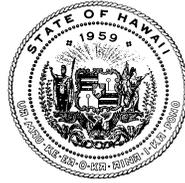


JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII



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
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doh.testimony@doh.hawaii.gov

**Testimony in SUPPORT of HB799 HD2 SD1
RELATING TO HEALTH CARE.**

SEN. JARRETT KEOHOKALO, CHAIR
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Hearing Date: March 27, 2025

Room Number: 229

- 1 **Department Testimony:** The Department of Health (DOH) supports HB250 HD1 SD1.
- 2 HB799 HD1 SD1 is in direct conflict with Hawaii Administrative Rules (HAR) [section 11-95-21](#)
- 3 [and 11-95-31](#) which requires a physician to have an affiliation with a hospital and a transfer
- 4 agreement.
- 5 However, DOH supports this measure due to the requirement for a study of the effects of what is
- 6 effectively the repeal of the applicable HAR for a period of at least one year. The study and
- 7 subsequent report to the Legislature will assess benefits and impacts to patient access and safety,
- 8 healthcare quality, and any other observable phenomena based on claims data and other sources
- 9 of information.
- 10 The current HAR are in place to protect patient safety and ensure more even healthcare provider
- 11 distribution in various inpatient and outpatient settings. However, DOH recognizes the need to
- 12 examine all reasonable efforts to improve access. Healthcare policy must be data-driven and
- 13 while the benefits of HB799 HD1 SD1 may be intuitive, it is essential to measure the outcomes
- 14 of superceding HAR and identifying unintended consequences.
- 15 Thank you for the opportunity to testify.



JOSH GREEN, M.D.
GOVERNOR
SYLVIA LUKE
LIEUTENANT GOVERNOR

STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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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 SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
ON HOUSE BILL NO. 799 HD2 SD1

March 27, 2025
9:30 a.m.
Conference Room 229 & Videoconference

WRITTEN ONLY

RELATING TO HEALTH CARE

Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees 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 on the neighbor islands.

Thank you for the opportunity to testify.



**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
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ADMINISTRATOR

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

March 24, 2025

To: SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Jarett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair, and
Honorable Members

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

Re: **HB799 HD2 SD1 - Relating to Health Care**

Hearing: March 27, 2025 @ 9:30 am

Position: SUPPORT with COMMENTS

Testimony:

SHPDA supports this amended bill, but with comments.

SB 799 HD2 SD1 authorizes the Department of Health to conduct an evaluation of the benefits and impacts of allowing physicians to practice at organized ambulatory surgery centers (ASCs) without hospital privileges as proposed in this measure, for a duration of at least twelve months after enactment; and then submit a report of its findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 2027.

The original bill authorized a physician to practice at an organized ambulatory health care facility, like an ASC, 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 did not have a sunset date. Some insurers supported it because ASC procedures are less expensive, and because patients were having to fly to O'ahu from neighbor islands for such procedures.

Typically, SHPDA believes this is not a desirable policy position, as it could destabilize surgical services at the adjacent acute care hospital. However, on Maui and some neighbor island locations, particularly where the specialists involved are very temporary and provide services not available at all at the adjacent acute care facility due to the shortage, the pilot project could make sense on a short-term basis for patient access.

We are available to answer questions if desired.

Mahalo for the opportunity to testify.



March 27, 2025

To: Chair Keohokalole, Vice Chair Fukunaga, and Members of the Senate Committee on Commerce and Consumer Protection (CPN)

From: Aloha Surgical Center

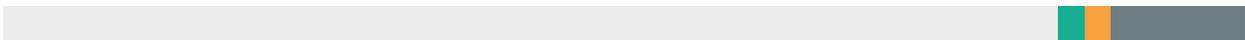
Date/Location: March 27, 2025; Conference Room 229

Re: Support for HB799 HD2 SD1 – 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 SD1.

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.





March 27, 2025 at 9:30 am
Conference Room 229

Senate Committee on Commerce and Consumer Protection

To: Chair Jarrett Keohokalole
Vice Chair Carol Fukunaga

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

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

March 27, 2025

To: Chair Keohokalole, Vice Chair Fukunaga, and Members of the Senate Committee on Commerce and Consumer Protection

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: March 27, 2025; 9:30 am/Conference Room 229 & Videoconference

Re: Comments on HB 799 HD2 SD1 – Relating to Health Care

The Hawaii Association of Health Plans (HAHP) offers comments on HB 799 HD2 SD1. 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 SD1.

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

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Date: March 27, 2025
From: Hawaii Medical Association (HMA)
Jerald Garcia MD - Chair, HMA Public Policy Committee

RE HB 799 HD2 SD1 RELATING TO HEALTH- Healthcare; Organized Ambulatory Health Care Facility; Physicians; Transfer
Position: Support

This measure would clarify 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, provide that a written transfer agreement is not required to transfer a patient from an organized ambulatory health care facility to a licensed hospital; require the Department of Health to conduct an evaluation of the benefits and impacts of allowing physicians to practice at an organized ambulatory health care facility without hospital privileges for a duration of at least twelve months; apply to counties with populations of less than five hundred thousand; require report to the Legislature.

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

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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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Community hospitals affiliated with KAISER PERMANENTE.

March 27, 2025

**Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Members of the Senate Committee on Commerce and Consumer Protection**

RE: HB 799, HD 2, SD1 - RELATING TO HEALTH CARE
Hearing Date – March 27, 2025, at 9:30 a.m.

Aloha Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee,

Thank you for allowing me the opportunity to submit testimony **with comments** on H.B. 799, HD 2, SD1 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. Maui Health System (“MHS”) is fully committed to supporting policies that improve access to care within the State. However, the HD2, SD1 seeks to limit its applicability to populations of less than 500,000 residents. These amendments appear to be focused on MHS, and we have concerns regarding the limitations of this amendment 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 MHS, 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 MHS is also actively working as a partner in this effort with our own physician recruitment efforts. However, we fear that one of the unintended consequences of this proposal could be an adverse impact to MHS’s physician recruitment efforts as surgeons need a stable volume of patients. 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.

As we are approaching the sunset for our State subsidies and look towards a sustainable future for an acute care hospital in an isolated rural community, we need to do whatever we can to support policy decisions that provide long term access to critical health care services for our communities and build a sustainable health care system on Maui.

Given all of the concerns noted above, we propose the following amendments to this measure:

1. Modify Section 2, §323-(a) to require surgeons to have local hospital privileges or call participation.

Proposed amended language:

"(a) A physician practicing at an organized ambulatory health care facility in a county with a population under five hundred thousand shall either hold active surgical privileges at a licensed acute care hospital within the same county or participate in the hospital's emergency call schedule, as determined by the hospital's medical staff and administration."

2. Modify Section 2 to add a new subsection (e), which would ensure a balanced payer mix for financial stability.

Proposed new language:

"(e) Organized ambulatory health care facilities operating under this section shall provide services to a proportionate mix of Medicaid and privately insured patients, reflective of the county's overall patient demographics, as determined by the Department of Health. The department shall establish reporting requirements to monitor compliance. Ambulatory surgical centers shall contribute a portion of revenues, as determined by the Department of Health, to support emergency and uncompensated care services at the local acute care hospital."

3. Strengthen Transfer & Coordination Requirements by modifying Section 2, §323-(b) as follows:

Proposed amended language:

"(b) Organized ambulatory health care facilities must maintain a written emergency transfer agreement with a licensed acute care hospital within the same county. The agreement shall outline protocols for the timely transfer of patients in need of higher-level care."

4. Limit the Bill's Scope to Prevent Unintended Consequences by modifying Section 2, Add New Subsection (f).

Proposed new language:

"(f) This section shall apply only to physicians practicing in specialties identified by the Department of Health as facing a critical shortage within the county of practice. The Department of Health shall establish criteria for defining critical shortage specialties and update the list annually."

5. Modify Section 3 to include a sunset provision and ongoing review.

Proposed amended language:

"The Department of Health shall conduct an annual review of the impact of this section on local acute care hospitals, surgical access, and financial stability. A report shall be submitted to the Legislature by December 31 of each year. This Act shall be repealed on June 30, 2030, unless extended by the Legislature."

For all of these reasons, we humbly ask the Chair and Committee to consider and incorporate the proposed amendments to ensure that MHS continues on a sustainable path forward.

In kindness and appreciation,

A handwritten signature in black ink, appearing to read "Lynn Fulton". The signature is written in a cursive, flowing style.

Lynn Fulton

Chief Executive Officer

March 26, 2025

The Honorable Jarrett Keohokalole, Chair
The Honorable Carol Fukunaga, Vice Chair
Senate Committee on Commerce and Consumer Protection

Re: HB 799 HD2 SD1 – RELATING TO HEALTH CARE

Dear Chair Keohokalole, Vice Chair Fukunaga, and members of the committee,

Hawaii Medical Service Association (HMSA) appreciates the opportunity to support HB 799 HD2 SD1, 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. Requires the Department of Health to conduct an evaluation of the benefits and impacts of allowing physicians to practice at an organized ambulatory health care facility without hospital privileges for a duration of at least twelve months. Applies to counties with populations of less than five hundred thousand. Requires report to the Legislature and sunsets 6/30/2030.

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 SD1 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 Rule¹, 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.

1. <https://www.federalregister.gov/d/2019-20732/p-306>



For these reasons, we strongly urge you to consider HB 799 HD2 SD1, which will allow physicians willing to fly to the neighbor islands to provide much-needed care at outpatient facilities as well as provide data to determine the efficacy of this proposed change. Mahalo for your consideration of our testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dawn Kurisu', is positioned above the typed name.

Dawn Kurisu
Assistant Vice President
Community and Government Relations