



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

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

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

JOHN C. (JACK) LEWIN, M.D.
ADMINISTRATOR

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

March 13, 2025

To: SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair, and
Honorable Members

From: John C (Jack) Lewin MD, Administrator, SHPDA

Re: **HB799_HD2 - Relating to Health Care**

Hearing: March 17, 2025 @ 1:00 pm; Conference Room 225

Position: SUPPORT with COMMENTS

Testimony:

SHPDA supports this bill, but with comments.

SB 829 authorizes a physician to practice at an organized ambulatory health care facility, like an ambulatory surgical center, even if the physician does not have hospital privileges at a licensed acute care hospital in the same geographic location as the ambulatory facility.

It also provides that a written transfer agreement is not required to transfer a patient from an organized ambulatory health care facility to a licensed hospital. HRS Section 323 requires that SHPDA require and issue a certificate of need (CON) to new freestanding ambulatory surgery centers (with less than a 24-hour stay for patients), and the CON rules have required that a collaborative arrangement be made with an existing acute care hospital in the county for emergency transfers when necessary.

A policy consideration in the past, and in certain situations today, would desire to prevent an exodus of specialists needed for acute care and surgical purposes from abandoning hospital privileges to practice exclusively in an ASC setting, thereby disrupting necessary staffing of specialty services in acute hospitals.

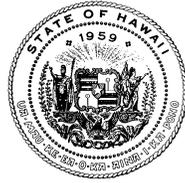
However, on Maui today, a shortage of specialists has required recruiting temporary visiting surgeons and specialists from the mainland to provide a backlog of elective surgical procedures that can safely be performed in an ASC ambulatory setting. ASC services are considerably less expensive than acute care services for the same

elective procedures because there is no hospital admission and overnight stay and far fewer ancillary services needed.

SHPDA has conferred with DOH, insurers, and others on this, and believes this legislation is needed on Maui at this time but should be limited to Maui County.

Mahalo 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.
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony in SUPPORT of HB799 HD2
RELATING TO HEALTH CARE.**

SEN. JOY A. SAN BUENAVENTURA, CHAIR
SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

Hearing Date: March 17 2025

Room Number: 229

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

6 DOH supports this measure with an amendment requiring a study of the effects of what is
7 effectively the repeal of the applicable HAR for a period of at least one year. The study and
8 subsequent report to the Legislature shall assess benefits and impacts to patient access and
9 safety, healthcare quality, and any other observable phenomena based on claims data and other
10 sources of information.

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. Healthcare policy must be data-driven and while the benefits of this measure may be
15 intuitive, it is essential to measure the outcomes of superceding HAR.

16 Thank you for the opportunity to testify.

1 **Offered Amendment:**

2 New Bill Section 4 to be inserted as follows:

3 SECTION 4. The department of health shall conduct an
4 evaluation of the benefits and impacts of this section,
5 including but not limited to healthcare access, quality of care,
6 and cost, for a duration of at least twelve months after
7 enactment of this Act and healthcare services authorized by this
8 Act commence. Healthcare provider, health systems, or providers
9 of healthcare insurance can comply with the department's request
10 for relevant data. The department shall submit a report of its
11 findings and recommendations, including any proposed
12 legislation, no later than twenty days prior to the convening of
13 the regular session of 2027.

14

LATE



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

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STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
201 MERCHANT STREET, SUITE 1700
HONOLULU, HAWAII 96813
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
ON HOUSE BILL NO. 799 HD2

March 17, 2025
1:00 p.m.
Conference Room 225 & Videoconference

WRITTEN ONLY

RELATING TO HEALTH CARE

Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not taken 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 alleviate the physician shortage.

Thank you for the opportunity to testify.

March 12, 2025

**Senator Joy San Buenaventura, Chair
Senator Henry Aquino, Vice Chair
Members of the Senator Committee on Health and Human Services**

RE: HB 799, HD 2 - RELATING TO HEALTH CARE
Hearing Date – March 17, 2025, at 1 p.m.

Aloha Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee,

Thank you for allowing me the opportunity to submit testimony **in opposition** of H.B. 799, HD 2, relating to Health Care. This measure clarifies that a physician may practice at an organized ambulatory health care facility even if the physician does not have hospital privileges at a licensed hospital in the same geographic location as the ambulatory facility. It further provides that a written transfer agreement is not required to transfer a patient from an organized ambulatory health care facility to a licensed hospital.

The original measure was introduced to explore this concept statewide and was framed as a necessary tool to expand access to care. However, the House Draft 1 seeks to limit its applicability to populations of less than 500,000 residents. These amendments appear to be focused on Maui Health System, and we are in opposition of this measure for the following reasons.

First, if this is a policy issue that will truly improve access to care in this State, it should be applied to all hospitals across the State. That is only fair for all of the hard-working physicians who serve our island community. If, instead, it is a bill driven to focus on Maui Health System, a better remedy would be to work on this outside of the legislative process.

Second, this does not really get to the heart of the problem we are all facing, which is a physician shortage statewide. There are other broader policy measures in play to address this problem and Maui Health System is also actively working as a partner in this effort with our own physician recruitment efforts. We welcome and look forward to continued dialogue and collaboration moving forward.

We also have serious concerns about patient safety. While the surgical services performed at Ambulatory Service Centers (ASCs) are primarily elective, non-life-threatening procedures, the administration of anesthesia and performance of any surgical procedure carries risks, such as extensive bleeding, compromise of the patient's airway and malignant hyperthermia. In those cases where the risk has materialized or the surgical procedure has gone awry, the patient requires a higher level of care in a time sensitive manner. The patient must be transported immediately to a hospital that is aware of the surgery being performed and has the capabilities and resources to respond. The regulations provide the safety net to ensure patients in these critical situations receive the appropriate level of care in a timely fashion, with two teams performing seamlessly together.

Additionally, requiring physicians practicing at ASCs have the same privileges at a local hospital helps the hospital to fill important gaps in its emergency call schedule. Without this requirement, physicians

could elect to have ambulatory only practices, leaving a greater call coverage gap in an already difficult call coverage environment, particularly on Maui. This adversely impacts access to care.

For all of these reasons, we humbly ask the Chair and committee to defer this measure and allow for more meaningful dialogue outside of the legislative process.

In kindness and appreciation,

A handwritten signature in black ink that reads "Lynn Fulton". The signature is written in a cursive, flowing style.

Lynn Fulton

Chief Executive Officer



March 17, 2025

The Honorable Joy San Buenaventura, Chair
The Honorable Henry Aquino, Vice Chair
Senate Committee on Health and Human Services

Re: HB 799 HD2 – RELATING TO HEALTH CARE

Dear Chair San Buenaventura, Vice Chair Aquino, and members of the committee,

Hawaii Medical Service Association (HMSA) appreciates the opportunity to support HB 799 HD2, which clarifies that a physician may practice at an organized ambulatory health care facility even if the physician does not have hospital privileges at a licensed hospital in the same geographic location as the ambulatory facility. Provides that a written transfer agreement is not required to transfer a patient from an organized ambulatory health care facility to a licensed hospital. And applies to counties with populations of less than five hundred thousand.

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 HD2 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 HD2, 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

March 17, 2025

To: Chair San Buenaventura, Vice Chair Aquino, and Members of the Senate Committee on Health and Human Services

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: March 17, 2025; 1:00 pm/Conference Room 225 & Videoconference

Re: Comments on HB 799 HD2 – Relating to Health Care

The Hawaii Association of Health Plans (HAHP) offers comments on HB 799 HD2. 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 HD2.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members



March 17, 2025 at 1:00 pm
Conference Room 225

Senate Committee on Health and Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Henry J.C. Aquino

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

Re: **Submitting Comments**
HB 799 HD 2, 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.



March 17, 2025

To: Chair San Buenaventura, Vice Chair Aquino and Members of the Senate Committee on Health and Human Services (HHS)

From: Aloha Surgical Center

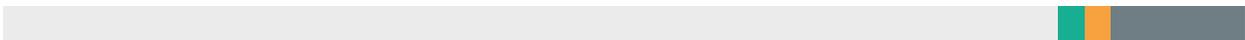
Date/Location: March 17, 2025; Conference Room 225

Re: Support for HB799 HD2 – 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 HD2.

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.



HB-799-HD-2

Submitted on: 3/14/2025 9:11:45 PM

Testimony for HHS on 3/17/2025 1:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Tasman Kekai Mattox | Individual | Support | Written Testimony Only |

Comments:

I support this bill.



Hawaii Medical Association

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

SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

Date: March 17, 2025
From: Hawaii Medical Association (HMA)
Jerald Garcia MD - Chair, HMA Public Policy Committee

RE HB 799 HD2 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, provide that a written transfer agreement is not required to transfer a patient from an organized ambulatory health care facility to a licensed hospital, and apply to counties with populations of less than five hundred thousand.

The maintenance of privileges at a local hospital is not necessary for a licensed Hawaii physicians to provide quality and safe care to patients in an ambulatory healthcare facility, if there are established protocols at that site for emergencies and transfers. Removing this administrative barrier for physicians will improve interisland 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

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

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>

Hiraishi K. "Hawai'i Doctor Shortage Worsens Under Pandemic. " Hawaii Public Radio. Jan 5, 2021. <https://www.hawaiipublicradio.org/post/hawai-i-doctor-shortage-worsens-under-pandemic>

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2025 Hawaii Medical Association Public Policy Coordination Team

Jerald Garcia MD, Chair
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LATE

HB-799-HD-2

Submitted on: 3/17/2025 8:50:36 AM

Testimony for HHS on 3/17/2025 1:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|--|---------------------------|---------------------------|
| Randy Kurohara | Testifying for Community First Hawaii | Support | Written Testimony Only |

Comments:

Community First Hawai'i supports increasing access to healthcare, especially on neighbor islands where we have a severe physician workforce shortage and geography are barriers to our communities receiving care. Many of our neighbor island residents are having to fly to Oahu to receive care that could be afforded them if some of these barriers are removed.

HB799 addresses one of these barriers where physicians wanting to fly in and perform services in outpatient settings are prevented because of a 1986 requirement to have privileges at a nearby licensed hospital.

We support the intent of the bill to provide more access to care by physicians who are willing to fly to our neighbor islands and bring additional healthcare services to our communities.