

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON HEALTH
AND HIGHER EDUCATION
ON
SENATE BILL NO. 596, S.D. 2

March 22, 2011

RELATING TO HAWAII HEALTH CORPS

Senate Bill No. 596, S.D. 2, establishes a Hawaii Health Corps Program, under the University of Hawaii John A. Burns School of Medicine, to provide a Hawaii Rural Health Care Provider Loan Repayment Program for licensed physicians, physician assistants, and nurse practitioners who agree to practice for five consecutive years in these shortage areas of the State. In addition, the bill creates a Hawaii Health Corps revolving fund that would generate revenues through legislative appropriations, grants, gifts, loan payments, proceeds from operations, and interest. Senate Bill No. 596, S.D. 2, appropriates unspecified sums of general funds each year for the Hawaii Health Corps Program, Hilo Medical Center's Rural Interdisciplinary Residency Program, accreditation efforts, increasing family medicine and nursing residency slots, and incentive stipends for family medicine residents at the Hilo Medical Center.

The department recognizes the benefit of user fees to offset operational expenses and costs. However, as a matter of general policy, the Department of Budget and Finance expects the creation of any revolving fund would meet the requirements of Section 37-52.4 of the Hawaii Revised Statutes. Special or revolving

funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 596, S.D. 2, it is difficult to determine the means of financing of the new fund, or whether it will be self-sustaining.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

LATE TESTIMONY

Written Testimony Presented Before the
House Committee on Health and
House Committee on Higher Education
March 22, 2011, 11:15 a.m.

by

Virginia S. Hinshaw, Chancellor
and

Mary G. Boland, DrPH, RN, FAAN Dean and Professor
School of Nursing and Dental Hygiene
and

Jerris R. Hedges, MMM, MD Dean and Professor
John A. Burns School of Medicine
University of Hawai'i at Mānoa

SB 596 SD2 – RELATING TO HAWAII HEALTH CORPS

Chair Yamane, Chair Nishimoto, and members of the House Committees on Health and Higher Education, thank you for this opportunity to provide testimony in support of this bill SB 596 SD2.

We previously supplied testimony requesting that the loan program, if established, consider both physician and nurse practitioner recruitments within the program. We thank you for including these amendments in SB596 SD2.

This bill actually contains a number of methods to improve our chances of increasing access to primary care providers in the state of Hawai'i including the loan program, the funding of the planned family residency in Hilo, and the potential for funding residents in other neighbor islands by expanding the current residency in Wahiawa.

We realize that there are significant budget challenges facing the legislature. Therefore in today's testimony we would like to focus on that aspect of the bill that supports the Hilo residency.

For many years now there has been a ongoing effort to establish training of family physicians in the neighbor islands. With the support of the community, public and provide supports, we have established a teaching clinic at Hilo and we are recruiting physician teachers to the site. In order to succeed in this project, we will need to complete the recruitment of the residency program director and apply for the residency accreditation. If successful, we will need in the budget of the Hilo Medical Center, sufficient funds to hire the 4 residents and provide secretarial and physician leadership support.

The financial support of residency training in the United States is done primarily through federal funding from the Centers for Medicare and Medicaid (CMS) that is provided to hospitals that document the residency related costs on their CMS cost report. This means that HMC will need to "front" the salaries of the residents as we build the program over 3 years with only partial reimbursement from CMS.

Therefore, we are asking for budget support directly to Hilo Medical Center (line item in their budget and cost report) that amounts to \$ 200,000 in FY 2012, and \$ 510,000 in FY 2013. This will go directly to salary support of the program director, program secretary and the resident salaries. Part of this may be recoverable from CMS in 2014 and then available to be used to help partially fund the residency in an ongoing fashion.

We also recommend continued funding to JABSOM of \$ 100,000 in each year to assign faculty from the medical school to the oversight of the development of the program in Hilo.

As stated in our previous testimony, we support the loan program proposed in SB 596 SD2 and if some smaller portion of this program can be funded, it would help in our recruitment efforts state wide. However, if we must prioritize what is funded from this bill, we want the committee to know that the Hilo Residency is at a critical stage in its development. We have come a long way and must now complete the process with the actual implementation of the residency at the Hilo Medical Center. Failure to fund the positions now would arrest our progress and could result in the project stalling and then failing.

Therefore we respectfully request that at a minimum, this programmatic funding be provided for in SB596 SD2.

LATE TESTIMONY

HAWAII STATE HOUSE OF REPRESENTATIVES
HOUSE COMMITTEE ON HEALTH
Representative Ryan Yamane, Chair
Representative Dee Morikawa, Vice Chair

HOUSE COMMITTEE ON HIGHER EDUCATION
Rep. Scott Y. Nishimoto, Chair
Rep. Mark M. Nakashima, Vice Chair

March 22, 2011 at 11:15 a.m.
Hawaii State Capitol, Conference Room 329

SB 596 SD 2 RELATING TO HAWAII HEALTH CORPS.

Establishes the Hawaii health corps program to provide loan repayments on behalf of eligible physicians, physician assistants, and nurse practitioners in any county having a shortage of physicians, physician assistants, and nurse practitioners, with priority given to those serving in rural areas. Provides for loan repayments by the University of Hawaii John A. Burns School of Medicine and the University of Hawaii at Manoa School of Nursing and Dental Hygiene. Creates the Hawaii Health Corps revolving fund. Makes appropriations to support accreditation efforts and support and expand residency programs, particularly in family medicine.

Please support SB 596 SD2. The Hilo Residency Program is very important to our community and the future of growing our own physicians and developing much-needed health professionals. My own daughter has used the facility currently established for the residency program because she could not find a doctor taking new patients. It's a much needed program in our community that I hope you can support. Thank you.

Chris Takahashi
HCR-2 Box 6442
Keaau, HI 96749

LATE TESTIMONY

Allen L. Hixon, MD
1436 Kupau Street
Kailua, HI, 96734

March 21, 2011

RE: SB 596
House Health and Higher Education Committees
Hearing Date: March 22, 2011

Dear Chair Yamane, Chair Nishimoto and members of the committees:

My name is Allen Hixon, MD and I am the Vice Chair of the Department of Family Medicine and Community Health, University of Hawaii. I am providing testimony as a private citizen and not representing the University of Hawaii.

I am writing in strong support of SB 596, which is an effort to expand the primary care rural health workforce through the mechanisms of loan repayment and support for rural residency training. While the benefits of a robust primary care workforce on the health of the public are well known, the economic impact on rural primary care physicians is less well understood.

In January 2007, the National Center for Rural Health Works at Oklahoma State University published a report titled "*The economic impact of a Rural Primary Care Physician*" This report clearly documents the economic importance of rural physicians and I quote:

"The physician generates approximately \$1.5 million in revenue, \$0.9 million in payroll and creates 23 jobs. The relatively large impact is created through clinic employment, inpatient services, outpatient activities and the multiplier effect of these contributions. Thus the physician's *economic* contributions are as important to the community as their medical contributions."

With this in mind, an investment by the state in a program to add physicians on the neighbor islands would benefit both the health of the population and the local economy for many years to come.

Thank you for supporting this measure.

Sincerely,

Allen L. Hixon, MD