

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT 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, Relating to the General Excise Tax

BEFORE THE:

House Committee on Health & Homelessness and
House Committee on Economic Development

DATE: Wednesday, March 22, 2023

TIME: 11:15 a.m.

LOCATION: State Capitol, Room 329

Chairs Belatti and Holt, Vice-Chairs Takenouchi and Lamosao, and Members of the Committees:

The Department of Taxation ("Department") offers the following comments regarding S.B. 1035, S.D.2, for your consideration.

S.B. 1035, S.D.2, amends section 237-24.3, Hawaii Revised Statutes, by adding a new subsection to temporarily 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.

S.B. 1035, S.D.2, has a defective effective date of December 31, 2050 and a sunset date of January 1, 2026.

The Department is able to implement this measure with an effective date of no earlier than January 1, 2024.

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



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Health & Homelessness
House Committee on Economic Development
Wednesday, March 22, 2023 at 11:15 a.m.

By

Lee Buenconsejo-Lum, Interim Dean and
Kelley Withy, MD, Professor, Department of Family Medicine and Community Health,
Hawaii/Pacific Basin Area Health Education Center (AHEC) Director
John A. Burns School of Medicine

And

Michael Bruno, Provost
University of Hawai'i at Mānoa

SB 1035 SD2 – RELATING TO THE GENERAL EXCISE TAX

Chairs Belatti and Holt, Vice Chairs Takenouchi and Lamosao, and Members of the
Committees:

Thank you for the opportunity to provide testimony in SUPPORT of SB 1035 SD2 which
exempts medical services provided by health care providers to patients who receive
Medicaid, Medicare, or TRICARE benefits from the general excise tax.

Hawaii faces a shortage of almost 800 physicians. Through the surveys of physicians
conducted by the John A. Burns School of Medicine (JABSOM) at the Hawaii Health
Workforce Summit as to what could be done to recruit and retain more physicians, the
fourth most popular answer from the 274 respondents to the survey was eliminating the
GET on medical services. Physicians who have left the State indicate that the extra cost of
caring for Medicare, Medicaid and Quest patients makes it financially burdensome to
continue practicing here. For the same reason, many physicians no longer see this group
of patients.

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.

SB 1035 SD2 would be beneficial in eliminating the disparity in compensation as well as
easing the financial burden of caring for patients with Medicare, Medicaid and TRICARE.
This in turn may encourage more physicians to practice and remain in Hawaii.

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



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 Health and Homelessness
House Committee on Economic Development
Wednesday, March 22, 2023, Conference Room 329, 11:15 a.m.

TO: The Honorable Della Au Belatti, Chair
The Honorable Daniel Holt,, Chair

FROM: Keali'i S. López, State Director

RE: Support of S.B. 1035 SD 2 Relating to General Excise Tax

Aloha Co-Chairs Belatti and Holt, and Members of the Committees:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social 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 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**.

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

TESTIMONY

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT and HOUSE COMMITTEE ON HEALTH AND HOMELESSNESS SB1035 SD2 RELATING TO THE GENERAL EXCISE TAX

Wednesday, March 22, 2023, 11:15 am
State Capitol Conference Room 329 and via Videoconference

Submitted in STRONG SUPPORT by Mrs. Jamie Detwiler, President
Hawaii Federation of Republican Women

Honorable Chair Holt, Vice Chair Lamosao, and Committee Members
Honorable Chair Belatti, Vice Chair Takenouchi, and Committee Members

I strongly SUPPORT SB1035 SD2, Related to the General Excise Tax for the following reasons:

1. Hawaii's shortage of medical providers is real and growing. According to the Hawaii Physician Workforce Report released in December 2022, the state is short 776 doctors, up from 732 a year earlier. It has been documented that the neighbor islands have shortages of between a third and a half of the doctors needed.
2. The decline of Hawaii's small private practices has many causes, but exempting medical services from the state general excise tax would be a way to help keep private practices alive while also attracting new providers to the state.
3. Graduating physicians from the UH Residency programs are aware that Hawaii and New Mexico are the only states that ask independent practicing physicians to shoulder the burden of GET on healthcare. This decreases the number of physicians desiring to practice in Hawaii, and therefore reducing patient access to care.
4. Impact: I am directly aware of kupuna, individuals, and families who require specialty care (example: Nephrology, Endocrinology, Hematology, etc) are experiencing increased difficulty obtaining appointments as many of these providers have left the state. If we don't support SB1035 today, it will have a devastating impact on future generations to come.

I appreciate our state policymakers who are making healthcare more affordable and addressing the shortage of medical professionals in Hawaii. By creating a general excise tax exemption for medical services provided under TRICARE, Medicare and Medicaid, there is an opportunity to make Hawaii a more attractive — and less expensive — place to practice medicine.

Thank you for your commitment to ensuring the well-being of the people of Hawaii with your support of supporting access to healthcare and for recognizing the tremendous importance of attracting and retaining our Health care provider workforce.

Thank you for the opportunity to testify.

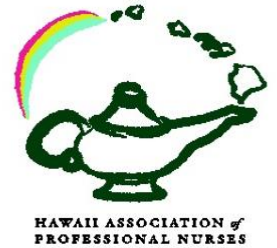
Source:

“Hawai’i Physician Workforce Report”. University of Hawai’i System Annual Report. December 2022

Malia Hill, “The case for exempting medical services from Hawaii’s general excise tax,” Grassroot Institute of Hawaii, February 2023.

“How the state GET affects healthcare costs in Hawaii,” Grassroot Institute of Hawaii, January 2020.

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Representative Della Au Belatti, Chair of the House Committee on Health and Homelessness; The Honorable Representative Daniel Holt, Chair of the House Committee on Economic Development

From: Hawaii Association of Professional Nurses (HAPN)

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

Hearing: March 22, 2023, 11:15a.m.

Aloha Representative Belatti, Chair; Representative Takenouchi, Vice Chair; Representative Holt, Chair; Representative Lamosao, Vice Chair, and Committee Members

Thank you for the opportunity to submit testimony regarding SB1035 SD2. HAPN stands with countless community organizations, private practices throughout the state, and all residents of Hawaii who receive healthcare. HAPN believes that healthcare access in Hawaii is at a point where provider supply is not in line with healthcare demand. As such, HAPN is in **Support** of removing the General Excise Tax (GET) on **all services** that are provided by Advanced Practice Registered Nurses, Physician Assistants (Physician Associates), and Physicians. **We are requesting an amendment to remove the sunset clause of January 1, 2026.**

Our organization has always supported patient access to care in our communities and we are seeing a fast erosion of care due to clinic closures or providers no longer practicing. This is happening for many reasons to include providers moving out of state for more favorable business environments; provider retirement or death; poor reimbursement from all insurance plans to include private, state, and federal, sinking clinics trying to provide care; and insurance reimbursement received not in line with the cost of doing business and the cost of living in Hawaii. In the Access to Care statewide survey by the Hawai'i Rural Health Association and Community First, nearly half of healthcare providers were considering leaving medicine, retiring, cutting hours or leaving the state. Hawaii is the only American state which taxes all medical care. Healthcare providers have to absorb this tax, which federal Medicare and TriCare policies forbid passing to patients. The GET taxes gross revenues, even when practices lose money providing care, which makes many practices non-profitable. **Adding a sunset clause will likely prevent practices from hiring providers and support staff knowing that this is not permanent.**

HAPN's mission, to be the voice of APRNs in Hawaii, has been the guiding force that propelled us to spearhead the advancement of patients' access to healthcare as well as supporting the recognition of the scope of practice for APRNs in Hawaii which led us to full practice authority. We have worked to improve the physical and mental health of our communities. As our ability to provide close care with our patients progressed, we also opened up our own clinics to provide the care our patients deserve. APRNs have played an important role in the healthcare of our communities and we will continue to be by our patients' side.

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

Respectfully,
Dr. Jeremy Creekmore, APRN
HAPN President

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



'Ahahui o nā Kauka

677 Ala Moana Blvd., Suite 1015

Honolulu HI 96813

Phone 808.548.0270

E-mail huikauka@gmail.com

2022-2023 Advocacy Committee

Marcus Kāwika Iwane, MD
President

Martina Kamaka, MD
Vice-President

Mahealani Lum, DO
Secretary

Kara Wong Ramsey, MD
Treasurer

Kapono Chong-Hanssen, MD
Advocacy Chair

H. Nalani Blaisdell-Brennan, MD

S. Ku'ulei Christensen, MD

March 17th, 2023

COMMITTEE ON HEALTH & HOMELESSNESS

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

Rep. Terez Amato

Rep. John M. Mizuno

Rep. Greggor Ilagan

Rep. Scott Y. Nishimoto

Rep. Bertrand Kobayashi

Rep. Diamond Garcia

COMMITTEE ON ECONOMIC DEVELOPMENT

Rep. Daniel Holt, Chair

Rep. Rachele F. Lamosao, Vice Chair

Rep. Natalia Hussey-Burdick

Rep. Nadine K. Nakamura

Rep. Sam Satoru Kong

Rep. Sean Quinlan

Rep. Trish La Chica

Rep. Elijah Pierick

Group Testimony in Support of SB 1035 SD2 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 SD1 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.



SB1035 SD2 Remove GET for Medical Services

COMMITTEE ON HEALTH & HOMELESSNESS

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT

Rep. Daniel Holt, Chair

Rep. Rachele F. Lamosao, Vice Chair

Wednesday, Mar 22, 2023: 11:15 Room 329

Hawaii Substance Abuse Coalition Supports SB1035 SD2:

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

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).

Healthcare providers must absorb this tax, which federal law forbids passing to patients.

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 further questions.



Testimony to the House Committees on Health and Homelessness and on Economic
Development

Wednesday, March 22, 2023

11:15 a. m.

State Capitol Conference Room 329 and via videoconference

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

Dear Chair Belatti, Vice Chair Takenouchi, Honorable Members of the House
Committee on Health and Homelessness, Chair Holt, Vice Chair Lamosao, and
Honorable Members of the House Committee on Economic Development:

I am Gary Simon, a member of the board of the Hawaii 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.

The Hawaii Family Caregiver Coalition supports SB 1035 SD 2, which exempts from
the general excise tax amounts received by a hospital, infirmary, medical clinic, health
care facility, pharmacy, or a medical practitioner for health care related goods and
services purchased under Medicaid, Medicare, or TRICARE.

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 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@aarp.org

SB-1035-SD-2

Submitted on: 3/19/2023 10:08:48 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
John & Rita Shockley	FREE ACCESS COALITION	Support	Written Testimony Only

Comments:

Aloha!

It is shameful for Hawaii to exact General Exise Tax on medical providers. We are already paying GET taxes on all other services. The financial squeeze needs to stop. This is a first step. The public needs to get GET tax relief from food and medication but that is already "dead" this Legislative Session. We hope you will pass SB1035 as a token to begin removal of the regressive GET burden.

Mahalo for your time.

SB-1035-SD-2

Submitted on: 3/19/2023 2:38:12 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
stephen tenby	KAHALA CHILDREN'S MEDICAL GROUP	Support	Written Testimony Only

Comments:

I am a pediatrician, who has been in private practice, for the past 55 years, but I was sidelined by the recent pandemic, and am finally retiring....almost the entire time of my active practice, I have been telling anyone who would listen, that the GE Tax, is a cruel and regressive tax, that is unknown in any other State, or country.....it is cruel because it is basically imposed on, and paid for by sick or injured people, either directly or indirectly.....if they were not in hospital, or under medical care, they would not owe the tax.....it is more likely to be owed by the sick or elderly population...how unfair. This state has a surplus of perhaps \$2 billion, surely the legislature, can afford to enact this bill, or even better to fully eliminate this obnoxious tax on any medical, surgical or mental health services. sincerely Stephen Tenby.

SB-1035-SD-2

Submitted on: 3/17/2023 1:48:28 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
frederick a.nitta, md, inc	Hawaii County Medical Society	Support	Written Testimony Only

Comments:

Dear members of House Committee on Health and Homelessness,

The Hawaii County Medical Society 100% supports the passage of SB1035. The most important thing of passing this bill would be to show the providers of healthcare in Hawaii that the legislature is actually listening to the medical community. We believe that if this bill does not pass this year, many providers will simply give up and close their practices. We implore you to help try and save the remaining providers from a rapid death.

Thank you for your time,

Hawaii County Medical Society

KAUAI COMMUNITY HEALTH ALLIANCE

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

March 18, 2023

Re: Support of SB1035

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

I will cut to the chase. The reason our facility along with most private medical practices are shutting their doors is due to low insurance reimbursements, made exponentially worse because small rural practices have to pay GET tax normally passed on to patients (or to customers in the retail world).

Over 50% of our island's residents are on Medicare, Medicaid and Tricare. Our state receives the lowest Medicare reimbursement in the country despite having the highest cost of living. Medicaid reimbursements are even worse than Medicare, making up another 30% of Hawaii's insured population.

What happens when on top of this already dismal insurance situation you add a GET tax which clinics are forbidden by law to pass on to patients? Facilities simply turn these patients away because reimbursement is below the cost of delivering care. The proof is in the pudding—Hawaii has the lowest rate of physician participation with Medicare in the entire country—literally we are number 51.

It's our Kupunas who have Medicare that are losing access. It is the most financially challenged of our ohana who have Medicaid that lose access. The end result is increased mortality (death), and morbidity (illness), amongst the low income and working class families of Hawaii, as well as our senior population.

Rural clinics all over our State are turning away Medicare and Medicaid Quest patients in order to simply keep their doors open. According to the *2020 Hawaii Workforce Assessment*, of all the counties in the US, Kauai has the 13th worst access to medical care, Maui 5th and Big Island 3rd worst in the nation.

On a related matter, you have undoubtedly heard Hawaii cannot attract young physicians, nor can we retain those we have. It doesn't matter how many new docs we graduate from JABSOM, they mostly leave for the mainland because they can't open a practice in Hawaii and survive.

March 18, 2023

Page 3

Excluding medical care from the GET is critical if we want to keep medical facilities open in rural Hawaii. Our rural outer island ohana have much higher all-cause mortality. Cancer, heart disease, stroke, and suicide are all highest where clinics like ours are closing and access is unavailable.

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

The healthcare access crisis is here, and as it accelerates it will take a generation to repair. This is truly the time to act.

Please support HB 662.

Respectfully,

KAUAI COMMUNITY HEALTH ALLIANCE

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

g I
S GARDEN ISLAND



LOCAL • A6

XARIKA CASTICIMO
CROWNED MISS
KAUA'I FILIPINA

75¢

Serving Kaua'i
and Ni'ihau since 1902

KILAUEA MEDICAL CLINIC MAY CLOSE

CEO: 'Every month is a cliffhanger'

Guthrie Scrimgeour
THE GARDEN ISLAND

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

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

says.

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

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

The clinic has been in operation since 1994 and has functioned as a



Winkler

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

If the center were to close, it could result in significant disruption for its patients, who would have to scramble to access care in the limited North Shore market. There is only one primary-care clinic on the North Shore — the North Shore Medical Center —

which has limited hours and a smaller staff than KCHA. The next closest clinic is Ho'ola Lahui in Kapa'a.

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

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

SEE CLINIC, A4

SB-1035-SD-2

Submitted on: 3/17/2023 8:12:53 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Scott Grosskreutz, M.D.	Hawaii Provider Shortage Crisis Task Force	Support	Written Testimony Only

Comments:

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. Legislative Committees have different areas of expertise and oversight, and it may be useful to understand why reform of GET taxation in Hawai’i is important for these different committees.

House Health and Homelessness and Senate Health and Human Services Committees:

The Healthcare Association of Hawai’i has noted that if hospitals and hospital based providers were taxed by the GET, that many hospitals may have to close or reduce services. GET taxation of Hawai’i private practice providers has been ruinous and is contributing to a rapid decrease in the number of private medical practices and Hawai’i’s chronic shortage of healthcare providers. Lack of access to healthcare contributes to significantly higher mortality rates for cancer, cardiovascular disease, suicide, trauma, adolescent deaths, asthma and COPD and hepatitis C on the Neighbor Islands.

Senate Committee on Commerce and Consumer Protection:

Small businesses providing medical services in Hawai’i provide much of the patient care on our Neighbor Islands and rural areas. The continuing loss of these small medical businesses damages Hawai’i’s business environment and harms consumers, who do not have access to medical care. In many economic sectors, paying for goods or services and not receiving those services would be considered fraud. Currently many in Hawai’i are paying for their health insurance, but unable to access needed medical care.

House Committee on Economic Development:

Having a viable healthcare system is critical to the economic development of our island communities in Hawai'i. Traveling to other islands or the mainland for healthcare is difficult and expensive. Hawaii has been losing population for years, and many of those leaving are young adults and those with much needed job skills. The lack of access to healthcare is a major driver of Hawaii's population exodus, with 20% of residents considering moving to another island or leaving the state due to healthcare woes, according to a recent statewide access to care survey. The Maui and Hawai'i Island Chambers of Commerce support SB1035 for GET reform because businesses will choose to go elsewhere, when their workforce cannot get medical care.

Senate Committee on Ways and Means and House Finance Committees:

In order to preserve budget surpluses, the taxation of industries needs to be sustainable. GET taxation of the gross income of private medical providers, when they lose money providing services for Medicaid patients and often break even caring for Medicare patients, results in a growing number of fiscally insolvent medical practices. As these providers retire, leave medicine or move, few younger providers will take their place in our local communities. This will result in ever fewer providers left to tax in Hawai'i, and will trend GET revenues toward zero over the next 3-5 years. Hawaii will also lose the revenues from income, corporate, property from the missing healthcare providers and the secondary GET taxation on all the purchases that they would have been made.

For these reasons, SB1035 has been passed by an unanimous votes at all committee hearings to date.

SB-1035-SD-2

Submitted on: 3/17/2023 11:40:16 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

Dear Senators:

I appreciate your consideration of my testimony during your very busy duties, and I will be brief.

I write again in urging you to approve this bill **SB1035 , SD2 (SSCR 1089)** to exempt medical services from paying 4.7% GET on receipts from Medicare, Medicaid/Quest and TriCare (the Federal insurance programs).

I have been the official team orthopedic surgeon for the University of Hawai'i - Hilo Vulcan athletics since 1992, a period during which I have seen an alarming and now critically accelerating increase in the lack of doctors to provide care in our communities.

Since 1995, for decades, I personally and at great expense have attempted to recruit many orthopedic surgeons and other doctors to practice here, and even after starting, all have left. I then gave up on that. My orthopedic surgical career will be over soon, I'm 71 years old.

Hilo and Keaau Urgent Care, private practice (*ie: non-subsidized by government*) clinics that I individually started to fill the severe lack of medical care in our community, have a constant shortage of providers.

Here are a few very pertinent points to consider.

- 50% of every living human in Hawaii is covered by Medicare, Medicaid / Quest, or Champus / Tricare
-
- Hawaii has near lowest Medicare rate of reimbursement in the nation (and the highest cost of living, by far, *and Medicaid pays only about 60% of Medicare*)
-
- Not-for-profit practices, hospital employed doctors, Federal community health clinics, **who are all government subsidized** (unlike all private practices) etc, are exempt from the 4.7% GET on medical services.
-
- Federal law prevents doctors from passing on Hawaii 4.7% GET to Medicare, Medicaid / Quest, or Champus / Tricare patients. This additional 4.7% tax off the gross is perhaps a

16-25% bottom line net take-home hit to many practices, if they are not already in the red.

-
- Every private practice doctor who stops practicing removes that GET contribution from the Hawaii State revenues. Permanently. It is not replaced. As well as all the considerable associated taxable economic activity that is associated with every private practice.
- **Alaska:** Cost of living index: 125.5. **No GET** on medical care.
- **Hawaii :** Cost of living index: 186 = **50% MORE than Alaska.** And additionally **4.7% GET on Medicare,** The **ONLY state** in the union to do so (not a good look for the “ Aloha State”)
-
- In 2004, Alaska low Medicare rates prevented doctors from caring for Medicare patients at a loss. **This became politically unacceptable,** and in 2005 and again in 2009, federal legislative actions resulted in Alaska now getting 50% more Medicare reimbursement than Hawaii, with Sen. Dan Inouye assistance (and we got the UHH School of Pharmacy)
-
- The UH Hawai‘i Physician Workforce Assessment Report shows a shortage of 750 + full-time providers,, increasing every year. **This is not sustainable healthcare.**

Warmest aloha

Edward Gutteling, MD, FAAOS

Team orthopedic surgeon, University of Hawai‘i - Hilo Vulcan athletics



Hawaii Medical Association

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

COMMITTEE ON HEALTH & HOMELESSNESS

Rep. Della Au Belatti, Chair
Rep. Jenna Takenouchi, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT

Rep. Daniel Holt, Chair
Rep. Rachele F. Lamosao, Vice Chair

Date: March 22, 2023
From: Hawaii Medical Association
Bernard Robinson MD, HMA Public Policy Committee
Re: SB 1035 SD2; Relating to the General Excise Tax
Position: Support

The purpose of this measure is to exempt medical service providers who receive Medicare, Medicaid, and TRICARE payments from the general excise tax.

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

Causes for healthcare disparities are multifactorial, but are unquestionably linked to the unremitting decline in our Hawaii physician workforce. The estimated unmet need for physicians is approximately 776 full-time equivalents (FTE) with percentage shortages most profound on the Big Island.

	Hawai'i County	Honolulu County	Kaua'i County	Maui County	Statewide
Shortage	183 (187)	382 (344)	45 (43)	167 (158)	776 (732)
Percent	37% (40%)	15% (15%)	26% (26%)	40% (40%)	22% (22%)

2023 Hawaii Medical Association Officers

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

2023 Hawaii Medical Association Public Policy Coordination Team

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

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

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:

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

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

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

2023 Hawaii Medical Association Officers

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

2023 Hawaii Medical Association Public Policy Coordination Team

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



March 22, 2023

To: Chair Belatti, Chair Holt, Vice Chair Takenouchi, Vice Chair Lamosao, and Members of the House Committees on Health and Homelessness and Economic Development

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: March 22, 2023; 11:15 a.m., Conference Room 329/Videoconference

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

The Hawaii Association of Health Plans (HAHP) appreciates the opportunity to express our support of SB 1035 SD2. 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 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.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members

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

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

SB-1035-SD-2

Submitted on: 3/20/2023 2:56:00 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

I am asking for your support of SB 1035 SD2, relating to the General Excise Tax (GET) exemptions. Our providers realize that medical services that are billed to Medicaid, Medicare, and/or Tricare will be reimbursed at a lower rate than commercial insurance. However, to absorb the GET for these services translates to receiving even a lower reimbursement rate from these payers. It is difficult to support an independent practice, its employees/staff, and medical supplies that are needed to care for patients and absorb this extra tax burden.

Graduating physicians from the UH Residency programs now realize that Hawaii, besides New Mexico, are the only 2 states that ask independent practicing physicians to shoulder a tax burden. This decreases the amount of physicians desiring to practice in Hawaii, decreasing patient access to care. Do you want to make the already known physician shortage in Hawaii, worse?

Thank you for your kind attention to support SB 1035 SD2.

Colleen F Inouye MD MMM MS-PopH FACHE FAAPL FACOG

Interim Executive Director of the Hawaii Independent Physicians Association, a 700+ provider organization that spans across the state of HI

THE KŪPUNA CAUCUS



HTL-ECD_ 03-22-23 11:15AM SB1035

TO: COMMITTEE ON HEALTH & HOMELESSNESS

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT

Rep. Daniel Holt, Chair

Rep. Rachele F. Lamosao, Vice Chair

CONCERNING: SB1035_SD2_SSCR1089_ RELATING TO General Excise Tax

POSITION: STRONG SUPPORT

Aloha Chairs Belatti and Holt and Vice Chairs Takenouchi and Lamosao and members of both committees:

The Kūpuna Caucus of the Democratic Party of Hawai'i has a membership of more than 2,000 politically active and aware seniors. We support SB1035 and all bills that would exempt or repeal the GET on medical practitioners, medical services, especially when the services are being covered by Medicare and/or Medicaid.

Hawaii has been losing doctors, nurses, medical facilities and services for years and in every case one of the major issues is the GET imposed on medical professions, services and treatments. Although the law allows them to bill patients and insurance companies few if any will pay the tax. Medicare and Medicaid NEVER pay state taxes. Yet the State requires the medical services community to pay the state anyway.

In addition private/independent practitioners cannot even deduct their losses from their taxes when a necessary procedure is denied by an insurance company. That insurance companies do this all the time is sadly well known. How many doctors will do what is necessary anyway to help their clients?

If our State does not support those who do by repealing or exempting doctors and medical services groups from local taxes they will just keep leaving the State. How will the legislature respond when there is silence in response to the cry "Is there a doctor in the house?"

The Kūpuna Caucus strongly recommends you pass this bill.

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

SB-1035-SD-2

Submitted on: 3/21/2023 10:32:55 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Ming Peng	Hawaii Provider Shortage Crisis Task Force	Support	Written Testimony Only

Comments:

I am submitting this testimony on behalf of John Henry Felix with the Hawaii Provider Shortage Crisis Task Force:

"With a shortage in the Hawaiian Islands of almost 800 doctors, access to healthcare has become troubling issue for so many of our citizens.

I fully support the positions of the AARP, The Hawai'i Association of Professional Nurses (HAPN), The Grassroots Institute and the Kupuna Caucus as they seek pass SB 1035.

It is essential that SB1035 and the Medicaid reimbursement bill SB 397 be passed immediately in this 2023 legislative session.

I've been in government for over 7 decades as a servant leader to the people of Hawai'i.

I ask that the Chair Kyle Yamashita and the Finance Committee approve SB 1035 and SB 397, so we can help avert this looming healthcare crisis.

Respectfully,

John Henry Felix"

SB-1035-SD-2

Submitted on: 3/19/2023 5:23:40 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

The general excise tax (GET) on healthcare in Hawaii is a unique and complex problem that has significant negative impacts on the economy, healthcare providers, and patients. The GET is applied at multiple stages of production and distribution, adding to the cost of doing business and exacerbating the already high cost of living in Hawaii. This tax structure also puts healthcare providers, including doctors, at a disadvantage compared to their counterparts in other states.

The GET on healthcare has several negative impacts on doctors, patients, and the economy. Firstly, it makes it more expensive for doctors to operate in Hawaii compared to other states. Healthcare providers in Hawaii are subject to higher costs for housing, transportation, and other necessities, while the excise tax on healthcare adds another layer of cost. This can make it difficult for doctors to attract new patients and generate revenue, making it harder for them to cover their costs and remain profitable. As a result, the excise tax exacerbates the existing doctor shortage in Hawaii, making it more challenging for patients to access necessary medical care.

The administrative burden of compliance with the excise tax regulations can also be time-consuming and costly for doctors. They may need to hire additional staff or purchase new software to track and report taxes, which can divert resources away from patient care. Furthermore, the excise tax on healthcare makes it difficult for doctors in Hawaii to compete with offers from the mainland. Salaries for doctors in Hawaii are lower than those in many other states, while the cost of living is higher, exacerbating the difficulty in attracting and retaining healthcare providers.

The excise tax on healthcare in Hawaii also has significant impacts on the state's economy. The high cost of healthcare can deter tourists from visiting or returning to the state, leading to reduced economic activity. Moreover, the high cost of healthcare in Hawaii can also have a significant impact on local residents, who may struggle to afford necessary medical care, leading to decreased health outcomes and increased healthcare disparities.

In conclusion, the excise tax on healthcare in Hawaii is a significant challenge that has negative impacts on the state's economy, healthcare providers, and patients. The unique tax structure, combined with the high cost of living and healthcare, administrative burden, and inability to compete with mainland offers, make it difficult for doctors to operate in Hawaii. To address these challenges and attract and retain healthcare providers, Hawaii may need to consider alternative taxation models and strategies to ensure access to necessary medical care for its residents.

SB-1035-SD-2

Submitted on: 3/21/2023 4:11:27 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Lawrence M.G. Enomoto	VFW Hawaii	Support	Written Testimony Only

Comments:

VFW Hawaii members strongly **support** this measure to exempt from the general excise tax medical service providers who receive Medicare, Medicaid, and TRICARE payments to encourage cost-effective patient treatment.

SB-1035-SD-2

Submitted on: 3/19/2023 10:03:16 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Derek Ching	Children's Doctors LLC	Support	Written Testimony Only

Comments:

I am in support of reducing GET for medical services. I am a pediatrician who chose to return home to serve our community. I have been in private practice for the past 15 years. Over the past few years this has become increasingly more difficult. The cost of living, increased cost of overhead and reduced reimbursements have decreased my income for 5 straight years which is very discouraging. I personally know of many other physicians who have chosen not to come home due to these hurdles. I believe that Hawaii is also one of a few states in which GET is applied to medical services. We are already short in the number of primary practitioners here in Hawaii and this will only worsen in the upcoming years if changes are not made. Reducing GET for medical services is a step in the right directions. Thank you

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

SB-1035-SD-2

Submitted on: 3/20/2023 2:55:18 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Peter Huonker	PJ Huonker MD Corp	Support	Written Testimony Only

Comments:

As an independent anesthesiologist here in Hawaii, the pay is far below all mainland standards. The only reason one would chose to practice here is if they are from here, such as myself, but even that is losing its appeal when learning how much money I am losing compared to working anywhere on the mainland. Hawaii law requires me to pay GET on all income I receive, including from Medicare and tricare. Federal law makes it illegal for me to bill Medicare patients or tricare patients for this tax though, meaning that I am required by Hawaii law to pay this for them, contributing even more to the discrepancy between Hawaii and mainland physician pay, and worsening the pros/cons of practicing in Hawaii and contributing to the severe shortage of all medical specialties in Hawaii, anesthesia included. This law is unfair in that it is the only example I am aware of that it is illegal to pass this expense on to the purchaser, as is standard for sales taxes. I support SB 1035 to get rid of this unfairness and help in whatever way to get more physicians to chose to stay and practice in Hawaii



AMVETS HAWAII SERVICE FOUNDATION CORP
AMVETS DEPARTMENT OF HAWAII
P.O. Box 2865
Ewa Beach, Hawaii 96706
Phone: 808-888-0410
Website: <https://amvets-hawaii.org>

21 March 2023

SENATE COMMITTEE CHAIR
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Senate Committee Chair:

As the State Commander, President & CEO of American Veterans (AMVETS) Hawaii and on behalf of our members, I am writing to express my support of the passage of Senate Bill 1035.

We are asking the committees to pass this critical bill. The quality of our life and continuing healthcare in Hawaii depends upon it.

We appreciate the committee's leadership in passing this important bill and ensuring that we do our part to help fulfill our nation's commitment to our Nation's Defenders.

Our mission is to serve veterans and the active military in procuring their earned entitlements; to assist and advocates for severely wounded, ill or injured Soldiers, Veterans, and their Families; to promote Americanism and preserve the freedoms secured by America's Armed Forces and to provide community services that enhance the quality of life for all Americans.

If I can be of any assistance, please feel free to contact me at 808-382-6835 or donovan@amvets-hawaii.org.

In Service to All Veterans,

DONOVAN A. LAZARUS !
Commander, President & CEO

**SERVING
WITH
PRIDE**



**A M V E T S
HAWAII
SERVICE
FOUNDATION**

P.O. Box 2865
Ewa Beach, HI 96706
808-888-0410
admin@amvets-hawaii.org

RE: Senate Bill – SB1035

The Mission of AmVets is to serve veterans and the active military in procuring their earned entitlements; to assist and advocate for severely wounded, ill or injured Soldiers, Veterans, and their Families; to promote Americanism and preserve the freedoms secured by America's Armed Forces and to provide community services that enhance the quality of life for all Americans.

AmVets Hawaii supports the positions of the AARP, The Hawai'i Association of Professional Nurses (HAPN), The Grassroots Institute and the Kupuna Caucus as they seek to pass SB 1035.

It is essential that SB1035 and the Medicaid reimbursement bill SB 397 be passed immediately in this 2023 legislative session for the benefit of Hawaii Veterans and their healthcare.

We ask Kyle Yamashita and the Finance Committee to approve SB 1035 and Medicaid bill SB 397 so that our Veterans population can be assured of the healthcare they deserve.

Any measures short of that is not appropriate for our men and women who have already sacrificed so much to serve us and to protect our country.

Respectfully,

RON LAM
First Vice Commander
American Veterans
Department of Hawaii
Mobile: 808 375-4500



AMVETS HAWAII
West Oahu Veterans Center
5001 Iroquois Ave. Bldg. 612
West Lock Annex (JBPHH)
Ewa Beach, Hawaii 96706
www.amvets-hawaii.org



PO Box 744
Pearl City, Hawaii 96782
(808) 291-8890
hiecon.squarespace.org

Statement Before The
House Committee on HLT/ECD
Wednesday, March 22, 2023
11:15am

In Consideration of
SB 1035 SD2

Relating to the general excise tax.

Chairs Bellati & Holt, Vice Chairs Takenouchi & Lamosao, and distinguished committee members:

Hi Econ is a student-led economic organization that is interested in seeing a thriving Hawaii economy and a strong connection between Hawaii and those who live here. Because of this, HI Econ is in support of SB 1034 SD2 because this bill would create incentives for Hawaii's medical practitioners and students planning on working in this field to stay in Hawaii.

This bill is important as private practitioners aren't getting sufficient medicare and medicaid reimbursements. According to medicare.org, the medicare reimbursement rates are around 80% of the cost of services, and according to the Kaiser Family Foundation, private insurance pays 143% more than medicare rates for physician services. It is also worth noting that medicaid has a lower reimbursement rate than medicare. The current reimbursement rate is not enough to give a competitive salary to Hawaii's medical service providers, and the GET is exacerbating the problem. According to zip recruiter, Hawaii's primary care physicians have the 8th highest average wage out of the 50 states, but Hawaii has the highest cost of living.

To add on, Medicare reimbursement rates do not increase with inflation, and the AMA says that physicians will be facing a 2% decrease in medicare reimbursement for 2023, and at least a 1.25% decrease in 2024.

Hawaii also has an aging population of physicians combined with a doctor shortage, which makes giving Hawaii's physicians a competitive wage a priority. Furthermore, in a 2020 study in the *Hawaii Journal of Health & Social Welfare*, of those surveyed "58% reported being employed as compared to private practice or independent contractors," so there is a significant amount of private practitioners in Hawaii. 50% of our state is also on either medicare or medicaid. For all these reasons, we support this bill, which will give medical service providers a GET exemption.

However, HI Econ would also recommend raising the medicaid reimbursement rate as it's lower than medicare's, and the state has the power to raise it within federal guidelines. The federal government is also covering part of medicaid reimbursements, as the Federal Medical Assistance Percentage (FMAP), which is the percentage of a state's medicaid program that the federal government pays is 62.26%.

Keeping medical service providers in Hawaii is important to the community, and it is also important in stopping brain drain. As current students, we hope to see Hawaii have more competitive job opportunities, and this GET tax is an important step in the right direction.

Thank you for your consideration.

Mira Kubo
Executive Director of HI Econ
mkubo24@punahou.edu

Works cited

"Comparing Reimbursement Rates." *CMS*,
<https://www.cms.gov/outreach-and-education/american-indian-alaska-native/aian/ltss-ta-center/info/understand-the-reimbursement-process#:~:text=Each%20state%20sets%20how%20it,flat%20fee%20for%20each%20encounter.>

"Cost of Living Data Series." *Cost of Living Data Series | Missouri Economic Research and Information Center*,
[https://meric.mo.gov/data/cost-living-data-series.](https://meric.mo.gov/data/cost-living-data-series)

Grassroot Institute of Hawaii. “'Doctor Shortage' Forums Highlight Crisis but Also Potential Policy Remedies.” *Grassroot Institute of Hawaii*, 8 Oct. 2022, <https://www.grassrootinstitute.org/2022/10/doctor-shortage-forums-highlight-crisis-but-also-potential-policy-remedies/>.

“How Does Medicare Determine Reimbursement Rates?” *Medicare & Medicare Advantage Info, Help and Enrollment*, 17 Mar. 2021, <https://www.medicare.org/articles/how-does-medicare-determine-reimbursement-rates/#:~:text=Medicare%20establishes%20the%20reimbursement%20rates,others%20nominated%20by%20professional%20societies.>

Kaiser Family Foundation. “Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier.” *KFF*, 25 Oct. 2022, <https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/?currentTimeframe=0&sortModel=%7B%22collId%22%3A%22Location%22%2C%22sort%22%3A%22asc%22%7D>.

O'Reilly, Kevin B. “New Congress Brings New Call for Medicare Physician Pay Overhaul.” *American Medical Association*, 9 Feb. 2023, <https://www.ama-assn.org/practice-management/medicare-medicaid/new-congress-brings-new-call-medicare-physician-pay-overhaul>.

“What Is the Average Primary Care Physician Salary by State.” *Zip Recruiter*, <https://www.ziprecruiter.com/Salaries/What-Is-the-Average-Primary-Care-Physician-Salary-by-State>.

Withy, Kelley, et al. “Hawai'i Physician Workforce Assessment 2020.” *Hawai'i Journal of Health & Social Welfare*, U.S. National Library of Medicine, Apr. 2022, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9036453/>.



March 22, 2023

11:15 a.m.

VIA VIDEOCONFERENCE

Conference Room 329

To: House Committee on Health & Homelessness

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

House Committee on Economic Development

Rep. Daniel Holt, Chair

Rep. Rachele F. Lamosao, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: SB1035 SD2 — RELATING TO THE GENERAL EXCISE TAX

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [SB1035 SD2](#), which would provide a general excise tax exemption for medical services provided by healthcare providers to patients who receive Medicare, Medicaid or TRICARE.

With this bill, the Legislature would bring Hawaii into the mainstream of states that do not tax medical services on Medicare, Medicaid or TRICARE. At present, Hawaii is one of only two states that levies a tax on medical services and the only state to tax Medicare and TRICARE.

Though nonprofit facilities are currently exempt from the GET, private practice physicians are not. Thus, private practice doctors and clinics must pay the 4% GET plus any county surcharge. As the Grassroot Institute explains in its new report, "[The case for exempting medical services from](#)

[Hawaii's general excise tax](#)," the GET becomes a significant expense for doctor offices, making it difficult for such practices to thrive in our state.¹

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

Similarly, in the case of Medicaid, doctors are forced to 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 provided to Medicare, Medicaid, and TRICARE patients.

According to research from the Grassroot Institute of Hawaii, exempting all medical services from the excise tax would help make healthcare more affordable in the state for both doctors and residents.²

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

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

Of course, those figures are for all medical services, not solely those services provided to Medicare, Medicaid and TRICARE patients. Thus, the loss of revenue from this exemption would be less, as would the savings to doctor offices and clinics.

In any case, given that the state is projecting a surplus of more than \$10 billion over the next four years, the budget could easily absorb the expense of this exemption.

¹ Malia Hill, "[The case for exempting medical services from Hawaii's general excise tax.](#)" Grassroot Institute of Hawaii, February 2023.

² "[How the state GET affects healthcare costs in Hawaii.](#)" Grassroot Institute of Hawaii, January 2020.

There are other possible benefits to this exemption. Not only would it help reduce the cost of medical care for Hawaii residents, it likely would 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 776 full-time-equivalent physicians. The largest area of need is in primary care, but there are significant shortages across multiple specialities.

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

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

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

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

At minimum, this bill might help address the disincentive that currently exists for private practice physicians to treat Medicare, Medicaid and TRICARE patients, as they will no longer be forced to absorb the cost of the GET in those cases.

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 activities, if not more so, and I would hope that the members of this committee think so too.

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

Thank you for the opportunity to submit our comments.

Sincerely,
Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

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

INTRODUCED BY: Senate Committees on Commerce & Consumer Protection and Ways and Means

EXECUTIVE SUMMARY: Exempts from the general excise tax amounts received by a hospital, infirmary, medical clinic, health care facility, pharmacy, or a medical practitioner for health care related goods and services purchased under Medicaid, Medicare, or TRICARE. Sunsets 1/1/2026.

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 practitioner for health care related goods or services purchased under the Medicare, Medicaid, or TRICARE program. Services need not be performed by a medical practitioner but may be performed by a physician's assistant, nurse, or other employee under the medical practitioner's direction.

Defines “medical practitioner” as a physician or osteopathic physician, licensed pursuant to chapter 453; 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: December 31, 2050; repealed on January 1, 2026.

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. In this vein, we question whether it is appropriate to make the relief temporary.

Digested: 3/17/2023

March 20, 2023

To: Representative Della Au Belatti & Representative Daniel Holt
Committee on Health & Homelessness Committee on Economic Development
Hawaii'i State Legislature
415 South Beretania St.
Honolulu, HI 96813

Re: Testimony in support WITH AMENDMENTS of SB1035: Relating to the General Excise Tax

The Hawaii'i Speech-Language Hearing Association (HSHA) is a professional, non-profit organization of speech-language pathologists (SLP) and audiologists (AUD) that is nationally recognized by the American Speech-Language-Hearing Association. Our mission is to promote excellence in speech-language pathology and audiology through professional development, advocacy, and leadership to provide education and quality services that embrace the diversity of those we serve.

We are in support of SB 1035, however, request an amendment to the current bill:

The bill currently reads: "Medical practitioner" means a physician or osteopathic physician, licensed pursuant to chapter 453; an advanced practice registered nurse licensed pursuant to chapter 457; or a pharmacist licensed pursuant to chapter 461;"

We request that skilled allied professionals, particularly SLPs be included in this bill. Healthcare providers (including Speech-Language Pathologists) must absorb this tax, which federal Medicare and TriCare policies **forbid** passing to patients. The GET taxes gross revenues, even when practices lose money providing care, which makes many, if not most, practices non-profitable. We are taxed for every dollar we bring in, **reducing our revenue by 4.7%**.

Medicare physician fee schedule payment rates have declined 20 percent over the last 15-20 years when adjusted for inflation. During this time, the cost of running a medical practice—including office rent, parking, employee wages and liability insurance premiums-- has increased greater than 30 percent since 2001.

Specifically in Hawaii, the fee for service rates are inordinately lower than the cost of living. Hawaii is the most expensive place to live in the United States of America with a median single family home cost of \$1,150,000.00 as of March 2022. However, the Medicaid and Medicare fee schedules for Speech-Language Pathology are within the same ranges as the state of Illinois, where the average cost of a single family home is \$265,000.00.

Looking specifically at the treatment code 92507, which is used most often by Speech-Language Pathologists and is the CPT code for treatment of speech, language, voice, communication, and/or auditory processing disorder, the following fee schedules are:

CPT 92507

Illinois Medicaid: \$19.85

Hawaii Medicaid: \$21.05

Medicare Illinois: \$84.70

Medicare Hawaii: \$82.60

As you can see, the difference does not reflect in any way the significantly higher cost of living in Hawaii. Illinois' rates are not an outlier, as they are similar to many other states within the same cost of living as Illinois.

I ask you to please work on behalf of the SLP healthcare workers in our state. Speech-Language Pathologists are not alone in our significant underpayment based on cost of living. Then to add the additional GET tax for services needed by our community and especially our military families serving our country. All healthcare providers in Hawaii are facing the same difficulties, when a specialist can make tens of thousands more per year and spend tens of thousands less in a different area, the incentive to stay and work in Hawaii is low and the skilled allied professionals need to be included in this bill.

Please help us to help those in need of our services.

If you or your staff have any questions, please contact us at info@hsha.org.

Sincerely,



Kristina Fuentes, MS, CCC-SLP
2023 HSHA President

To: Representative Della Au Belatti, Chair of the House Committee on Health & Homelessness
Representative Jenna Takenouchi, Vice Chair

Representative Daniel Holt, Chair of the House Committee on Economic Development
Representative Rachele Lamosao, Vice Chair

RE: STRONG SUPPORT FOR SB1035 SD2
Hearing: March 22, 2023 11:15 am

Dear Chairs, Vice Chairs, and Committee Members:

My name is Audrey Lee and I am a voting resident in District 26 in strong support of SB1035 SD2.

This is a heartfelt request to all committees to support Healthcare in our State as it affects everyone as patients and residents of Hawaii. What is being done to change the shortage of 776 doctors (*taken from the UH 2023 Legislature Report of the Annual Findings from the Hawaii Physician Workforce Assessment Project*)? Literally, there has been no end in sight of this crisis until now. We have a chance now to begin to reverse the downward spiral.

It is illegal for providers to tax their patients with **Medicare, Medicaid, and Tricare insurances**, yet the state has been collecting taxes for those same patients from providers monthly. **With ever-decreasing reimbursements from federal insurance programs, increasing expense and work burdens from insurance programs to providers, and collection of taxes from providers that they aren't even able to collect, it seems certain that the shortage of providers in this state will continue to increase. This puts a greater burden on providers still in practice to the point of burnout and a growing inability to maintain their offices financially. That means less available healthcare for everyone.**

Many feel this bill can stem the bloodletting of healthcare by being a symbol of support for it. If this small gesture of hope will help providers keep their practice open for patients, **WHY** would anyone be opposing the exemption? Please support SB1035 SD2 by passing it forward to the Governor to sign.

Thank you for the opportunity to submit testimony to support healthcare in Hawaii through this bill SB1035 SD2.

Mahalo,



Audrey Lee

SB-1035-SD-2

Submitted on: 3/21/2023 8:36:28 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

My prior written statement stands. I wish to give testimony on zoom.

SB-1035-SD-2

Submitted on: 3/16/2023 2:46:22 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

I am in full suport. However, there should not be any tax (GET or otherwise) on medical services ,supplies, medicines, etc. regrdless of what insurance plan a person is covered by.

I also want to point out the incongrity that the bill sunsets 24 years or so before its effective date. Any you wonder why the public is losing trust in government.

SB-1035-SD-2

Submitted on: 3/16/2023 3:22:20 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrew Crossland	Individual	Support	Written Testimony Only

Comments:

I strongly support this Bill.

SB-1035-SD-2

Submitted on: 3/16/2023 4:46:08 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dr. Guy Yatsushiro	Individual	Support	Written Testimony Only

Comments:

Support

SB-1035-SD-2

Submitted on: 3/16/2023 4:47:26 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dara Yatsushiro	Individual	Support	Written Testimony Only

Comments:

Stand in SUPPORT

SB-1035-SD-2

Submitted on: 3/16/2023 5:07:06 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Glenn Bessinger	Individual	Support	Written Testimony Only

Comments:

I am a practicing physician in Hawaii and teach JABSOM residents as well as lead a large group practice as its CEO. Hawaii is one of three states that taxes physician services with the monies going directly to general funds. Every other state with a specific physician tax reinvests the money to raise its Medicaid rates--an approach Hawaii should take because of poor access to care for Medicaid patients.

Unlike other professions that can raise rates to compensate for inflation, physicians have year-over-year reduction in buying power alongside the inability to raise reimbursement rates (in fact, this year CMS reduced physician reimbursements by 2% despite the staggering inflation of the last few years). We are unable to pass the GET on to Medicare, Tricare, and Medicaid patients meaning that we effectively take a loss of 4.712% on each of those patients.

There is a physician shortage in Hawaii, largely due to well-known and well-documented hostility of the state government toward small business. I struggle to convince physicians to stay or come to Hawaii to practice because they can make so much more money on the Mainland, have better practice conditions, lower taxes, and a lower cost of living with better schools. This shortage will likely be exacerbated by the inevitable consolidation of physician practices acquired by private equity groups or hospitals, whose low pay will drive even more of us away.

Please consider giving physician practices some tax relief. Doing so will allow us some breathing room to hire and retain employees and (in our case) continue to serve our most vulnerable Medicaid and Medicare patients without taking a loss on providing those services. Thank you.

SB-1035-SD-2

Submitted on: 3/17/2023 5:00:22 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

Vote YES on SB1035. This is a positive step in the right direction. It is not broad enough but it is a good start. Health care should not be taxable. Please, kokua, vote YES on SB1035. Mahalo for your support.

SB-1035-SD-2

Submitted on: 3/17/2023 7:33:12 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Alan R. Spector	Individual	Support	Written Testimony Only

Comments:

This bill should be amended, under the section on medical practioners, to include all licensed health care practioners including but not limited to Licensed Clinical Social Workers and Clinical Psychologists.

HOUSE COMMITTEE ON HOUSING

Rep. Troy N. Hashimoto, Chair

Rep. Micah P.K. Aiu, Vice Chair

DATE: Friday, March 17, 2023, 9:30AM

Re: SB 1442, SD2 - RELATING TO OHANA ZONES.

Aloha Chair Hashimoto and Committee Members. My name is Linda Dorset, a senior resident of Wailuku, Maui. I thank you for the opportunity to submit written testimony regarding the above referenced legislation. I strongly support SB1442 which appropriates funds for the ohana zones pilot program contract and authorizes the issuance of general obligations bonds for the constructions of facilities for the ohana zone program.

Hawaii's housing is unaffordable for many, but especially for those at low or fixed income like Social Security, who are vulnerable to becoming dependent on other family members for shelter, or face homelessness. According to AARP/Statista analysis about 1000 older adults (age 55+) are expected to be evicted in 2023 and more than 1500 older (55+) are expected to experience homelessness in 2023 in Hawaii. Please assist us older adults from facing housing crisis. Funding the Ohana zone pilot program promoting innovative solutions will increase the possibility of solutions to the housing and homelessness issues.

Thank you very much for the opportunity to testify.

**Linda Dorset
Wailuku Citizen**

SB-1035-SD-2

Submitted on: 3/17/2023 9:27:49 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Shazlyn Canada-Chong	Individual	Support	Written Testimony Only

Comments:

In order to have good healthcare in our state, we need to stop penalizing those who provide us with our healthcare. There is already a great shortage of primary care doctors and to oppose this will only continue to make it more difficult for doctors to practice in Hawaii. Hawaii is a place where the cost of living is among the highest and the medical reimbursements are the lowest. Federal insurances do not allow taxes to be paid on their reimbursements, yet our medical and dental providers are subject to general excise taxes monthly by our state. I strongly support SB1035 SD2 to exempt medical providers from the general excise tax.

SB-1035-SD-2

Submitted on: 3/17/2023 10:39:21 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Sarah Howell	Individual	Support	Written Testimony Only

Comments:

I'm strongly in support of this bill, which exempt taxing healthcare services. Hawaii is one of only 3 states that does this, and it places undue burden on physicians. Reimbursements, are already greatly down, especially compared to inflation, and this is greatly affecting, the care we can provide for our patients. Please allow us to be able to provide better and more cost-effective care to our patients. Especially during the pandemic, where the cost of supplies is greatly up. Year after year it is getting more challenging for physicians who are small business owners to manage their bottom lines. We would greatly appreciate the tax relief. Thank you for your consideration.

Sarah M Howell, MD

SB-1035-SD-2

Submitted on: 3/17/2023 1:44:50 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Bruce L Hultgren	Individual	Support	Written Testimony Only

Comments:

While I do not understand limiting a GET exemption only to government funded programs, this is a start. ALL medical expenses should be exempt from GTE. The GTE is a nuisance for providers, a nuisance if passed on to patients and an unacceptable burden on both.

But... if this is all we can do right now, let's start here.

The citizens of Hawaii should not be taxed for health costs (or food, but that is another day perhaps)

Ricardo Molero Bravo, 03/17/2023

SB 1035

Dear Chairperson and members of the committee,

I am writing to express my support for SB 1035, which aims to exempt medical service providers who receive Medicare, Medicaid, and TRICARE payments from the general excise tax in Hawaii. As a concerned citizen and physician, I believe that this bill would have a significant impact on improving access to care for those who need it most.

I fully agree with the legislature's findings that there is an incongruity in the way medical service providers are treated under the existing general excise tax. Presently, medical services rendered at a nonprofit hospital, 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. This inconsistency in the economic impact to health care providers has led to challenges in ensuring cost-effective patient outcomes.

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

As a physician in the community, I have seen firsthand the challenges that patients and healthcare providers face in accessing quality healthcare. I believe that this bill is a crucial step towards addressing these issues and ensuring that everyone has access to the care they need to live healthy and fulfilling lives.

Thank you for considering my testimony in support of SB 1035. I urge you to take action to ensure that this bill becomes law and that we can work towards a better and more equitable healthcare system for all Hawaii residents.

Sincerely,

Ricardo A. Molero Bravo, MD

SB-1035-SD-2

Submitted on: 3/17/2023 9:04:31 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Raydeen Busse MD	Individual	Support	Written Testimony Only

Comments:

Thank you for allowing me to submit my testimony in support of SB1035 SD2.

I have been a practicing OB-GYN physician in Hawaii since 1992 and it is very puzzling to me that we are one of two states that still charge an excise tax on medical care and the only state that taxes healthcare provided under Medicaid, Medicare or TRICARE. This charge can and is passed onto patients; and this tax is NOT covered by their medical insurance. This is an unnecessary burden on our Kupuna (or anyone, for that matter) on fixed incomes who utilize medical care proportionately more than our younger residents. We don't pay taxes on prescription drugs and medical devices; why should we pay taxes on medical services? The cost of medical services will continue to rise; but we can mitigate this in an impactful way by passing SB1035.

Additionally, any incentive that can be given that will make it possible for physicians to not leave their practices in Hawaii due to practice hardship or to bring more physicians and providers to Hawaii will help to address our physician shortage which is at a crisis point, I believe. I had a patient call me the other day as she was not able to find a primary care physician who could see her for a year!!! for a general exam that she's been putting off since the pandemic. I know of at least 12 OB-GYNs who have retired or left their practice prematurely over the past 2 years who have been in the community for many years therefore have many patients that need to find a new OB-GYN; but have been unsuccessful in finding one in a timely fashion or at all so, they have delayed needed care. This is not the Hawaii that we want for us, is it? If we bring in more physicians to take care of our ohana, this will ultimately have a positive economic outcome to our State, yes? It makes sense. Please support SB1035 SD2. The time is NOW. Mahalo.

SB-1035-SD-2

Submitted on: 3/17/2023 9:14:38 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Jonathan Busse	Individual	Support	Written Testimony Only

Comments:

I strongly support passage of SD1035 SD2.

Thank you, Jonathan Busse

March 18, 2023

To:

Committee on Health & Homelessness

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

AND

Committee on Economic Development

Rep. Daniel Holt, Chair

Rep. Rachele F. Lamosao, Vice Chair

RE: SB 1035 SD 2 – Relating to the General Excise Tax

Hearing Date: March 22, 2023

Conference Room 329; 11:15AM

Most Honorable Chair Della Au Belatti, Chair Daniel Holt; Vice-Chair Takenouchi, Vice-Chair Lamosao, and Committee Members:

I support SB 1035 SD 2.... and encourage members of these committees to vote affirmatively for this measure too.

The State of Hawaii should use every possible way to support and encourage the viability of medical professionals to make a living here and provide desperately needed services to the citizens of our Islands. In regards to SB 1035 SD2, many of the residents receiving services of Medicare, Medicaid and TRICARE are kupuna who have a small selection of providers to choose from.

Eliminating the General Excise Tax on medical service providers who receive payments from Medicare, Medicaid and TRICARE is a step in the right direction.

Vote affirmatively and make it permanent.

Thank you for the opportunity to testify on this measure.

Respectfully submitted,

Christine Olah

Resident of the State of Hawaii

SB-1035-SD-2

Submitted on: 3/18/2023 6:41:16 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support SB1035 SD2.

SB-1035-SD-2

Submitted on: 3/18/2023 8:20:31 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

Dear Chairs and Committee Members of the Health and Homelessness and Economic Development Committees,

I am writing in strong support of SB1035 SD2 for the following reasons:

- **Hawaii is the ONLY state in the nation that providers pay state tax on federal insurances since Medicare, Medicaid, and Tricare do not allow providers to collect this tax from patients. Yet, the state requires a 4.517% tax monthly from providers of these patients.**
- **Hawaii is ONE of ONLY TWO states that tax ANY provider services in the entire nation.** Hawaii also has the lowest reimbursements in the nation.
- Because of the decreasing reimbursements and increasing expense and work burdens from Medicare, Medicaid, and Tricare to providers, **the shortage of providers in this state will continue to increase.** The shortage of providers puts a greater burden on the providers still in practice to the point of burnout and a growing inability to maintain the office financially. **This means less available healthcare for everyone.**
- Of the providers that are currently practicing, **many are not taking patients with Medicare, Medicaid, and Tricare.** This affects the state financially as well due to more ER visits by patients not having a regular primary care physician.

Please support the health of our Island communities by easing the burden on our healthcare providers. As a senior anticipating growing healthcare needs while on Medicare, I am frightened by the prospect of being unable to find quality healthcare due to physicians being unwilling to accept Medicare patients in Hawaii.

Respectfully,

Kristine Chung

Kevin L. Johnson, Ko Olina, Hawai'i

Hawai'i Legislature
House Committees on Health and Homelessness and Economic Development
Wednesday, March 22, 2023, Conference Room 329, 11:15a.m.

TO: The Honorable Della Au Belatti and Daniel Holt, Chairs
RE: Support for SB 1035, SD2 Relating to General Excise Tax

I testify today in **Support of SB 1035, SD2 Relating to General Excise Tax.**

Among the challenges facing Hawai'i is retention of healthcare workers. This is further exacerbated by the demographics of age and where folks choose to live. Our needs for medical services will continue to grow as we age and people choose to live outside our urban areas.

Newly licensed physicians, like most college graduates, are often faced with ever growing debt. They must balance their desire to provide their service with the reality of making a living. Obviously they will look for a place to practice with the fewest impediments to striking this balance. As the General Excise Tax (GET) comes solely from their bottom line, practicing in Hawai'i, would not be as desirable as the vast majority states not adding this extra tax.

From the business side, healthcare has seen dwindling profit in the last several years. During my career as a pharmacist, I saw my company's margins cut by over one-half, as the insurance industry took over reimbursement rates. In our for-profit healthcare system, the insurance industry is the sole beneficiary at the expense of patient care.

Your **Support of SB 1035, SD2** and eliminating the GET from Medicaid, Medicare and Tricare transactions will help ensure our most vulnerable citizens have access to care.

Sincerely,

Kevin L. Johnson

SB-1035-SD-2

Submitted on: 3/19/2023 8:25:55 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

This bill is long overdue. I heartily support its enactment.

SB-1035-SD-2

Submitted on: 3/19/2023 8:36:46 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Raymond Madigan	Individual	Support	Written Testimony Only

Comments:

I support the bill. I am a RN who worked for over 20 years in the PICU and AICU at Kapiolani Hospital. I have seen first hand the consequences of the physician shortage in Hawaii. The burdens placed on local health care providers by expenses has contributed to this shortage. We need to support out doctors and make conditions in Hawaii conducive to attracting and maintaining good doctors.

SB-1035-SD-2

Submitted on: 3/19/2023 9:56:24 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Suzann Wojciechowski	Individual	Support	Written Testimony Only

Comments:

Key points of support for this bill are:

- **Hawaii is the ONLY state in the nation that providers pay state tax on federal insurances since Medicare, Medicaid, and Tricare do not allow providers to collect this tax from patients. Yet, the state requires a 4.517% tax monthly from providers of these patients.**
- **Hawaii is ONE of ONLY TWO states that tax ANY provider services in the entire nation.** Hawaii also has the lowest reimbursements in the nation.
- Because of the decreasing reimbursements and increasing expense and work burdens from Medicare, Medicaid, and Tricare to providers, **the shortage of providers in this state will continue to increase.** The shortage of providers puts a greater burden on the providers still in practice to the point of burnout and a growing inability to maintain the office financially. **This means less available healthcare for everyone.**
- Of the providers that are currently practicing, **many are not taking patients with Medicare, Medicaid, and Tricare.** This affects the state financially as well due to more ER visits by patients not having a regular primary care physician.

(This impacts not just Physicians but all Healthcare Provides, ex. Physical Therapists, Occupational Therapists, Speech-Language Pathologists, Chiropractors, etc, etc. All those that work in Private Practice.)

SB-1035-SD-2

Submitted on: 3/19/2023 10:19:45 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

Rep Della Au Belatti and Members of the Health and Homelessness Committee -

I am asking that you please support SB1035 SD2. With a growing senior citizen population and a diminishing group of medical providers state-wide, it is becoming more and more difficult for our Kupuna to access timely medical care. To ensure improved access for these seniors, it is imperative that this Bill be passed. We need to encourage doctors, most importantly those on the neighbor islands, to stay and accept these patients - especially those with Medicare, Medicaid and Tricare coverage. Thank you for taking positive action approving this critical legislation.

SB-1035-SD-2

Submitted on: 3/19/2023 11:30:03 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Bianca Isaki	Individual	Support	Written Testimony Only

Comments:

Please support reducing taxes on medicaid/ medicare healthcare users.

TO: The Honorable Representative Della Au Belatti,
Chair of the House Committee on Health and Homelessness

The Honorable Representative Daniel Holt,
Chair of the House Committee on Economic Development

RE: Strong Support for SB1035 SD2 - Relating to the removal of General Excise Tax for
Medical Services

Hearing: March 22, 2023 11:15 am

Aloha Representative Della Au Belatti, Chair; Representative Jenna Takenouchi, Vice Chair;
Representative Daniel Holt, Chair; Representative Rachele F. Lamosao, Vice Chair, and
Committee Members,


Thank you for the opportunity to submit testimony regarding SB1035 SD2. I am a solo primary care physician who has practiced in Hawaii for over 25 years in my office and in several hospitals in Honolulu and it is an honor to be able to provide medical care for my patients. My support for the removal of the General Excise Tax (GET) on all services that are provided to Medicare, Medicaid, or TRICARE patients is because it would further support the healthcare of our State by helping patients and providers alike.

Hawaii was recently identified to have the highest life expectancy in the nation. This is due to a number of factors according to the CDC including rising living standards, improved lifestyle with access to natural resources, better education, and greater access to quality health services. As we live longer, the number of individuals who have Medicare, Medicaid, and TRICARE as their medical insurance have increased. However, there is a decrease in the number of providers willing to accept these insurances due to lower reimbursements and having to absorb the GET.

We are in a crisis of losing quality health services due to a growing number of providers closing their practices because it is financially unsustainable and/or retiring. This contributes to a decline in that which affords us a healthier and longer life. Think of access to health care as a part of our communities' infrastructure just as we rely on water, food, electricity, and safety to build viable and thriving communities. Without health care, we would not have healthy and reliable individuals to keep businesses working and thriving through their employees. Viable health care ensures and supports healthy individuals and families in the community to be able to work, grow, and contribute to their communities.

I ask that you pass this bill not only to support healthcare providers, but to support your communities, your families, and yourselves. Thank you for the opportunity to testify with your committee and for your honorable work.

Mahalo,



Eugene M.C. Lee, M.D.

TO: Honorable Senator Keith Agaran and Senator Elle Cochran

FROM: Gail Miyahira, Maui County constituent

RE: SB1035 SD2 – Relating to the General Excise Tax

REPORT TITLE: General Excise Tax; Exemption; Medicare; Medicaid; TRICARE

I am in **SUPPORT of SB 1035 SD 2**. Delaying or avoiding passage of this bill to another legislative year will *not* resolve the issues but further compounds the problems that are already affecting medical services. I support this bill for the following reasons:

- Hawaii is the **ONLY** state in the nation that providers pay state tax on federal insurance (Medicare, Medicaid and Tricare) yet, the Federal government deems it illegal to tax Tricare and Medicare. Currently the State requires a monthly 4.517% tax collection from providers. The Department of Taxation claims the excise tax can become the patient's burden however, many medical providers have difficulty passing additional expenses to patients for essential medical care in general, thus absorbing the additional costs themselves.
- Hawaii is **ONE of ONLY TWO** states that tax medical provider services in the entire nation. Hawaii also has the lowest reimbursements in the nation and one of the highest cost of living. The combined low Medicare and Medicaid reimbursement rates plus the addition of the GET (general excise tax) further disincentivize treating this vulnerable population.

As a retired healthcare provider, I can personally attest to this. I am aware of many Maui County physicians who cap or choose not to take patients with these types of coverage. This is to avoid a loss and an attempt to maintain a profitable practice to continue to provide medical care to the community. In effect, sometimes these types of patients are frequently driven toward a more costly ER visit for care.

- The shortage of medical providers in Hawaii will continue to increase. Decreasing reimbursements, increasing expenses (including GET) and work burdens from this shortage are all contributing to this impending catastrophe. Hawaii has a continuing exodus of physicians. A report to the legislature by the University of Hawaii on Hawaii Physician Workforce Assessment, stated approximately 150 physicians or 5% of the 3,000 full-time physicians left Hawaii in 2019.

The report also notes the outer islands experience the greatest shortage. On Maui, many patients face the additional financial burden of traveling to Oahu for care when without the appropriate medical care here.

Although there are other factors contributing to our healthcare community loss, in my experience many concerns can be attributed to overall to financial practice concerns. Given this, there are many older semi-retired physicians who opt to temporarily practice here from the mainland. It is difficult to attract and recruit younger physicians that carry large educational loans.

The shortage to medical providers will create a greater burden on the existing providers in heavy patient caseloads, burnout, inability to financially maintain an office practice, thus translating to delayed care due to the limited availability of healthcare for everyone.

Mahalo for your time and consideration in this matter.

SB-1035-SD-2

Submitted on: 3/20/2023 12:18:10 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Greigh Hirata	Individual	Support	Written Testimony Only

Comments:

Dear Chairperson,

I would like to submit my support for SB1035, SD2 in hopes of relieving the tax burden to our physicians in private practice.

Over the past several years it has become increasingly difficult for physicians in private independent practice to survive secondarily to decreasing reimbursements and increasing costs. We are not protected by a non-profit hospital system and are further disadvantaged by taxes.

This measure would be a good first step in helping our independent physicians stay in practice. It also helps in a small way to level the playing field with the bigger non-profit health care systems.

Sincerely,

Greigh I Hirata, MD

SB-1035-SD-2

Submitted on: 3/20/2023 5:00:32 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Christina R Townson	Individual	Support	Written Testimony Only

Comments:

I support the passage of Senate Bill 1035 and am asking the committees to pass this bill. The quality of our life and continuing health care in Hawaii depends on it.

Mahalo,

Christina Townson

SB-1035-SD-2

Submitted on: 3/20/2023 5:14:56 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
John Witeck	Individual	Support	Written Testimony Only

Comments:

My wife Lucy and I strongly support passage of this measure exempting providers of services for Medicare, Medicaid and certain other insured patients from the General Excise Tax provisions. We need to encourage more physicians to practice in Hawaii and offer much needed services on Oahu and the neighbor islands for retirees and others on medicare or medicaid

I have, as a consultant, had to deal with GET requirements and it, frankly, is a pain in the posterior. Our physicians should not be burdened with this as well as handling the burdens of medicare and medicaid reimbursements, which apparently continue to decrease.

Please grant relief to these valuable providers by exempting them from the GET and help keep them viable in serving the public.

Thank you for considering our viewpoint. Aloha, John Witeck

SB-1035-SD-2

Submitted on: 3/20/2023 6:41:44 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Linda Nakagawa	Individual	Support	Written Testimony Only

Comments:

I support the passage of Senate Bill 1035 and I am asking the committees to pass this bill. The quality of our life and contining healthcare in Hawaii depends upon it.

ALISTAIR W BAIROS, MD, CWSP, FACCWS

General Surgery, Wound Care Specialist

PO Box 670
Kealahou, Hawaii 96750
28 February 2023

RE: **SB1035 SD1 - Remove GET for Medical Services**

Aloha Senators:

My name is Ali Bairos; I am a General Surgeon on the Kona coast of Hawai'i Island. After premed at UH Manoa, med school in Canada, surgery residency at UH and the Mainland, I came home, to practice in Kealahou, the only place I have ever practiced, 38 short years ago.

I am now an aging physician and, problem is, no one is coming to replace me, or my many aging colleagues. The reasons why have been well-documented, for years now, and are thoroughly detailed in the many presentations addressed to your committee.

I won't recite those many reasons for supporting SB1035 SD1 – they stand solidly by themselves. But I will tell a short story, a history, our history:

Time was when Hawai'i strove to be a leader in healthcare. The Prepaid Health Care Act of 1974 was truly historic – the first in the nation to set minimum standards of health care coverage for workers. Just 14 years a state, the youngest state, and Hawai'i- nei was leading the way. Others came to us for advice; we were riding the wave, owning the wave. And why, why did we do it? There were lots of reasons...but the bottom line was that it was pono – it was the right thing to do for our island community. It was a true example of government doing what it should do best - adding a bit of security to life's vagaries.

Fast forward – nobody's coming for advice now – in oh-so-many sad statistics we're literally circling the drain. And, as you've so often heard, particularly on the neighbor islands. Surgeons, by nature, are privy to life and death dramas, where mere seconds count, or you're counted out, so this is where I get brutally blunt: people are literally and truly dying, some right now, today, some in slow motion, on the neighbor islands because of the lack – in some cases, full absence – of access to needed care. It's meaningless to tout insurance coverage rates if they're no practitioners to see those covered.

Is it pono for a distressed teenager to languish in an ER for days awaiting access to life-altering mental health services – hopefully in time! Is it pono for auntie harboring a breast cancer for far too long because diagnostic & treatment services aren't accessible because the doc and nurses fled to the Mainland? Is it pono for an elderly lady desperately needing care to be offered an appointment 6 ½ weeks from now, because that's the best an overworked, short-staffed clinic can offer? This is an acute DEFCON 1 condition – it cannot be stated more plainly – the folks above are real, they are at risk of life and limb, disease and disability due to the withering practitioner workforce on Hawai'i Island.

That, Senators, is where the rubber – and SB1035 SD1 – meets the road: access to care! That's where SD1035 SD1 translates into bettering the lives of our fellow citizens. Not a be-all nor an end-all, but one step, not so much taking down a barrier, but building a bridge towards where we want our healthcare to be - a true example of government doing what it can do - adding a bit of security to life's vagaries. Making things pono.

Please, for the love of your fellow citizens, support and pass SB1035 SD1.

Mahalo, nui loa,


Ali Bairos, MD, CWSP, FACCWS

SB-1035-SD-2

Submitted on: 3/20/2023 8:07:41 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Evelyn Nakayama	Individual	Support	Written Testimony Only

Comments:

I support this bill as it has been stress looking for a primary care provider that does not take Medicare.

SB-1035-SD-2

Submitted on: 3/20/2023 8:37:22 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Danette	Individual	Support	Written Testimony Only

Comments:

Aloha, legislators -

As a former health care chaplain and/or ministry coordinator for Kapi`olani Medical Center for Women and Children, Pohai Nani Retirement Community, Maui Memorial Medical Center, and Hospice Maui, I have observed our growing health care crisis, firsthand. I am NOW a retired senior citizen on Maui who is dependent on Medicare to help pay for my healthcare needs, and am increasingly and deeply concerned about this issue.

Friends and acquaintances are having increased difficulty receiving medical services, due to a lack of qualified providers here in Maui. I have had conversations with medical providers (PAs and APRNs) filling in the gaps who are struggling to meet their own financial obligations while caring for our populace. I believe making changes in the GE Tax requirements to lessen the challenging burdens facing these providers is an important way to retain the presence of qualified providers in Hawai`i. PLEASE PASS THIS BILL.

Mahalo - (The Rev.) Danette Kong, Kula, Maui

SB-1035-SD-2

Submitted on: 3/20/2023 9:07:10 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Claire Santos, MS, RN	Individual	Support	Written Testimony Only

Comments:

Aloha,

Let's take reasonable and appropriate steps to help ensure access to care for all citizens, including those on Medicare, by eliminating the General Excise Tax (GET) assessment for physician services.

We have seen efforts to improve services to patients, but we've also seen a decline in the number of physicians who accept Medicare coverage along with a physician shortage in general. Easing the GET burden is a reasonable and appropriate approach toward problem solution and preserving access to care for patients on all islands.

Sincerely,

Claire P. Santos, MS, RN

SB-1035-SD-2

Submitted on: 3/20/2023 9:19:03 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Lynne Kobayashi	Individual	Support	Written Testimony Only

Comments:

The pandemic has focused a laser beam on this country's broken health care system. SB 1035 is a small attempt to help heal that system. I support SB 1035 because as an elderly end-user of medical services, I have been on the receiving end of countless rejections from various medical practitioners. The message: "Doctor doesn't take medicare patients." It is my hope that by eliminating the physician's responsibility for the GET, it may slowly encourage more of them to accept medicare patients (although I may be dreaming). Another thing you might consider is a bill REQUIRING medical practitioners to accept patients with Medicare, Medicaid, and Tricare. That would truly create a more equitable system, where the needy will have access to medical services along with the affluent.

SB-1035-SD-2

Submitted on: 3/20/2023 9:40:05 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
kevin o'leary	Individual	Support	Written Testimony Only

Comments:

I support SB 1035 SD2. I think the private medical providers should be exempted from the GET, as are the non-profit hospitals and clinics currently. Any reduction in the costs to provide care to Medicaid, Medicare, and TriCare patients will help. Hopefully this bill will cause more services to be made available to people on these plans. Even if that does not happen, at least the current providers will be rewarded for serving these deserving patients.

SB-1035-SD-2

Submitted on: 3/20/2023 11:46:09 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Chunmei Wu	Individual	Support	Written Testimony Only

Comments:

My name is Chunmei Wu. I am a pediatrician at private practice. I am writing today to voice my support for HB1035, SD2.

As we all know, the cost of living in Hawaii is significantly higher than in other parts of the country. The GE tax is a burden on local practice and a contribution to the state's physician shortage. We have difficulty to refer patients to other doctors or subspecialists and result in worsening health outcome for Hawaii keikis.

I strongly urge you to vote yes in support of HB1035 SD2.

Mahalo,

Chunmei Wu

SB-1035-SD-2

Submitted on: 3/21/2023 1:18:19 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Elbridge W. Smith	Individual	Support	Written Testimony Only

Comments:

This a most important measure so as to no longer penalize medical practioners for providing health care services under Medicaide, Medicare, or TRICARE.. Every business I can think of passes on the GET to their customers, clients, etc. the GET cannot be legally passed on to patients with Medicare, Medicaid or TRICARE.

PLEASE pass this measure and provide need relief to our dotors and other medical providers, many of who no longer take medicade or medicare patients given the low payments provide which are then cut by the required GET.

Thank you for considering this measure.

Aloha,

Elbridge W. Smith, 1583 Ulupuni St, Kailua 96734

SB-1035-SD-2

Submitted on: 3/21/2023 4:38:58 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dr. Howie Klemmer	Individual	Support	Written Testimony Only

Comments:

Please support this measure and others that will help Hawaii attract and retain good doctors. The cost and complexities of running a medical practice in Hawaii are overwhelming to many physicians. Physicians in primary care and most specialties need financial help. Please recognize the ongoing and worsening physician shortage we face in Hawaii. Now is the time to support physicians in Hawaii.

SB-1035-SD-2

Submitted on: 3/21/2023 7:09:51 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Norman Leong	Individual	Support	Written Testimony Only

Comments:

I am in support of Bill SB1035 SD2 to not tax our Healthcare providers to render essential services to patients with Medicaid, Medicare, or TRICARE. This takes a toll especially on individual medical practitioners and their offices which run essentially as small businesses. Why is Hawaii the only State that does not exempt these Healthcare providers? Thank you!

SB-1035-SD-2

Submitted on: 3/21/2023 7:18:36 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Candace	Individual	Support	Written Testimony Only

Comments:

I am strongly in support of bill SB 1035 SD 2, to keep from taxing our private healthcare providers. We shouldn't be taxing these providers to see patients that are required to have these federal insurances like Medicare, Medicaid or Tricare. Small healthcare providers are small businesses like any other and insurance providers are already pushing healthcare providers to quit or join big healthcare organizations or hospitals. We are the only state that is taxing our healthcare providers for these federal insurances. Please support Bill SB 1035 and save healthcare in Hawai'i!

Thank you for reading my testimony.

SB-1035-SD-2

Submitted on: 3/21/2023 7:42:52 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Marianne	Individual	Support	Written Testimony Only

Comments:

I strongly support the passage of senate bill 1035 and I'm asking the committees to pass this bill. The quality of our life and continuing healthcare in Hawaii depends upon it.

SB-1035-SD-2

Submitted on: 3/21/2023 7:53:46 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
M. Verdine Kong	Individual	Support	Written Testimony Only

Comments:

Aloha,

I strongly support the passage of SB 1035.

As is well documented, Hawaii is the only American state taxing Medicare, Medicaid and TriCare healthcare benefits. Hawaii has the fewest doctors available to accept Medicare patients behind all other states and the District of Columbia per Wallethub. 60% of Hawaii's entire population is on Medicare, Medicaid and TriCare programs. As more baby boomers retire, the numbers will continue to increase. Consequently, severe shortages of healthcare providers, cause patients seeking Medicare, Medicaid and Tri-care health services to experience life-threatening delays and sometimes a complete lack of service.

It is time that we respond to the needs of our local people and ensure that more doctors and health care professionals will remain in Hawai'i to provide excellent health care to our people. It is crucial to level the playing field by giving our health care providers equal treatment by not taxing services for Medicare, Medicaid and Tri-care health services, as all other health care providers throughout the Nation experience.

Mahalo for your kind consideration of my testimony.

M. Verdine Kong

SB-1035-SD-2

Submitted on: 3/21/2023 8:08:48 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Gregg Shimomura	Individual	Support	Written Testimony Only

Comments:

Respected Legislators,

I am submitting testimony in favor of correcting the inequities and dangers regarding the General Excise Tax (GET) on independent physician practices.

I have been in independent OB/GYN practice for 33 years. There is a significant percentage financial advantage that hospital employed physicians have over independent physicians who deliver the same services.

Unfortunately, the pandemic, Hawaii's aging physician base, and burn-out now make this significant percentage advantage not only a competitive disadvantage but a reason to close practice.

Please help us preserve independent practice and prevent the dwindling number of practicing physicians serving the people of Hawaii.

Gregg Shimomura, M.D.

SB-1035-SD-2

Submitted on: 3/21/2023 8:47:13 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Jack Edward Belsom	Individual	Support	Written Testimony Only

Comments:

I urge you to pass SB1035. While it may not solve the problem of not having enough Medical Care Providers--Physicians, PAs, etc. It will provide some relief to those providers attempting to serve Medicaid, Medicare, and Tri-Care patients. The reimbursement is minimal, and removing the extra charge for the GET will provide a small relief. Even those with good health insurance have difficulty finding a Primary Care Physician on Maui. Those without that kind of insurance face almost insurmountable obstacles.

Thank you for hearing my testimony.

Jack Belsom

SB-1035-SD-2

Submitted on: 3/21/2023 8:55:04 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

Physicians in Hawaii have been severely challenged by the recent COVID pandemic. These challenges include financial hardship compounded by negative financial landscape of Hawaii due to it's high tax burden. Hawaii is only one of only two states in the United States that imposes GE tax on healthcare reimbursements. Many physicians has decided to close their practice or move to the mainland due to these hardships. It is absolutly necessary for Hawaii law makers to give some relief to the front line healthcare providers so that they can continue to care for the people of Hawaii. Please pass SB1035.

SB-1035-SD-2

Submitted on: 3/21/2023 9:07:35 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

I strongly support this bill to allow physicians to be exempt from certain general excise tax amounts. It will allow physicians to expand their practices and support their patients needs.

SB-1035-SD-2

Submitted on: 3/21/2023 9:22:35 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Robin Leong	Individual	Support	Written Testimony Only

Comments:

I support SB 1035.

SB-1035-SD-2

Submitted on: 3/21/2023 9:23:31 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Gretchen Robinson	Individual	Support	Written Testimony Only

Comments:

“I support the passage of senate bill 1035 and I’m asking the committees to pass this bill. The quality of our life and continuing healthcare in Hawaii depends upon it.“

SB-1035-SD-2

Submitted on: 3/21/2023 9:35:15 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Neil Abercrombie	Individual	Support	Written Testimony Only

Comments:

I support Senate Bill 1035 in its entirety.

The statistics show that our elders, our Veterans and those who are economically disadvantaged are at medical risk if this bill does not pass.

I am 100% aligned with AARP's reasoning as to why they support Senate Bill 1035 as stated in their public testimonial."

Governor Neil Abercrombie

SB-1035-SD-2

Submitted on: 3/21/2023 10:23:46 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Alan Suyama	Individual	Support	Written Testimony Only

Comments:

A excise tax on medical care creates a healthcare disparity and disproportionately affects access to healthcare or can impact basic living requirements.

SB-1035-SD-2

Submitted on: 3/21/2023 10:37:54 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

Hawaii is only one of 2 states in the US that imposes tax on healthcare reimbursements. This is especially difficult for physicians given the hardships compounded by COVID pandemic. Many physicians have decided to move away from Hawaii due to the increasing financial burden of opening up a practice here. Please pass SB1035, so that physicians can continue to care of the people of Hawaii without the added financial burden.

SB-1035-SD-2

Submitted on: 3/21/2023 10:51:20 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dennis Barger	Individual	Support	Written Testimony Only

Comments:

Aloha Kakou,

I you to know that I whole heartedly **support SB1035**.

Please vote in favor of SB1035 at you earliest opportunity. It will be good for Hawaii, its residents, institutions, and medical providers. Medicare recipients need relief from excessive costs including taxation for our medical treatments.

PLEASE VOTE YES ON SB1035

Rev. D. Barger, Maui, HI

I am writing to support SB 1035 with **request for an amendment**. Currently the bill only includes Medical Practitioners meaning a physician or osteopathic physician, an advanced practice registered nurse licensed; or a pharmacist licensed. On behalf of other Speech Language Pathologists (SLPs) and Private Practice owners, we ask that you amend this bill to include "Skilled Allied Professionals" which would include speech-language pathologists.

Owning a Private Practice in Hawaii has many challenges, but one of the biggest challenges to providers is the GET tax. Healthcare providers (including SLPs) must absorb this tax, which federal Medicare and TriCare policies forbid passing to patients. The GET taxes gross revenues, even when practices lose money providing care, which makes many, if not most, practices non-profitable. We are taxed for every dollar we bring in, reducing our revenue by 4.7%.

I am an Air Force veteran wife, mother of three, therapy practice owner, and speech-language pathologist. Since establishing my practice in 2019, we have served over 100 children in Kailua, Hawaii. These are primarily military families, and the company must absorb their GET taxes. I am committed to helping our service members and their families and providing a living wage to my staff; however, the GET tax makes it much hard to support this commitment.

We have already been subject to reduced reimbursement and cuts per on the physician fee schedule to allocate funds for increased reimbursements to physicians. With recent cuts of 10% over the last 2 years + the GET %. We are making 14.7% percent less. Please include our valuable profession in this bill to allow us to continue to provide speech and language services to our community.

Mahalo for your time,
Sincerely,
Jamie Smith, M.A CCC-SLP

SB-1035-SD-2

Submitted on: 3/21/2023 5:24:11 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Laeton J Pang	Hawaii Radiological Society	Support	Written Testimony Only

Comments:

I'm writing in favor of this proposed legislation to remove the Hawaii state general excise tax levied on gross medical income. This regressive tax unique to Hawaii (and to a more limited extent New Mexico where there is also a provider shortage) along with the high cost of living and low reimbursement levels is driving office-based providers out of business either through relocation or retirement and consequently shrinking the tax base.

The national work force shortage will make it even harder to recruit to Hawaii, which was ranked as the worst state in the country to practice medicine in the recent WalletHub Ranking (<https://wallethub.com/edu/best-and-worst-states-for-doctors/11376>). 20-25% of Hawaii's practicing physicians are at or near retirement age. There's already a 20-50% shortage of physicians in every county and worst on the Neighbor Islands with extended wait times for appointments, if there is even a provider available. Healthcare outcomes are down in every category.

Surely we can do better. We must do better for patients otherwise access to care, quality of care, and health care disparities and inequities will continue to worsen.

Thank you,

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

President, Hawaii Radiological Society

SB-1035-SD-2

Submitted on: 3/21/2023 6:38:42 PM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Mary Smart	Individual	Support	Written Testimony Only

Comments:

I most strongly support SB1035 S.D.2. We need this bill to pass. Please vote YES!

SB-1035-SD-2

Submitted on: 3/22/2023 7:03:17 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

Dear honorable members of the State House of Representatives health and economic development committees,

I greatly appreciate bringing SB1035 forward for a hearing today. One and a half years ago I left the stability and comfort of a steady paycheck with the Hawaii Permanente Medical Group to open an independent orthopedic surgery practice on the island of Maui. I opened Maui Orthopedic Institute in October 2021 with a mission of expanding access to world-class orthopedic care on Maui. Since that time we have had another physician join us and two physician assistants and now provide a significant proportion of the orthopedic surgery care for the island of Maui. Prior to opening the practice, there were only six orthopedic surgeons practicing on island with privileges at the hospital. We now have eight surgeons on island and two additional physicians assistants. I grew up on the island of Kauai and graduated from Waimea high school, I am passionate about providing access to medical care on our neighbor islands. It is part of our vision and mission to provide this world-class care for all residents of the island, including our Kupuna, and those less fortunate among us. Unfortunately, Medicare, Medicaid, and TRICARE have some of the worst reimbursement rates among insurance , and to add insult to injury the current GE tax structure, levees a 4% tax on these services, which cannot be passed on to the patient. No matter how good our intentions, we must run a viable business at the end of the day. The current 4% reduction on what are already some of the lowest reimbursement rates for services make it a consistent struggle to continue providing care for those who need it most. As with all businesses in this current climate, inflation has increased our operating costs with things such as labor and supplies. I am writing in support of senate bill 1035 in hopes that it will be passed through committee and go on to be passed into law. Thank you all so much for considering this bill.

Much aloha,

Zachary Thielen

Mau Orthopedic Institute, Owner .

SB-1035-SD-2

Submitted on: 3/22/2023 7:43:19 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Sally Bowles MD	Individual	Support	Written Testimony Only

Comments:

Aloha Chair San Buenaventura and Members of the Committee: My name is Dr Sally Bowles and I am a pediatrician in Maui community. I support the intent of S.B. 1035 which exempts medical services provided by health care providers to patients who receive Medicaid, Medicare or TRICARE benefits from the general exercise. At present, Hawaii is one of only two states that levies a tax on medical services and the only state to tax Medicare and TRICARE.

Patients especially kūpuna and kieki, residents in rural areas and others with limited income and health care coverage need as many physicians as possible to accept and take patients with the noted forms of healthcare coverage. Please help ensure Hawaii residents have access to quality, timely healthcare services and a robust healthcare workforce to keep all Hawaii residents healthy and well.

There are other possible benefits to this exemption. Not only would it help reduce the cost of medical care for Hawaii residents, it likely would 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 776 full-time-equivalent physicians. The largest area of need is in primary care, but there are significant shortages across multiple specialities.

Thank you very much for the opportunity to testify in support of S.B. 1035.

Sincerely
Sally Bowles, MD

SB-1035-SD-2

Submitted on: 3/22/2023 8:20:18 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Vicki Gilbert	Maui Orthopedic Institute	Support	Written Testimony Only

Comments:

To whom It May Concern;

I am in support of **SB1035 SD2**. I am a biller for Maui Orthopedic Institute and see firsthand the amount of Medicare/Medicaid GET that we must pay out. This year that amount is over \$20,000.00.

We are a small private orthopedic practice. Our main concern is the care of our patients here in Maui County. We do not turn patients away due to their medical insurance, but we and our patients should not be penalized either.

We are not asking for special treatment. We are asking for the same rules to be applied to us as the hospitals and all other Hawai'i businesses.

Please carefully consider passing this bill. We need more specialists here and I believe not passing this is detrimental to physicians trying to stay here and deters other physicians from coming to Hawai'i.

Respectfully,

Vicki Gilbert

SB-1035-SD-2

Submitted on: 3/22/2023 8:31:54 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Lorene Ng	Individual	Support	Written Testimony Only

Comments:

Support this bill

SB-1035-SD-2

Submitted on: 3/22/2023 9:03:26 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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.

Total tax revenues will also fall further as fewer nurses, doctors, PAs and APRNs remain in Hawaii’s workforce and no longer pay income, corporate, property, gas taxes and GET taxes.

I have a practice serving chronic and severely mentally ill individuals, most of whom I have been seeing for over a decade. Although I originally had planned to retire at age 65, I am now 75 and still practicing because I have been unable to find an East Hawaii Island provider who can carry on the treatment for my patients. I have not been able to tell my patients, with whom I have a long standing therapeutic relationship, that I am retiring and I have no provider to refer them to.

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

Allen Novak

SB-1035-SD-2

Submitted on: 3/22/2023 9:18:55 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Jo Kokubun	Individual	Support	Written Testimony Only

Comments:

I am writing in support of the bill: SB1035 SD2 for the General Excise Tax; Exemption; Medicare; Medicaid; TRICARE. I am from Hawai'i and have lived here most of my life and seen the difficulties that we face living on an outer island with limited specialists. In fact, over the course of my life I have seen many specialists leave the island due to the high overhead costs of their Private Practices. I have been an Office Manager for a few different surgeons over the last 13 years and have seen firsthand the struggles that they face with the high costs of taxation on Private Practices. I have seen the low reimbursement rates of Medicare, Medicaid and TRICARE in all the Private Practices that I have worked in. And I have seen the frustration of the surgeons who work so hard to provide specialized care to Maui and see little fruition of their work because the government incurs heavy taxes on their profits. And most specialists have to write off a huge portion of their potential income because many patients are unable to pay their bills or have no insurance.

Please vote yes for this bill and help support our local healthcare providers. These are the doctors who put a lot of their personal lives on hold to care for our parents, grandparents, aunts, uncles, brothers, sisters, and children. Many of these surgeons sacrifice time with their own families to help save the lives of our loved ones and provide specialized care in the middle of the night to help take care of our medical emergencies. Most other businesses like plumbers who service those in urgent need at all hours of the night or weekend are able to charge an extra fee and pass on the general excise tax to their customers, regardless of age or medical insurance status. However, surgeons and other private practice doctors who provide care to Medicare, Medicaid, TRICARE patients are unable to do the same. They are in fact paid a reduced fee by the government for their services and then the government levies the full general excise tax on top of that to the surgeons. Please vote yes to pass this bill and relieve the heavy taxes on our private practices so that we can do our part to help them stay in business and continue to provide the medical care that we need in Hawai'i.

SB-1035-SD-2

Submitted on: 3/22/2023 9:34:58 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

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

Comments:

My name is Annie Thielen. I am the business owner/manager of Maui Orthopedic Institute, My husband is Dr. Zachary Thielen and together with Dr. Jonathan James Eno we run a private practice here on Maui.

I have seen firsthand the sacrifices Zac has made to become an orthopedic surgeon. We spent our 20s living in a shoebox eating ramen because he was going to med school in Hawaii and residency at UCSF. Not only did he not make much those years- we also had the burden of med school debt. He also missed the first year of our daughter's life because he was training and basically lived at the hospital. 14 years of sacrifice so that he could become one of the best Orthopedic Surgeons- I can say this because he trained at the most competitive/prestigious programs and has dedicated his life to this field.

Now he is providing specialized care on Maui so that our community does not have to hop on a plane. He sees over 40 patients a day and performs on average 10 surgeries a week. For a hip/knee replacement he earns about \$1,200-\$1,400. After overhead and the staff time to get preauthorization from insurances for the surgery he probably takes home \$500 for the hip/knee replacement surgery. Now if you account for his 14 years of training earning pennies and his time in the operating room plus two post op visits that are including with surgery, it is disappointing that he has to then pay tax for this patient which is over \$50. Might seem little- but over a year it cost our company over \$20,000. Please pass this bill to help our small practice survive and keep doctors here on Maui

SB-1035-SD-2

Submitted on: 3/22/2023 9:52:00 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Emily White	Individual	Support	Written Testimony Only

Comments:

Please pass this bill help fix our healthcare crisis in Hawaii-- especialy on neighbor islands. We are in a severe brain drain and medical skills drain and over-taxation is part of the cause.

Mahalo,

Emily White

SB-1035-SD-2

Submitted on: 3/22/2023 10:03:34 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Thanh Nguyen	Individual	Support	Written Testimony Only

Comments:

My daughters both own a small private practice on Maui : Maui Orthopedic Institute and Maui Optometry.

I have seen firsthand the sacrifices they have made to provide specialized care that is so desperately needed on Maui. They spent over a decade in school and training and accrued hundred thousands in school debt.

They left lucrative jobs to open private practice to provide personal care and only earn half of what they were making.

Now you are ask them to pay GE Tax for patients who have Medicare, Tricare and Medicaid on top of paying expensive overhead on Maui.

I take care of their children, my grandchildren, because oftentimes they work late and into weekends to provide this specialized care to the community. This is a huge sacrifice for them, but they choose to stay in Hawaii because this is their home and close to me. They have oftentimes consider moving to Texas where they would be making double or more.

If you or a family member ever broke a bone, needed a hip replacement, an eye problem then this would effect you as well. Both practices provide more than 15 local jobs.

I support SB1035. Please keep our doctors, children on Maui.

Thank you,

Thanh Nguyen

Hawaii is the worst state in the Nation for physicians to practice.

Hawaii has been ranked dead last in 2023 as worst state to practice medicine in a recent survey by the reputable Becker Hospital Review.

Many of our providers are in their late 60's and 70's, often working 60 or more hours a week, as there are not enough doctors to provide medical care. Our state needs more than a thousand physicians, nurses, APRNs and PAs to replace those ready to retire who are on the front lines of patient care.

Hawaii has severe shortages of physicians, nurses and other healthcare providers. The doctor shortage has been estimated between 750-1000 in recent years by the University of Hawai'i Area Health Education Center.

Everyone is aware of our shortage of physicians.

Hawaii's ruinous taxation of healthcare by the GET has contributed in a major way to this doctor's exodus, to Hawaii's access to care crisis, and to the mortality of patients on our Neighbor Islands and rural areas.

Hawaii is the only U.S. state that taxes healthcare providers for caring for Medicare, Medicaid and TriCare. Nationwide medical providers report losing money by providing care to Medicaid patients, and often just break even caring for Medicare patients. Even if SB397 passes, raising Medicaid reimbursements to Medicare levels, the 4.7% GET taxation of gross revenues, will ensure that many private practices in Hawaii will be fiscally insolvent.

For the second time since the 2020 session, the Hawai'i State Senate and all other House and Senate Committees have unanimously passed legislation to exempt doctors, APRNs and PAs from the GET.

If the House Finance Committee again fails to hear and pass SB1035, then many more private medical practices will close their doors for good.

This would likely be the final nail in the coffin for the private practices in Hawai'i, and would effectively eliminate the small business providing patient care in our state. The post mortem analysis will be discussed for years in the local and national press.

It will create a permanent black eye locally and nationally in terms of perception as to whether Hawaii cares for its people- the elderly, the disadvantaged and our beloved Veterans.

If Hawai'i loses another 500 private practice providers, each caring for 2000 patients, that would be another one million of our residents with limited access to healthcare. The resulting excess mortality could likely be in the thousands statewide.

Hawaii must recruit and retain many new healthcare professionals. That we are the Worst State for physicians to practice makes for a terrible recruiting campaign!

The lives of our ohana are quite literally in the balance. Senate Bill 1035 must pass thru the House Committee and The House Finance Committees.

The tragic irony is that if SB1035 isn't passed, then the number of healthcare providers in private practice will continue to plummet.

If we continue to chase physicians out of practice, there will be no physicians to tax for the GET and we will also be left with an even greater and more broken health care system.

It simply makes no sense to continue on this road to nowhere.

We are asking the Committees, and Kyle Yamashita and the House Finance Committee to do what makes fiscal sense, to be part of the solution and pass SB1035 now.

Robin Rohr

Hawaii Provider Shortage Crisis Task Force

15. North Dakota

& the worst:

35. Arkansas

36. California

37. Florida

38. Vermont

39. Wyoming

40. Delaware

41. Maryland

42. Oregon

43. Pennsylvania

44. New York

45. Massachusetts

46. New Mexico

47. District of Columbia

48. New Jersey

49. Alaska

50. Rhode Island

51. Hawaii

Four other insights from the ranking:

- Montana, which ranks No. 1 overall, placed 11th for opportunity and competition and fourth for medical environment.
- Alabama ranked No. 1 in opportunity and competition, and 33rd for medical environment.
- Utah came in first place for medical environment but its ranking as 41 in opportunity and competition brought down its overall ranking to seven.
- Hawaii, the worst state to practice overall, placed last for opportunity and competition and came in at 43 for medical environment.

ro.

In that worst of all possible worlds, Hawai'i will have both a broken healthcare system and less GET revenues.

<https://www.beckershospitalreview.com/rankings-and-ratings/15-best-worst-states-for-physicians-in-2023.html>

15. North Dakota

& the worst:

35. Arkansas

36. California

37. Florida

38. Vermont

39. Wyoming

40. Delaware

41. Maryland

42. Oregon

43. Pennsylvania

44. New York

45. Massachusetts

46. New Mexico

47. District of Columbia

48. New Jersey

49. Alaska

50. Rhode Island

51. Hawaii

Four other insights from the ranking:

- Montana, which ranks No. 1 overall, placed 11th for opportunity and competition and fourth for medical environment.
- Alabama ranked No. 1 in opportunity and competition, and 33rd for medical environment.
- Utah came in first place for medical environment but its ranking as 41 in opportunity and competition brought down its overall ranking to seven.
- Hawaii, the worst state to practice overall, placed last for opportunity and competition and came in at 43 for medical environment.

>> Robin Rohr

> Hawaii Provider Shortage Crisis Task Force

>

>>

SB-1035-SD-2

Submitted on: 3/22/2023 11:12:29 AM

Testimony for HLT on 3/22/2023 11:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Adriel Lam	Individual	Support	Written Testimony Only

Comments:

I am a Hawaii and veteran of the US military.

I strongly support this measure to alleviate the costs of living for Hawaii residents, especially when it comes to health cares.

Help relieve the burden on our people.