

STATE OF HAWAII
DEPARTMENT OF HEALTH
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**Testimony COMMENTING on HB1977 HD1
RELATING TO PHYSICIAN SHORTAGE.**

REP. SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: February 21, 2020

Room Number: 308

1 **Fiscal Implications:** \$650,000 general fund appropriation for program infrastructure, and an
2 unknown amount for scholarships in foreign currencies.

3 **Department Testimony:** The Department of Health (DOH) acknowledges the provider
4 shortage in Hawaii and appreciates bold and creative proposals such as a foreign medical school
5 sponsorship program.

6 However, DOH is concerned that appropriations for new and untested physician recruitment
7 programs such as HB1977 HD1 proposes dilutes and diverts resources away from proven
8 strategies such as those administered by the John A. Burns School of Medicine (JABSOM). The
9 department respectfully recommends additional funds be appropriated to expand the scholarship
10 program at JABSOM, which incentivizes practicing medicine in Hawaii through year-for-year
11 loan repayment, loan forgiveness, and similar mechanisms. JABSOM programs have
12 demonstrated success rates of approximately 70%.

13 Furthermore, DOH lacks experience and expertise in academic medicine, such as an experienced
14 admissions officer (with appropriate background and credentials) as well as a selection
15 committee of physicians who are able to review all components of an application in order to
16 determine if an applicant should be offered interviews. This initial pre-interview process takes at
17 least several hours of review per application (review requires more than source document
18 verification). If interviews are offered, additional hours of careful review and deliberations are
19 required to determine the best-qualified applicants. The selection committee considers the

1 potential for academic and personal success in medical school and for a successful future career
2 in medicine. Recruitment of physicians already engaged in busy practices will be a substantial
3 barrier on it's own.

4 Appropriations

5 Should the Legislature pass HB1977 HD1 as drafted, DOH estimates the following staffing
6 model will be required to implement and maintain:

- 7 • One Program Specialist VI to supervise the program and staff;
- 8 • Three Program Specialist VI/V to vet applicants, including primary source verification;
- 9 • One Accountant to manage accounts receivables, disbursements, and collections;
- 10 • One Contracts Specialist to administer contracts with participating foreign schools of
11 medicine; and
- 12 • Three Office Assistants to manage paperwork relating to the application process,
13 financial aid, loan status, marketing, employment status, and job placement.

14 Operational funds are also required for basic office equipment, international travel for quality
15 assurance, and contracting with collections agencies.

16 An estimated \$650,000 is required for program infrastructure alone, and is not inclusive of
17 moneys to finance scholarships in foreign currency.

18 Thank you for the opportunity to testify.

19

Harry Kim
Mayor



Roy Takemoto
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i Office of the Mayor

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February 24, 2020

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Committee on Finance

Dear Chair Luke, Vice Chair Cullen, and Committee Members:

RE: **HB 1977, HD1 Relating to Physician Shortage**

Assuring a high quality of life in Hawai'i is simple to say, and almost too obvious a goal to highlight, but nevertheless it is the most important part of the task facing our elected community leaders. For this reason alone, I want to thank and praise any effort to deal with one of the most critical issues that we must confront, and that is our crisis in healthcare caused by our physician shortage. We are justly proud of the Hawai'i Prepaid Healthcare Act, but how valuable is insurance if you cannot find a provider? How can we expect our people, especially our aging population, to live comfortably, if they believe that quality healthcare is only available if they have the time and ability to travel to the mainland? How can we attract more providers when they realize they will be expected to work extraordinary hours because there is not a reasonable number of other providers to share the burden? And to what extent do we limit our primary economic driver, tourism, when visitors are warned "Don't get sick in Hawai'i"?

I am not smart enough to know how to solve our physician shortage problem, especially whether HB 1977, HD1 is a partial answer. I am told, and do believe, that eliminating the General Excise Tax on healthcare services would be a very positive step in improving the economics for healthcare providers, and I hope you will address that proposal (HB 2228 or SB 2542) during this legislative session. Whether funding medical students is also a good way to go, I defer to others, although I would note that HD1 creates something of a dilemma, in that it presumably wouldn't want to discriminate against our own, and so would wind up either funding much if not most of JABSOM, or driving our students away from JABSOM so they could qualify for the grant. I don't know if the State is prepared to take on that expense.

Thank you for this opportunity to testify.

Respectfully Submitted,

Harry Kim
MAYOR

HB-1977-HD-1

Submitted on: 2/24/2020 11:21:36 AM

Testimony for FIN on 2/25/2020 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Grosskreutz, M.D.	Hawaii Physician Shortage Crisis Task Force	Support	No

Comments:

There is a critical shortage of providers in Hawaii. Both long term and short term solutions to recruit, retain and train doctors must be supported. The 44% shortage of doctors on Hawaii Island is very likely to exceed 50% this year with retirements and probable losses in our healthcare workforce from the CORVID-19 outbreak.



**Testimony to the House Committee on Finance
Tuesday, February 25, 2020; 12:30 p.m.
State Capitol, Conference Room 308**

RE: HOUSE BILL NO. 1977, HOUSE DRAFT 1, RELATING TO PHYSICIAN SHORTAGE.

Chair Luke, Vice Chair Cullen, and Members of the Joint Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 2254, House Draft 1, RELATING TO PHYSICIAN SHORTAGE.

The bill, as received by your Committee, would:

- (1) Establish the Medical Student Sponsorship Program (Program) within the Department of Health (DOH) to sponsor medical students at high-quality but lower-cost schools of medicine who agree to serve for ten consecutive years as a physician in the State after graduation from medical school;
- (2) Clarify that the Program cover tuition, fees, books, room and board, travel expenses, and a reasonable subsistence allowance;
- (3) Stipulate that if a Program participant fails to satisfy the service commitment, the participant would be liable for the repayment of all funds expended by the Program;
- (4) Appropriate an unspecified amount of general funds for fiscal year 2020-2021 to implement the Program; and
- (5) Take effect on July 1, 2050.

By way of background, the HPCA represents Hawaii Federally-Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

Testimony on House Bill No. 1977, House Draft 1
Tuesday, February 25, 2020; 12:30 p.m.
Page 2

The State of Hawaii is experiencing a severe shortage of health care professionals in the workforce, especially in rural areas. Recent studies note that the current shortage of physicians is at 20% of the total full-time equivalent positions throughout the State. The shortage is especially severe in the fields of primary care, infectious diseases, colorectal surgery, pathology, general surgery, pulmonology, neurology, neurosurgery, orthopedic surgery, family medicine, cardiothoracic surgery, rheumatology, cardiology, hematology/oncology, and pediatric subspecialties of endocrinology, cardiology, neurology, hematology/oncology, and gastroenterology.

This bill would provide additional State resources to enhance the the quality and stock of Hawaii's future healthcare workforce. **Accordingly, the HPCA strongly supports this important measure.**

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.

Hawai'i Chapter

OF THE AMERICAN ACADEMY OF PEDIATRICS

Hawai'i Chapter
1319 Punahou St, Fl 7
Honolulu, HI 96826
aaphawaii.org

February 22, 2020

Re: House Bill 1977. Relating to Physician Shortage

Position: Support

Board

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Josephine Quensell, MD, FAAP

Jenny Welham, MD, FAAP

Dear Representative Luke and Honorable Members of the Committee on Finance:

We are writing to provide **support** for HB 1977 HD1, which would establish, develop, and implement a program to sponsor medical students who attend a high-quality but lower-cost school of medicine outside Hawaii in exchange for a ten-year service commitment to practice medicine in Hawaii after graduation.

We are acutely aware of the looming physician shortage in our state and welcome creative efforts such as this to address this shortage. A program such as this should focus on medical areas of greatest need including primary care. We also believe that programs should leverage funding to best support geographic areas of unmet need on the neighbor islands and parts of Oahu (e.g., Waianae coast, Waimanalo, Kalihi).

We support such creative efforts to address our physician shortage and encourage you to pass this bill from your committee.

HB-1977-HD-1

Submitted on: 2/23/2020 7:05:06 PM

Testimony for FIN on 2/25/2020 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Cyd L. Hoffeld	Individual	Support	No

Comments:

Aloha Chair Representative Sylvia Luke, Vice Chair Representative Ty J.K. Cullen, and Committee members,

My name is Cyd L. Hoffeld and I **strongly support HB1977**. I am the health promotions manager for a large network of community health centers on Hawai'i Island. As an Federally Qualified Health Center, we and the people in our communities who struggle with a shortage of medical providers would greatly benefit from the establishment of a Medical Student Sponsorship Program within DOH for medical students who successfully graduate from a high-quality but low-cost school of medicine and who make a commitment to serve in Hawai'i for at least ten years.

As a healthcare professional, I have witnessed medical providers who come to Hawai'i Island to work in rural health centers as part of a student loan repayment agreement only to return to the mainland when they fulfill their contract because of aging parents, Hawaii's high cost of living, partners not being able to find employment, or a myriad of other reasons. The bottom line is that they often don't have strong enough ties to keep them here as opposed to a local medical student who successfully graduates from medical school and commits to serving here at home for ten-years...especially in our rural community health centers. With local physicians aging and closing their practices, others not taking new patients, and the new proliferation of community health centers openly recruiting providers from other health centers, we are in particular need of legislation like this.

As you know, Hawai'i County is currently experiencing the largest shortage of physicians and our clinics and community members would greatly benefit from the passage of **HB1977**.

Please **strongly support HB1977**.

Mahalo for the opportunity to testify in **strong support** of this bill.

LATE

HB-1977-HD-1

Submitted on: 2/24/2020 6:43:23 PM

Testimony for FIN on 2/25/2020 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John Lauris Wade MD	Individual	Support	No

Comments:

The HRS and HPSTF strongly support HB1977 HD1 and its intent to address the Physician Shortage Crisis and Patient Healthcare Access issues by establishing a sponsorship/scholarship program for Hawaii applicants to qualified lower cost medical schools.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
Tuesday, February 25, 2020 at 12:30 p.m.

By

Jerris Hedges, MD, MS, MMM
Professor & Dean

John A. Burns School of Medicine

And

Michael Bruno, PhD
Provost

University of Hawai'i at Mānoa

LATE

HB 1977 HD1 – RELATING TO PHYSICIAN SHORTAGE

Chair Luke, Vice-Chair Cullen, and members of the committee:

HB 1977 HD1 requires the Department of Health to establish, develop and implement a program to sponsor medical students who graduate from a high-quality but lower-cost medical school and make a ten-year commitment to practice medicine in Hawai'i. We offer the following comments on this measure.

The University of Hawai'i is committed to providing opportunities for students from Hawai'i to become physicians and to increase the number of physicians in Hawai'i to help address the growing physician shortage in Hawai'i. The John A. Burns School of Medicine (JABSOM) of the University of Hawai'i at Mānoa has at its heart, a mission to train highly qualified physicians who will serve the people of Hawai'i by providing excellent healthcare. Workforce analyses have demonstrated that the medical students most likely to practice medicine in Hawai'i are those who have lived most of their lives in our state and have family ties that serve as an inducement to remain in Hawai'i. Thus, to meet its mission, JABSOM must first attract Hawai'i's best college seniors (or previous college graduates) and if accepted, induce these accepted applicants to matriculate at JABSOM.

The most effective method to recruit accepted applicants to JABSOM and help grow the medical school education within Hawai'i is through scholarships to JABSOM. To that end, JABSOM has crafted a tuition support program that functionally serves as a scholarship and may be awarded for part or all of a student's tuition at JABSOM. In return for tuition support, students are required to practice in Hawai'i after completing the needed additional training for medical licensure and specialty certification. At this point in time, JABSOM has been wholly dependent upon private donations to sustain this tuition support program. State support for this program, especially for neighbor

island students to attend JABSOM would greatly assist Hawai'i's effort to retain talent in Hawai'i.

HB 1977 HD1 proposes to use Hawai'i state taxpayer dollars to fund medical education at schools other than JABSOM that offer lower-cost tuition. We note that "lower-cost" is not defined in the bill, and it is unclear as to how the term would be applied and the factors that would be considered in deciding what constitutes "lower-cost". There are a host of other expenses associated with medical school beyond tuition.

International medical schools may offer lower-cost tuition as compared with schools in the United States. However, there are a number of hurdles a student of an international medical school faces after graduating. Although the graduates of international medical schools can occasionally successfully compete for post-graduate medical education programs (i.e., a "residency" position) in the U.S., these graduates are much less likely to receive a residency "match" as required for subsequent licensing and practice in the U.S.

According to the 2019 National Residency Match Program results, the match rate for U.S. medical school Seniors was 93.9% compared to the 59% match rate for U.S. citizen graduates of international medical schools attempting to secure a residency match in the U.S. If someone does not match immediately after graduation from medical school, it is highly unlikely they will be able to enter and complete a residency program in subsequent years.

In order for an international medical school graduate to be eligible for a Hawai'i physician license, the applicant must complete their medical school education, be certified by the Educational Commission for Foreign Medical Graduates, complete two years of an ACGME-accredited residency program in the U.S. or Canada and complete U.S. physician licensure examinations. Students who complete their medical school in Hawai'i are significantly more competitive for the residency positions offered in Hawai'i.

The greatest challenge to increasing the supply of practicing physicians is the availability of residency positions in Hawai'i and elsewhere in the United States. There are more applicants for these residency positions than there are available positions. Obtaining significantly more residency positions in Hawai'i would require new Federal legislation and fundamental changes in policies concerning the financing of graduate medical education by the U.S. Federal Government Centers for Medicare and Medicaid Services.

HB 1977 HD1 also places the Department of Health (DOH) at the heart of making the determination as to whether a student is qualified to attend a medical school. The DOH may not be the ideal entity for this purpose. An experienced and qualified selection committee and admissions process is required in order to determine the best qualified applicants. There should be an experienced admissions officer (with appropriate

background and credentials) as well as a selection committee of physicians who are able to review all components of an application in order to determine if an applicant should be offered interviews. This initial pre-interview process takes at least several hours of review per application (review requires more than source document verification). If interviews are offered, additional hours of careful review and deliberations are required to determine the best-qualified applicants. The selection committee considers the potential for academic and personal success in medical school and for a successful future career in medicine.

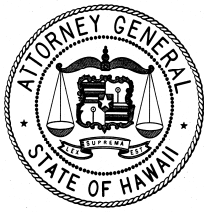
The requirement to commit to working in Hawai'i for a period of ten (10) years will be daunting to most students and will discourage individuals from accepting sponsorships. A year-for-year service payback or obligation is standard for Federal, State and Military loan repayment or scholarship programs.

There are a number of factors that influence the successful establishment of a medical practice in the state. Among those are the high cost of living here, combined with the lower reimbursement rates and lower salaries in Hawai'i than elsewhere in the United States, as well as the lack of ties to the community.

There are elements of HB 1977 HD1 worthy of consideration if enacted WITHIN Hawai'i. Specifically, were the state to fund a full-ride scholarship program for Hawai'i residents admitted to JABSOM that was coupled to a subsequent year-for-year practice payback requirement, the school could attract more of the 30-40 Hawai'i residents who take medical school offers elsewhere in the U.S.

We have learned that approximately 70% of students who obtain their medical degrees from JABSOM and go on to complete their residency with JABSOM remain in the state to practice. With more stable and enhanced investment in the operations of JABSOM, further expansion of the class size and support of neighbor island practice and training programs could be enhanced.

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



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTIETH LEGISLATURE, 2020**

ON THE FOLLOWING MEASURE:

H.B. NO. 1977, H.D. 1, RELATING TO PHYSICIAN SHORTAGE.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

LATE

DATE: Tuesday, February 25, 2020 **TIME:** 12:30 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Clare E. Connors, Attorney General, or
Andrea J. Armitage, Deputy Attorney General

Chair Luke and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to help alleviate Hawaii's physician shortage by requiring the Department of Health to establish, develop, and implement a program to sponsor medical students who attend and graduate from a high-quality but lower-cost school of medicine, and who agree to serve for ten consecutive years as a physician in the State after graduation. The sponsorship program, to the extent funds are available, shall pay the students' tuition, fees, books, room and board, and travel expenses, as well as a reasonable subsistence allowance.

The terms "sponsorship" and "sponsoring," as used in this bill are vague and ambiguous and should be further defined. The description of qualifying standards for schools as "high-quality and lower-cost," is, likewise, vague and ambiguous. It is unclear what is "high-quality" and "lower-cost," in this context. Chapter 42F, Hawaii Revised Statutes (HRS), regarding state grants to private entities, provides certain criteria in order for a private entity to receive funds from the State. This bill does not contain such criteria.

The Department of the Attorney General also notes the Hawaii State Constitution prohibits the State from providing funds to private

entities, especially private educational entities, except under certain circumstances.

Article VII, section 4, of the Hawai'i State Constitution states:

No tax shall be levied or appropriation of public money or property made, nor shall the public credit be used, directly or indirectly, except for a public purpose. No grant shall be made in violation of Section 4 of Article I of this constitution. No grant of public money or property shall be made except pursuant to standards provided by law.

Furthermore, article X, section 1, of the Hawai'i State Constitution provides that state moneys cannot be appropriated for private educational institutions:

The State shall provide for the establishment, support and control of a statewide system of public schools free from sectarian control, a state university, public libraries and such other educational institutions as may be deemed desirable, including physical facilities therefor. There shall be no discrimination in public educational institutions because of race, religion, sex or ancestry; **nor shall public funds be appropriated for the support or benefit of any sectarian or nonsectarian private educational institution**, except that proceeds of special purpose revenue bonds authorized or issued under section 12 of Article VII may be appropriated to finance or assist:

1. Not-for-profit corporations that provide early childhood education and care facilities serving the general public; and
2. Not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges and universities.

Consequently, a bill to provide funds for medical school students to attend medical schools other than a Hawaii public school of medicine, may be found by a court to violate article X, section 1 of the Hawai'i State Constitution.

Other alternatives the Committee might consider are a program that would increase the incoming class size of the John A. Burns School of Medicine (JABSOM), or that would provide funds to enable more Hawai'i residents to attend JABSOM, with incentives to stay and practice in Hawai'i.

Thank you for the opportunity to testify.



**HEALTH COMMITTEE
TESTIMONY IN SUPPORT OF HB 1977, HD 1**

LATE

Tuesday, February 25, 2020

House Bill 1977, HD 1
Testifying in Strong Support

Aloha Chair Luke; Vice Chair Cullen; and Members of the Committee on Finance:

The Health Committee of the Democratic Party of Hawaii stands in **STRONG SUPPORT** of HB 1977, HD 1. The purpose of this measure is to address the State's physician shortage by establishing a Medical Status Student Sponsorship Program within DOH for medical students who successfully graduate from a high-quality but lower-cost school of medicine and make a ten-year service commitment to practice medicine in Hawaii; and to appropriate funds.

As noted in a Civil Beat article entitled, Limited Training Options Worsen Hawaii's Doctor Shortage, by Eleni Gill, dated August 16, 2019, (please see, link below), "officials estimate the state needs 800 more physicians, but the training pipeline for future doctors would need to expand three-fold to begin filling the gap." This article goes on to say that the limited training opportunities in Hawai'i are exacerbating the doctor shortage in this state and that we need to double or triple both the number of medical students and the number of resident graduate doctors to sustain our medical system. "If we look at the supply and demand lines, we're diverging, so yes, we need more medical school training and residency training," per Kelley Withy, Director of the Hawaii/Pacific Basin Area Health Education Center.

HB 1977, HD 1, would offer a vehicle in which to increase our supply of medical school opportunities to fill the enormous gap between the supply and demand for medical doctors in this state.

For these reasons, we urge you to vote favorably on this bill as it addresses the State's physician shortage by establishing a Medical Status Student Sponsorship Program within DOH for medical students who successfully graduate from a high-quality but lower-cost school of medicine and make a ten-year service commitment to practice medicine in Hawaii; and it appropriates funds.

Mahalo for this opportunity to testify,

/s/ Melodie Aduja

Health Committee of the
Democratic Party of Hawai`i

<https://www.civilbeat.org/2019/08/limited-training-options-worsen-hawaiis-doctor-shortage/>