii¹³, this creates a situation where medical practices are forced to select patients based on their insurance carrier to remain economically viable. Hence, **the GET inadvertently creates and promotes a selection bias of patients, with Medicare, Medicaid, and TRICARE patients left at a disadvantage where timely access to a physician could mean life or death. It doesn't feel right because it is not right.** Neither physicians nor patients should be placed in this situation. Yet, physicians still have a choice to accept private insurances only, while patients with Medicare/Medicaid/TRICARE are truly left without options.

The GET is a system's issue that is inadvertently penalizing patients with Medicare, Medicaid, and TRICARE, which your committee has the power to change.

Please pass this bill – we cannot allow the pool of practices accepting Medicare, Medicaid, and TRICARE to shrink any further. Help us to retain and recruit healthcare providers to care for our kūpuna, keiki, and veteran 'ohana and provide them with access to healthcare that they deserve.

With gratitude for your consideration of GE tax reform,

Cindy Pau, M.D.

¹ [file:///ewr-dc01/Folder%20Redirection/cpau/Downloads/act18-sslh2009_2023_physician-workforce_annual-report_508%20\(2\).pdf](file:///ewr-dc01/Folder%20Redirection/cpau/Downloads/act18-sslh2009_2023_physician-workforce_annual-report_508%20(2).pdf)

² https://files.hawaii.gov/tax/stats/stats/act94_2015/act94_2015_taxyr2022.pdf

³ Hawaii Revised Statutes chapter 237 (subsection 23-29.8) (this measure seeks to modify subsection section 24.3 where items 1-22 are already exempt from GET) https://www.capitol.hawaii.gov/hrscurrent/vol04_ch0201-0257/HRS0237/HRS_0237-.htm

⁴ <https://salestaxhelp.com/medical-services-taxable>

⁵ https://www.nmms.org/wp-content/uploads/2018/08/grt_updated_guide_2007.pdf

References

⁶ <https://www.beckersasc.com/asc-coding-billing-and-collections/10-states-with-the-lowest-highest-medicare-acceptance-rates.html>

⁷ 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>)

⁸ Network provider agreements prohibit providers from passing along the GET to Medicaid beneficiaries

⁹ https://www.tricare-west.com/content/hnfs/home/tw/prov/res/provider_news/clarification-on-hawaii-general-excise-tax-reimbursement.html

(More information about sales tax in the TRM, Chapter 5, Section 1 and TRICARE Policy Manual, Chapter 1, Section 12.1)

¹⁰ <https://www.gao.gov/assets/720/718915.pdf>

¹¹ The Perfect Storm SB1035 testimony submitted by Dr. John Lauris Wade

¹² <https://www.kff.org/medicare/issue-brief/how-much-more-than-medicare-do-private-insurers-pay-a-review-of-the-literature/>

¹³ <https://www.ahec.hawaii.edu/workforce-page/>

SB-1035-HD-1

Submitted on: 4/2/2024 1:59:47 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

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

Comments:

Representative Kyle Yamashita, Chairman

Representative Lisa Kitagawa, Vice-Chair

House Committee on Finance

I am writing to express my strong support for Senate Bill 1035 and to urge the members of the House Committee on Finance to consider its passage. This bill presents a crucial opportunity to address a critical issue of health care expenses faced by the Lahaina/Maui fire victims and other vulnerable populations seeking health care services in Hawaii.^[1]

One of the critical issues exacerbated by the current tax is its imposition of additional costs and taxes on people injured by disaster, including first-responders. Taxation on essential medical care and services for these individuals not only adds to their financial strain but also raises significant ethical and civil liberty concerns due to unfair and disproportionate financial burdens on injured and disabled citizens, their caregivers, and their families. These discrepancies, compounded by the lack of compensation from government programs like Medicare, Medicaid, and TRICARE for the tax differential, places an unfair economic burden on healthcare providers and compromises access to care for vulnerable populations.

As a comparison, real estate developers are exempt \$1.3 billion for affordable housing. Also, hospitals and health centers are not assessed a General Excise Tax; only independent practices are subject to this tax. Additionally, hospitals charge a facility fee and health centers receive 3-4x e/m funding for the same complexity.

By exempting from taxation healthcare services rendered under Medicaid, Medicare, and Tricare, SB 1035 would provide much-needed relief to sick, injured, and disabled people such that they are treated fairly and equitably under the law. This exemption would alleviate the financial burden placed on healthcare professionals, caregivers and families, allowing them to focus on providing the care and support needed by their families and community. This is particularly impactful on neighboring islands where specialty services may not be provided at all.

I urge you and your fellow committee members to prioritize this important issue and support the passage of Senate Bill 1035. Your leadership on this matter will have a positive impact on the

health and well-being of our state's residents, particularly those within protected classes who are disproportionately affected by the Hawaii General Excise Tax.

SB-1035-HD-1

Submitted on: 4/2/2024 2:00:11 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Ann S. Harada	Ann S Harada, MD LLC	Support	Written Testimony Only

Comments:

I support this bill. It addresses an injustice of taxing only a targeted portion of medical providers for services rendered to Medicaid, Medicare, and Tricare patients. The same service, whether it's done at a hospital or an individual doctor's office, should be equally exempt from general excise tax.

SB-1035-HD-1

Submitted on: 4/2/2024 2:05:43 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Russell Kelly	Individual	Support	Written Testimony Only

Comments:

I am writing to express my strong support for exemption from the General Excise Tax (GET) for small businesses, particularly primary care practices, in Hawaii.

As a primary care physician serving the community, I understand firsthand the challenges associated with running a small healthcare practice. From rising operational costs to uncertainties surrounding reimbursement rates, independent physicians like myself are constantly navigating a complex financial landscape.

The recent and anticipated increases in the minimum wage and potential decreases in Medicare payments are particularly concerning. These developments directly impact our ability to provide quality care to our patients while also maintaining the financial viability of our practices. The rising minimum wage translates to higher labor costs, putting additional strain on our already tight budgets. Simultaneously, potential reductions in Medicare reimbursements threaten to further erode our revenue streams, making it increasingly difficult to cover overhead expenses and provide competitive salaries to our staff.

In this environment, the imposition of the General Excise Tax only exacerbates the financial challenges faced by small businesses like mine. By taxing both revenue and operational expenses, the GET places an undue burden on independent healthcare providers, hindering our ability to invest in essential resources such as medical equipment, technology upgrades, and staff development.

Exempting small businesses from the GET would provide much-needed relief and support our efforts to deliver high-quality care to our patients. It would allow us to allocate resources more efficiently, ensuring that we can continue to meet the healthcare needs of our community without compromising on quality or accessibility.

Furthermore, GET exemption for small businesses aligns with the state's broader goals of fostering economic growth and supporting local entrepreneurs. By alleviating unnecessary tax burdens, policymakers can help ensure the sustainability of small primary care practices like mine, which play a vital role in promoting public health and wellness across Hawaii.

In conclusion, I urge policymakers to seriously consider the impact of the General Excise Tax on small businesses, particularly in the healthcare sector. By exempting primary care practices from

the GET, we can help alleviate financial pressures and create a more conducive environment for delivering high-quality healthcare services to all residents of Hawaii.

SB-1035-HD-1

Submitted on: 4/2/2024 2:10:56 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kahealani Rivera	Individual	Support	Written Testimony Only

Comments:

Hello,

I am a physician that provides services to the community in both an employed and non-employed fashion. I have seen that patients will come to see me because their prior specialist no longer takes their insurance. This bill would disincentivize 'cherry picking' and would allow more patients to have continuity with their providers long-term. It would also help physicians to continue to provide services in Hawai'i with high cost of living and decreasing reimbursements. Please give this bill your highest consideration.
mahalo!

SB-1035-HD-1

Submitted on: 4/2/2024 2:18:49 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Anriada Nassif	Individual	Support	Written Testimony Only

Comments:

To: The Honorable Chair Kyle T. Yamashita and the Honorable Vice Chair Lisa Kitagawa And the Members of the House Committee on Finance

Bill: SB1035, SD2, HD1 RELATING TO THE GENERAL EXCISE TAX

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

My name is Anriada Nassif, and I stand in strong support of SB1035, SD2, HD1.

Despite years of persistent efforts by the doctors and legislators of Hawaii, the imposition of this tax continues to impede our state's ability to provide affordable and accessible healthcare to our community. This tax is applied to all medical procedures for the underserved, sick, injured, and dying people seeking care with private physicians, dentists, and healthcare providers in Hawaii.

A broad coalition of health professionals from every island, along with your patient constituents in your districts, agrees that access to healthcare is in crisis. As your committee and both the health committees of the Senate and House have noted for five years, there is a shortage of private practice physicians and dentists who can afford to help the underserved, especially through Medicaid, Medicare, and Tricare.

It's noteworthy that only one state other than Hawaii imposes this tax on healthcare. Most state leadership have recognized that the inequitable General Excise Tax (GET) causes financial hardship on private practice capacity and sustainability, especially for the sick and elderly. Currently, no economic analysis can justify exempting hospitals, nonprofits, and government hospitals from this tax while burdening private practice providers.

This tax places unfair administrative and financial burdens on private healthcare providers in Hawaii, exacerbating shortages of vital licensed healthcare professionals and skills in our state. This presents a significant economic challenge for physicians and dentists who choose to provide care to the underserved Medicaid and Medicare population.

Dr. John Wade's research, notably "The Perfect Storm," analyzes the economic reasons behind the state's struggle to recruit and retain physicians. The conclusions of this analysis are further supported by the work of the Hawaii Physician Shortage Task Force, which found that many healthcare professionals are compelled to leave due to economic reasons. The collateral damage to our state's economic base will persist as each physician or dentist who closes shop or leaves the islands will cost the state hundreds of thousands in lost income taxes and millions over the span of their careers in terms of job creation and consumer spending.

Let's take a moment to reflect on recent attempts to reform the GET taxation of healthcare:

For 15 years, Dr. Withy and AHEC have diligently reported on serious doctor shortages in Hawai'i to the Legislature. In 2023, these shortages worsened on Maui and the Big Island.

Hawai'i bears the unfortunate distinction of having the highest percentage of residents in HPSA in America, with primary care provider shortages at their worst. Shortages of specialists are often staggering, reaching 50-100% on Neighbor Islands.

In 2020, our GET bill aimed at addressing the healthcare crisis was unanimously supported. However, it tragically faltered due to the emergence of another crisis – COVID-19. While the Legislature sought shelter, our understaffed medical workforce valiantly stood on the pandemic's front lines.

Fast forward to 2023, and once again, every single lawmaker who had the opportunity to vote for GET reform did so. Yet, despite a substantial \$3 billion budget surplus, the bill met its demise because FIN refused to allocate a mere 30 minutes for its consideration at that time.

Then, in 2024, every lawmaker unanimously supported HB1675. But inexplicably, the Senate Ways and Means Committee has yet to schedule the measure for a hearing. It begs the question: are lawmakers prohibited from voting on measures to support healthcare providers and why?

We are all navigating exceedingly challenging circumstances – grappling with oppressive taxation, severe under-reimbursements, and unconscionable insurance contracts. Yet somehow, this status quo is passively accepted as “just the way things are in Hawai'i.”

Coincidentally, in 2024 Becker's Hospital Review named Hawaii as the #1 worst state for physicians to practice.

It's time for change. It's time for action. It's time to address these systemic challenges head-on and pave the way for a healthcare system that truly serves the needs of our communities.

Recently, Governor Dr. Josh Green has affirmed that there is enough funding available for both medical professionals and families to receive tax breaks. With over \$900 million in projected surplus for this year and over \$600 million for next year, there is ample room for legislative action. We don't just need an infusion of millions of dollars into our healthcare systems or to a few hospitals; we require systemic fixes to our healthcare system and its taxation to recruit and retain the professionals necessary to serve our people here in Hawaii.

The doctors and dentists of Hawaii humbly ask that each member of this committee supports SB1035 to promote the economic sustainability of our fragile healthcare system. It's not enough to merely pass it through the committee; it must be seen through to enactment, avoiding legislative technicalities that have stalled similar bills for four years running. SB 1035 has passed all the House and Senate Committees unanimously because it is unconscionable to tax the sick and elderly. Please complete the work necessary to provide our communities with the best healthcare possible. There's so much more work to do on the healthcare front, but we have to get going with SB 1035, the GET exemption for healthcare services for Medicare, Medicaid and Tricare patients, as a good start towards our state leadership's commitment to the health and wellness of our communities.

Thank you for considering this important issue.

Sincerely,

Anrida Nassif, MD

SB-1035-HD-1

Submitted on: 4/2/2024 2:31:23 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Timothy Jahraus, MD	Individual	Support	Written Testimony Only

Comments:

We are desperate for medical providers, both primary care and specialists. Our organization has been trying to recruit for 10 years with no success. I believe that being in a practice on an outer island makes our situation even more tenuous. Anything which helps to make practicing on the Big Island more financially feasible is much appreciated. Thank you for supporting healthcare providers.

SB-1035-HD-1

Submitted on: 4/2/2024 3:05:16 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kenneth Chang	Hawaii Medical Association, Hawaii Ophthalmology Society	Support	Written Testimony Only

Comments:

To the Honorable Members of the Hawaii State Legislature:

Subject: Support for Senate Bill SB1035 SD2 HD1 – Removal of the General Excise Tax on Physicians

Dear Legislators,

I am writing to express my strong support for Senate Bill SB1035 SD2 HD1, which proposes the removal of the General Excise Tax (GET) for physicians in Hawaii. As a neuro-ophthalmologist, I have witnessed firsthand the challenges our healthcare system faces, challenges that are exacerbated by the high cost of living, decreasing Medicare reimbursements, rising inflation, and a critical shortage of healthcare providers in our state.

The imposition of the GET on physicians uniquely burdens Hawaii’s healthcare professionals compared to those in other states, creating a significant disincentive for medical practitioners to start or continue their practice in Hawaii. At a time when our state is facing a dire shortage of healthcare providers, it is imperative that we remove any barriers that deter qualified professionals from serving our communities.

The cost of living in Hawaii is among the highest in the nation, a challenge that is felt acutely by residents and professionals alike. For physicians, the additional financial strain of the GET further compounds the economic pressures associated with practicing medicine in our state. This tax not only impacts the livelihood of healthcare providers but also increases the cost of care for patients, many of whom are already struggling to afford medical services.

Moreover, the ongoing decrease in Medicare reimbursements and the rising tide of inflation have placed an unsustainable burden on our healthcare system. Physicians are increasingly finding it difficult to provide quality care while managing the financial realities of their practices. By removing the GET for physicians, Senate Bill SB1035 SD2 HD1 offers a much-needed relief measure that could significantly improve the stability of healthcare provision in Hawaii.

Removing the GET for physicians will level the playing field, making Hawaii a more attractive and sustainable place for doctors to practice. It will also serve as a critical step toward addressing

our state's healthcare provider shortage by removing a significant barrier that currently discourages medical professionals from coming to or remaining in Hawaii.

I urge you to consider the long-term benefits of Senate Bill SB1035 SD2 HD1 for the health and well-being of Hawaii's residents. By supporting this bill, you will be taking a decisive step towards ensuring that all Hawaiians have access to the quality healthcare they deserve.

Thank you for your attention to this important matter. I am available to provide further information or to discuss this issue in more detail at your convenience.

Sincerely,

Kenneth K. Chang, MD, MPH, MBA

SB-1035-HD-1

Submitted on: 4/2/2024 3:21:09 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Janie Yoo	Individual	Support	Written Testimony Only

Comments:

I am in support because this will help financially sustain our medical practices across Hawaii. It will also give patients a break from the rising cost of medical bills.

SB-1035-HD-1

Submitted on: 4/2/2024 3:40:00 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Ranjini Kandasamy	Ranjini Kandasamy MD	Support	Written Testimony Only

Comments:

I strongly support SB1035. As a pediatric provider in a solo private clinic for over thirty years, I have first-hand knowledge of how medical clinic reimbursements and cash flow have shrunk over the last few years. Many providers have stopped accepting Medicaid/Medicare patients. Some of us continue to see them because it is our vocation to help the neediest among us, even if it is at a loss or we barely break even. And during Covid, we stayed on the front lines, committed to being there for our patients. We cannot sustain this indefinitely. Many providers are retiring, moving away or finding other alternate careers. The profession has lost a lot of its joy because we are embroiled in red tape and worrying if we can afford to practice. If SB1035 passes, it will send a strong message that our community supports what we do.

SB-1035-HD-1

Submitted on: 4/2/2024 3:48:49 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Aaron Kaplan	Individual	Support	Written Testimony Only

Comments:

I strongly support this Bill for the exemption of General Excise Tax for medical providers for Medicaid, Medicare, and Tricare. While providers are expected to pay these taxes, we are not allowed to pass on the costs and collect them from our patients. Further, reimbursement rates for these programs are generally below average, to being with. It is very easy to see that individuals with government insurance plans have tremendous difficulties finding providers willing to see them in Hawaii for a variety of reasons. First and foremost are financial issues, including the impact of GET.

Frankly, I believe the Bill doesn't go far enough. GET should be exempt for all medical services provided in Hawaii. There is a massive shortage of medical providers, especially in many specialties, such as mine (Clinical Psychology). Many of my colleagues have left the state or have taken positions at hospitals and left their private or group practices because of financial reasons. As we all know, the cost of living and cost of doing business makes it difficult for many people to live adequately in Hawaii. Do we really want to discourage our medical providers from practicing in Hawaii because of the financial struggles they face trying to practice medicine here? I don't think it's in the best interest of the people of Hawaii to push out medical providers, but that's exactly what is happening.

SB-1035-HD-1

Submitted on: 4/2/2024 4:58:54 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Shelbi Jim On	Individual	Support	Written Testimony Only

Comments:

Dear Honorable State Legislators,

Hawai'i's unique taxation on healthcare through the General Excise Tax (GET) on Medicare, Medicaid, and TriCare patients is driving a critical shortage of private practice and healthcare professionals, hitting our Neighbor Islands and rural areas hardest.

The proposed exemption has received wide support from our Hawaii medical community, which cited the GE tax as a large burden on local practices and a contributor to the state's physician shortage. In testimony submitted by the Hawaii Medical Association, "roughly 65% of gross revenue collections go to paying overhead, the 4.5% GET accounts for an additional 13% on a physician net practice revenue. This can essentially eliminate the ability to maintain a viable practice, particularly in rural areas with a high proportion of Medicare and Medicaid, the GET costs of which cannot be passed on to patients."

A letter, signed by 50 independent practicing physicians from the Hawaiian islands, stated:

"The increasing GET and County surcharges are stripping away the small profit margins for our private medical practices. This has contributed to our severe doctor shortage compounded by the fact that Hawai'i has the lowest percentage of providers accepting Medicare in all 50 states." Hawai'i has a larger percentage of providers in private practices in the nation, and it is important that the private practice of medicine remain sustainable for our community. However by continuing this tax burden, our community risks losing these physicians as their operations become financially unsustainable.

So you may ask why not pass the GE tax to patients? One point of confusion about the state GET is whether doctors are permitted to pass on the excise tax to their patients. The state Department of Taxation has published guidance stating that Medicare, Medicaid and TRICARE patients can be charged for their share of the GET. However, I believe that the department is giving inaccurate and possibly illegal advice. I am concerned that separately billing Medicare and Medicaid patients could be considered "balance billing," which is forbidden for physicians working with Medicare/Medicaid. According to a representative of the Hawaii Physician Shortage Crisis Task Force, some doctors have been informed that trying to bill Medicare/Medicaid patients separately for the GET will result in legal action against them.

Moreover, guidance from Health Net Federal Services, which administers TRICARE in Hawaii, states unequivocally that providers may not pass the GET on to TRICARE beneficiaries, and that the GET is not separately reimbursable by TRICARE.

In short, despite the assurances of the state tax department, the state general excise tax cannot be passed on to Medicare/Medicaid and TRICARE beneficiaries. Thus, it becomes a charge against the revenues of the private practice physician who treats those patients. You will eventually see the trend of private practices either shutting their doors or no longer accepting these patients which may cause inaccessibility to medical care for all medicaid, medicare, and tricare patients.

The simplest solution — and one that aligns with the goal of improving healthcare access while also lowering costs — is to exempt medical services from the state general excise tax. By making it more expensive and less profitable to practice medicine in our state, Hawaii policymakers are effectively discouraging doctors from working here.

Eliminating the GET for medical services would not solve all problems associated with healthcare access and affordability in Hawaii, but it would be an important step in addressing the state's physician shortage and expensive healthcare.

Mahalo.

Sincerely,

Shelbi Jim On, MD, FAAD

SB-1035-HD-1

Submitted on: 4/2/2024 5:25:35 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Joy Dillon	Individual	Support	Written Testimony Only

Comments:

Aloha members of the HLT/ECD and FIN Committtees.

I strongly support SB1035. It is much needed for Hawaii to attract and retain the physicians that are so necessary to the health of our population. The Hawaii Legislature needs to do all that it can to increase the amount of physicians that are willing to come here and stay here. I urge you to support this bill and vote YES. Thank you for your consideration.

Joy Dillon

Hilo Resident

SB-1035-HD-1

Submitted on: 4/2/2024 5:29:23 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Carrie Giordano	Individual	Support	Written Testimony Only

Comments:

I just sent this in

Dear Honorable Members of the Hawaii State Legislature,

I am writing to express my full support for the passing of SB1035, which seeks to eliminate the general excise tax (GET) on private practice medical clinics in Hawaii. As a healthcare professional deeply invested in the well-being of our community, I urge you to consider the critical importance of this legislation in supporting the sustainability of private practice medical and dental clinics in our state.

The imposition of the general excise tax has placed an undue financial burden on private practice clinics, threatening their ability to provide essential healthcare services to our residents. The current economic challenges compounded by the impact of the COVID-19 pandemic have significantly strained the resources of these clinics, making it increasingly difficult for them to maintain operations and continue delivering high-quality care to patients.

If SB1035 is not passed, we anticipate a detrimental domino effect that will result in the closure of more medical clinics across Hawaii. This, in turn, will lead to a severe shortage of healthcare facilities, leaving many individuals and families without access to vital medical services.

Furthermore, the potential exodus of physicians from the state due to the financial strain caused by the GET could exacerbate the existing shortage of healthcare providers, ultimately compromising the health and well-being of our community.

It is crucial to recognize the invaluable role that private practice medical clinics play in ensuring accessible, personalized, and comprehensive healthcare for the people of Hawaii. These clinics are often deeply rooted in their communities, providing essential services tailored to the specific needs of their patients. By alleviating the financial burden imposed by the GET, SB1035 will empower these clinics to continue serving their communities and contribute to the overall healthcare infrastructure of our state.

I implore you to consider the far-reaching implications of this legislation and the potential consequences of not passing SB1035. Your support for the elimination of the GET on private practice medical clinics will not only safeguard the future of these vital healthcare institutions but also demonstrate a commitment to the well-being of all residents of Hawaii.

In conclusion, I urge you to stand in favor of SB1035 and take proactive measures to support private practice medical clinics in Hawaii. Your decisive action in passing this critical legislation will have a lasting and positive impact on the accessibility and quality of healthcare services in our state.

Thank you for your attention to this urgent matter. I am available to provide any additional information or support needed to advance this important initiative.

Sincerely,
Dr. Carrie Giordano

Wahine Health

SB-1035-HD-1

Submitted on: 4/2/2024 6:34:38 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
John Nagamine	John M Nagamine MD	Support	Written Testimony Only

Comments:

Although health care costs are rising year over year, physicians have seen a decrease in compensation. The physician's workload has increased without proper compensation. The increased administrative burden and patient needs are causing burnout.

We have a moral obligation to take care of our patients. We are doing more work, while getting less revenue. Hawaii compensation rates are already far below national standards.

I strongly support SB1035 in support of Individual Physicians as a small step in the right direction.

SB-1035-HD-1

Submitted on: 4/2/2024 7:06:23 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Mililani Trask-Batti	Individual	Support	Written Testimony Only

Comments:

I am in support because it will minimize burden on small group practices and is inline standards across the Continental US.

SB-1035-HD-1

Submitted on: 4/2/2024 7:58:05 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Melanie Tantisira	Individual	Support	Written Testimony Only

Comments:

I support this bill because medical care is an essential need and is already expensive before being taxed. The state of Hawai'i can and should meet its tax needs without taxing medical care for the elderly, the disabled, the poor and our veterans. As a medical provider, I see patients who are actively worried about their medical costs and who decide whether they will get a needed medical service according to how much it will cost them "out of pocket". The general excise tax portion of that out of pocket cost is not covered by insurance and is often a significant amount. Therefore, the general excise tax on medical/dental services should be exempted as it is a barrier to good medical/dental care.

SB-1035-HD-1

Submitted on: 4/2/2024 8:14:53 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Lynne Kobayashi	Individual	Support	Written Testimony Only

Comments:

I support SB1035.

SB-1035-HD-1

Submitted on: 4/2/2024 9:08:26 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Ethan Pien	Individual	Support	Written Testimony Only

Comments:

I am ia physician in support of this bill because it will incentivize more health provider service to the people of Hawaii.

SB-1035-HD-1

Submitted on: 4/2/2024 9:12:23 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Keolamau Yee	Pearl City Medical Associates	Support	Written Testimony Only

Comments:

Representative Kyle Yamashita, Chairman

Representative Lisa Kitagawa, Vice-Chair

House Committee on Finance

Hawaii State Capitol

415 South Beretania Street

Honolulu, HI 96813

Dear Chairman Yamashita and Vice-Chair Kitagawa,

I am writing to express my most staunch support for Senate Bill 1035 and to urge the members of the House Committee on Finance to consider its passage. This bill represents a crucial opportunity to address a critical issue of health care expenses faced by both health care providers and by other vulnerable populations seeking health services in Hawaii.

One of the critical issues exacerbated by the current tax is its imposition of additional costs and taxes on people injured by disasters. Taxation on essential medical care and services for these individuals not only adds to their financial strain but also raises significant ethical and civil liberty concerns due to unfair and disproportionate financial burdens on injured and disabled citizens, their caregivers, and their families. These discrepancies, compounded by the lack of compensation from government programs like Medicare, Medicaid, and TRICARE for the tax differential, places an unfair economic burden on healthcare providers and compromises access to care for vulnerable populations.

By exempting from taxation healthcare services rendered under Medicaid, Medicare, and Tricare, SB 1035 would provide much-needed relief to sick, injured, and disabled people such that they are treated fairly and equitably under the law. This exemption would alleviate the financial burden placed on healthcare professionals, caregivers and families, allowing them to focus on providing the care and support needed by their families and community. This is

particularly impactful on neighboring islands where specialty services are often completely lacking.

I urge you and your fellow committee members to prioritize this important issue and support the passage of Senate Bill 1035. Your leadership on this matter will have a positive impact on the long term health and well-being of our state's residents, particularly for those within protected classes who are disproportionately affected by the Hawaii General Excise Tax.

Additionally, providers operating in smaller practices are being forced to pay higher and higher overhead and GET, while hospital and other healthcare facility counterparts are except from such taxation. Care providers who are community stewards should not be subject to discriminatory tax practices. It is hard enough to retain health practitioners in the current health care climate, and the GET tax provides additional incentive to providers to move elsewhere/ outside the state to practice.

Thank you for considering my perspective on this issue. I look forward to your continued advocacy for accessible and affordable healthcare in Hawaii.

Warmest Regards,

Keolamau Yee MD

SB-1035-HD-1

Submitted on: 4/2/2024 10:02:57 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Francis G. Buto	Individual	Support	Written Testimony Only

Comments:

This bill will help to decrease the financial burden placed on health care providers who are trying to survive and practice in Hawaii. The challenge to financially survive in Hawaii has resulted in multiple providers moving out of state. It has also has made it difficult for Hawaii residents training on the mainland to return and practice here.

Please support passage of this bill.

Thank you

SB-1035-HD-1

Submitted on: 4/2/2024 10:48:02 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Linda Elento	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support SB1035 SD2 HD1 and this measure should include services by licensed behavior analysts and registered behavior technicians on page 8, number (12).

SB-1035-HD-1

Submitted on: 4/3/2024 5:34:09 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Francisco Halili	Individual	Support	Written Testimony Only

Comments:

Why would you even consider charging taxes on peoples healthcare? There is many more moral ways to accrue money for government use.

SB-1035-HD-1

Submitted on: 4/3/2024 11:11:49 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

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

Comments:

Aloha Honorable Members of the Hawaii State Senate,

My name is Kunal Parekh, and I come before you not only as a dedicated nephrologist serving the communities of Honolulu but also as a concerned resident of our beautiful state. Today, I stand in strong support of Bill 1035 SB, which opposes the imposition of the General Excise Tax (GET) on medical services in Hawaii. I wish to share my perspective on why this measure is detrimental to the well-being of our residents and the integrity of our healthcare system.

Firstly, imposing a GET on medical services invariably leads to increased healthcare costs. These additional expenses would not just burden the healthcare providers but, more critically, be passed on to our patients. In a profession where our primary oath is to "do no harm," it is unconscionable to place financial strain on those seeking medical help, especially our most vulnerable populations.

Secondly, the added financial pressures drive healthcare providers away from our state or dissuade new talent from joining our ranks. Hawaii is already grappling with healthcare accessibility issues, particularly in our rural communities. Keeping the GET on medical services exacerbates this problem, creating larger gaps in care and further isolating residents who already face significant barriers to accessing healthcare.

Moreover, this tax stifles innovation and investment within our healthcare sector. At a time when we should be encouraging advancements in medical technology and research to improve patient outcomes, a tax on medical services sends a discouraging message to healthcare professionals and investors alike.

In conclusion, the imposition of a General Excise Tax on medical services contradicts the fundamental principles of healthcare provision by making it less accessible and more burdensome for both patients and providers. I urge you to consider the long-term implications of this measure on the health and well-being of our Hawaii residents and to stand with me in opposition to this proposal.

Thank you for your time and consideration.

Sincerely,

Kunal Parekh, MD
Oahu Kidney Care LLC

SB-1035-HD-1

Submitted on: 4/3/2024 11:14:12 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Carol Kwan	Individual	Support	Written Testimony Only

Comments:

I support this bill, but it doesn't go far enough. All medical and dental services should be exempt from GET. Those who are hurt the most by healthcare not being exempt are those who are just above the thresholds for Medicaid. But at a minimum, healthcare services being provided through Medicaid, Medicare, & TRICARE should be exempt to help stem the exodus of healthcare professionals from Hawaii.

SB-1035-HD-1

Submitted on: 4/3/2024 11:44:04 AM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kim Nguyen	Individual	Support	Written Testimony Only

Comments:

I strongly support this.

SB-1035-HD-1

Submitted on: 4/3/2024 12:04:12 PM

Testimony for FIN on 4/3/2024 2:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Kim Nguyen, MD	Kim Nguyen, MD, PC - Psychiatry Private Practice	Support	Written Testimony Only

Comments:

I strongly support this. Currently this tax is passed onto patients in my practice, and I believe this bill will help to reduce unnecessary financial burdens on Hawaii patients.