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TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
ON HOUSE BILL NO. 799 HD1

February 20, 2025
2:00 p.m.
Conference Room 329 & Videoconference

WRITTEN ONLY

RELATING TO HEALTH CARE

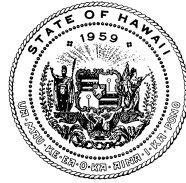
Chair Matayoshi, Vice Chair Chun, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees was not able to take a position on this bill. EUTF staff would like to provide comments.

The EUTF supports the intent of this bill to improve access to healthcare for its members especially on the neighbor islands and in rural communities. This bill appears to be an expeditious, reasonable way to help with the physician shortage.

Thank you for the opportunity to testify.

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



KENNETH S. FINK, M.D., M.G.A., M.P.H.
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**Testimony COMMENTING on HB799 HD1
RELATING TO HEALTH CARE.**

REP. SCOT Z. MATAYOSHI, CHAIR
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Hearing Date: February 20, 2025

Room Number: 329

1 **Department Testimony: Department Testimony:** The Department of Health (DOH) supports
2 HB250 HD1 **with amendments.**

3 As currently drafted, HB799 HD1 is in direct conflict with Hawaii Administrative Rules (HAR)
4 [section 11-95-21 and 11-95-31](#) which requires a physician to have an affiliation with a hospital
5 and a transfer agreement. If this measure advances, DOH requests the following amendments:

- 6 1. Temporary exemption from the forementioned two sections of HAR Title 11-95;
- 7 2. A sunset date;
- 8 3. A report of findings to examine the benefits and impacts to healthcare access, quality of
9 care, and related metrics; and
- 10 4. Limiting the exemption to the County of Maui.

11 The current HAR are in place to protect patient safety and ensure more even healthcare provider
12 distribution in various inpatient and outpatient settings. However, DOH recognizes the need to
13 examine all reasonable efforts to improve access, while maintaining or improving safety and
14 quality. A study, which may be conducted by health plans or health systems, will provide data
15 and evidence on which to base a future public policy discussion on revision HAR or amending
16 statute.

- 1 DOH will continue to work with stakeholders on actual amendments for crossover, should this
- 2 committee adopt the department's recommendations for the Standing Committee Report.
- 3 Thank you for the opportunity to testify.



February 20, 2025 at 2:00 pm
Conference Room 329

House Committee on Consumer Protection and Commerce

To: Chair Scot Z. Matayoshi
Vice Chair Cory M. Chun

From: Paige Heckathorn Choy
AVP, Government Affairs
Healthcare Association of Hawaii

Re: **Submitting Comments**
HB 799 HD 1, Relating to Health Care

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

Thank you for the opportunity to provide **comments** regarding this measure, which seeks to remove the requirement for physicians practicing at organized ambulatory health care facilities to keep hospital privileges in the same geographic area. The measure further seeks to eliminate the need for written transfer agreements between ambulatory health care facilities and hospitals.

These changes would align state rules around ambulatory health care facilities with those recently changed by the Centers for Medicare and Medicaid Services (CMS). Recent updates to federal regulations removed the requirement for ambulatory surgical centers (ASCs) to maintain written transfer agreements with hospitals. These updates acknowledged that ASCs can provide safe care without formalized agreements, provided they have clear protocols in place for handling emergencies and patient transfers.

Requiring hospital privileges can be challenging for physicians, particularly those in rural or underserved areas. There are additional administrative and time commitments—including on-call obligations—that are associated with hospital privileges. Easing this requirement could help attract more providers to areas facing workforce shortages by reducing these administrative and logistical burdens.

We would note, however, that some members have concerns over the potential consequences of removing these requirements. Hospitals rely on physician participation for on-call rotations to ensure adequate emergency and specialty care coverage. Removing the hospital privilege requirement could reduce the pool of available on-call physicians, particularly in rural areas where staffing is already a challenge. This may inadvertently place additional strain on hospital resources and impact the availability of emergency care.

Balancing the benefits of reducing regulatory benefits with the need to maintain strong systems for care is important especially when considering care in rural areas. We appreciate the committee considering this measure and our comments on the matter.



February 20, 2025

To: Chair Matayoshi, Vice Chair Chun and Members of the House Committee on Consumer Protection and Commerce (CPC)

From: Aloha Surgical Center

Date/Location: February 20, 2025; Conference Room 329

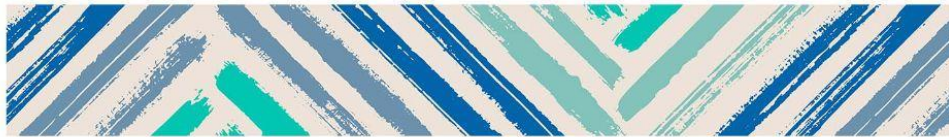
Re: Support for HB799 HD1 – Relating to Health Care

Aloha Surgical Center on Maui, which partners with physicians to provide surgical procedures that can be performed in an outpatient setting, writes **in support** of HB799 HD1.

The measure seeks to increase health care access to residents in rural areas of Hawaii by addressing the workforce shortage of medical specialists, particularly on Maui. By addressing these shortages, Hawaii can ensure its residents receive comprehensive care close to home, without the added time and expense of traveling to Oahu.

Thank you for your consideration.





February 20, 2025

To: Chair Matayoshi, Vice Chair Chun and Members of the House Committee on Consumer Protection and Commerce (CPC)

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: February 20, 2025; 2pm/Conference Room 329 & Videoconference

Re: Comments on HB 799 – Relating to Health Care

The Hawaii Association of Health Plans (HAHP) offers comments on HB 799. 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 supports the intent of this measure to increase access and support our healthcare workforce. Hawaii is currently facing a shortage of healthcare providers, a challenge that is particularly acute in rural areas of the state especially on the neighbor islands.

HAHP supports all initiatives aimed at improving healthcare accessibility, including efforts to enhance access to physician specialists. By addressing these shortages, we can ensure that all residents receive the timely and comprehensive care they deserve.

Thank you for the opportunity to testify on HB 799.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members



Hawaii Medical Association

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

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Representative Scot Z Matayoshi, Chair
Representative Cory M Chun, Vice Chair

Date: February 20, 2025
From: Hawaii Medical Association (HMA)
Jerald Garcia MD - Chair, HMA Public Policy Committee

RE HB 799 HD1 RELATING TO HEALTH- Healthcare; Organized Ambulatory Health Care Facility; Physicians; Transfer **Position: Support**

This measure would clarify that a physician may practice at organized ambulatory health care facilities even if the physician does not have hospital privileges at a licensed hospital in the same geographic location as the ambulatory facility, and provide that a written transfer agreement is not required to transfer a patient from an organized ambulatory health care facility to a licensed hospital.

This measure would allow licensed Hawaii physicians to provide care to patients in an ambulatory healthcare facility without the unnecessary administrative burden of privileging requirements in the local hospital. Removing this barrier will improve healthcare access, particularly in the rural and underserved communities like Hawaii and Maui counties, where provider shortages are the worst at 41%. HMA supports this measure that will increase access to healthcare throughout our state, especially in the neighbor islands.

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

2025 Hawaii Medical Association Officers

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2025 Hawaii Medical Association Public Policy Coordination Team

Jerald Garcia, MD, Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

REFERENCES AND QUICK LINKS

Withy K et al. [UH System Annual Report to the 2025 Legislature on Findings from the Hawai'i Physician Workforce Assessment Project](#). Accessed Feb 1 2025.

Lyte B. Hawai'i's Physician Shortage Hits Maui Hardest. [Honolulu Civil Beat. Dec 23 2024](#). Accessed Feb 1 2025.

Yip C. Hawaii faces shortage of 800 physicians, with neighbor islands hit hardest. [KITV.com. May 20 2024](#). Accessed Feb 1 2025.

Lu A. Factors Exacerbating the Physician Shortage in Hawaii: What is Hawaii Doing to Stem the Tide? [Brown University School of Public Health. April 3 2024](#). Accessed Feb 1 2025.

Associated Press. Shortage of Hawaii Doctors Worsens During COVID-19 Pandemic. <https://www.usnews.com/news/best-states/hawaii/articles/2021-01-06/shortage-of-hawaii-doctors-worsens-during-covid-19-pandemic>

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February 20, 2025

The Honorable Scot Z. Matayoshi, Chair
The Honorable Cory M. Chun, Vice Chair
House Committee on Consumer Protection & Commerce

Re: HB 799 HD1 – RELATING TO HEALTH CARE

Dear Chair Matayoshi, Vice Chair Chun, and members of the committee;

Hawaii Medical Service Association (HMSA) appreciates the opportunity to support HB 799 HD1, which authorizes physicians to practice at organized ambulatory health care facilities even if the physician does not have hospital privileges at a licensed hospital in the same geographic location as the ambulatory facility.

Thank you to the committee for hearing this important measure. HMSA supports efforts to increase access and support our healthcare workforce, particularly on the neighbor islands and in our state's rural communities. Hawaii is currently facing a shortage of healthcare providers, a challenge that is particularly acute on Maui. The devastating Lahaina wildfires of 2023 exacerbated this crisis, necessitating intervention from federal, state, and county agencies to ensure that all residents could continue to receive adequate health services.

HMSA has received feedback from Oahu-based physician specialists who are eager to travel to Maui to provide care in outpatient facilities. However, they face significant barriers due to a 1986 mandate that physicians must have local hospital privileges to practice in outpatient facilities. Because of our state's unique geography, the conditions needed to get hospital privileges are nearly impossible to fulfill for providers who do not reside on the island where care is needed. Ultimately, this is denying vital care to Maui residents in need.

HB 799 HD1 would resolve the situation by aligning state law to current CMS regulations. It would remove what the federal government has described as "unnecessary, obsolete, or excessively burdensome" compliance requirements for healthcare providers and suppliers. The Burden Reduction Rule, which was published by CMS on September 30, 2019 deleted the Conditions for Coverage, which required an ambulatory surgery center to (1) have a written transfer agreement with a hospital, and (2) ensure that all physicians performing surgery in the ambulatory surgery center have admitting privileges at a local hospital.

For these reasons, we strongly urge you to consider HB 799 HD1, which will allow physicians willing to fly to the neighbor islands to provide much-needed care at outpatient facilities. Mahalo for your consideration of our testimony.

Sincerely,

Dawn Kurisu
Assistant Vice President
Community and Government Relations

LATE

HB-799-HD-1

Submitted on: 2/19/2025 11:19:03 PM

Testimony for CPC on 2/20/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ruth Love	Individual	Oppose	Written Testimony Only

Comments:

I support House Bill 799 in relation to a physician or provider not having to have privileges at the hospital in the geographical area near the organized ambulatory care facility.

However, I do believe that a written transfer agreement should be required when transferring a patient from an organized ambulatory care facility to a licensed hospital. Transfer agreements ensure that a patient is in agreement with a transfer. They also allow for continuity and a smooth transition of care between facilities. They ensure that a receiving licensed hospital facility has available bedspace for the patient and that the receiving physician or provider has been given a report on the patient diagnosis and condition. Transfer agreements also mean that the receiving facility staff is given vital information on the patient's condition.

I also believe that not having a transfer agreement would violate Federal COBRA laws enacted to protect patients regarding transfer of care from one facility to another.

Thank you

Mrs. Ruth Love